Epi-Minder Pty Ltd

ABN 59 616 831 684

Financial Statements

For the Year Ended 30 June 2024

Epi-Minder Pty Ltd

ABN 59 616 831 684

Contents

For the Year Ended 30 June 2024

Directors' Report
30 June 2024

The directors present their report, together with the financial statements of the Group, being Epi-Minder Pty Ltd (the 'Company') and its controlled entities, for the financial year ended 30 June 2024.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Philip Binns - Chair
Robert Klupacs
Patricia O'Rourke
Mark Phelps
Catherine Picard
Rohan Hoare

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activities of the Group during the financial year were developing the Minder system for long-term EEG monitoring.

No significant change in the nature of these activities occurred during the year.

Operating results

The consolidated loss of the Group amounted to $16,592,407 (2023: loss of $16,079,514).

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the year.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future developments and results

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental matters

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Directors' Report

30 June 2024

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Indemnity and insurance of officers

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

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by law. 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 Group 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 Group or any related entity.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Signed in accordance with a resolution of the Board of Directors:

Director: Philip Binns ....
Philip Binns

Director: ....
Patricia O'Rourke

Dated 16 August 2024

Epi-Minder Pty Ltd

ABN 59 616 831 684

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2024

	Note	2024 $	2023 $
Other income	4	**5,888,803**	5,493,210
Direct research costs		**(11,538,923)**	(12,487,550)
Employee benefits expenses		**(4,777,247)**	(3,312,836)
Depreciation and amortisation expense		**(92,014)**	(82,761)
Consulting costs		**(877,849)**	(237,867)
Share based payments		**(1,215,051)**	(2,800,656)
Administration fees		**(540,000)**	(480,000)
Legal and filing fees		**(848,431)**	(277,851)
Travel expenses		**(320,565)**	(311,819)
Finance expenses		**(1,405,676)**	(937,204)
Other expenses		**(865,454)**	(644,180)
Loss before income tax		**(16,592,407)**	(16,079,514)
Income tax expense		**-**	-
Loss for the year		**(16,592,407)**	(16,079,514)
Exchange differences on translating foreign controlled entities		**(23,717)**	(17,165)
Other comprehensive income for the year, net of tax		**(23,717)**	(17,165)
Total comprehensive loss for the year		**(16,616,124)**	(16,096,679)
Loss attributable to:			
Members of the parent entity		**(16,592,407)**	(16,079,514)
Total comprehensive loss attributable to:			
Members of the parent entity		**(16,616,124)**	(16,096,679)

The accompanying notes form part of these financial statements.

Epi-Minder Pty Ltd

ABN 59 616 831 684

Consolidated Statement of Financial Position

As At 30 June 2024

	Note	2024 $	2023 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**11,312,247**	11,172,034
Trade and other receivables	6	**301,426**	404,406
Other assets	9	**5,332,950**	8,388,614
TOTAL CURRENT ASSETS		**16,946,623**	19,965,054
NON-CURRENT ASSETS			
Property, plant and equipment	7	**62,450**	28,710
Intangible assets	8	**16,508,968**	16,584,883
TOTAL NON-CURRENT ASSETS		**16,571,418**	16,613,593
TOTAL ASSETS		**33,518,041**	36,578,647
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	**1,722,064**	4,943,200
Borrowings	11	**3,822,646**	3,666,390
Employee benefits	12	**358,938**	203,436
TOTAL CURRENT LIABILITIES		**5,903,648**	8,813,026
NON-CURRENT LIABILITIES			
Borrowings	11	**36,037,770**	26,347,484
Employee benefits	12	**44,221**	26,411
TOTAL NON-CURRENT LIABILITIES		**36,081,991**	26,373,895
TOTAL LIABILITIES		**41,985,639**	35,186,921
NET ASSETS/(LIABILITIES)		**(8,467,598)**	1,391,726
EQUITY			
Issued capital	13	**37,223,548**	31,681,799
Reserves	14	**5,690,222**	4,498,888
Accumulated losses	15	**(51,381,368)**	(34,788,961)
TOTAL EQUITY		**(8,467,598)**	1,391,726

The accompanying notes form part of these financial statements.

Epi-Minder Pty Ltd

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Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2024

2024

	Note	Issued Capital $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2023		**31,681,799**	**4,498,888**	**(34,788,961)**	**1,391,726**
Loss for the year		**-**	**-**	**(16,592,407)**	**(16,592,407)**
Transactions with owners in their capacity as owners					
Share based payment transactions	14	**-**	**1,215,051**	**-**	**1,215,051**
Issue of shares		**5,636,790**	**-**	**-**	**5,636,790**
Transaction costs		**(95,041)**	**-**	**-**	**(95,041)**
Total other comprehensive income for the period		**-**	**(23,717)**	**-**	**(23,717)**
Balance at 30 June 2024		**37,223,548**	**5,690,222**	**(51,381,368)**	**(8,467,598)**

2023

	Note	Issued Capital $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2022		31,681,799	1,715,397	(18,709,447)	14,687,749
Loss for the year		-	-	(16,079,514)	(16,079,514)
Transactions with owners in their capacity as owners					
Share based payment transactions	14	-	2,800,656	-	2,800,656
Total other comprehensive income for the period		-	(17,165)	-	(17,165)
Balance at 30 June 2023		31,681,799	4,498,888	(34,788,961)	1,391,726

Epi-Minder Pty Ltd

ABN 59 616 831 684

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2024

	Note	2024 $	2023 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from R&D rebate		**8,249,212**	-
Payments to suppliers and employees		**(22,655,209)**	(14,555,144)
Interest received		**637,151**	305,808
Net cash provided by/(used in) operating activities	19	**(13,768,846)**	(14,249,336)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(49,839)**	(25,152)
Net cash provided by/(used in) investing activities		**(49,839)**	(25,152)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		**5,541,749**	-
Proceeds from convertible notes		**8,440,866**	7,560,589
Funds received in advance for issue of shares		**-**	2,815,955
Net cash provided by/(used in) financing activities		**13,982,615**	10,376,544
Net increase/(decrease) in cash and cash equivalents held		**163,930**	(3,897,944)
Cash and cash equivalents at beginning of year		**11,172,034**	15,087,143
Effects of exchange rate changes on cash and cash equivalents		**(23,717)**	(17,165)
Cash and cash equivalents at end of financial year	5	**11,312,247**	11,172,034

The financial report covers Epi-Minder Pty Ltd and its controlled entities ('the Group'). Epi-Minder Pty Ltd is a for-profit proprietary Company, incorporated and domiciled in Australia.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the Directors' opinion, the Group is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of members.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Material accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Material Accounting Policy Information

(a) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 16 to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent 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 relevant activities of the entity.

(b) Revenue and other income

R&D rebate

Income from the R&D Tax Incentive is recognised on an accruals basis.

2 Material Accounting Policy Information (continued)

(b) Revenue and other income (continued)

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.

Other revenue

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

(c) Income Tax

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

2 Material Accounting Policy Information (continued)

(d) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(e) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Furniture, Fixtures and Fittings	10%
Office Equipment	25%
Computer Equipment	20-25%
Reseach Equipment	20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

2 Material Accounting Policy Information (continued)

(g) Financial instruments (continued)

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Amortised cost

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position .

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables, bank and other loans and lease liabilities.

(h) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is evidence of an impairment indicator for non-financial assets.

2 Material Accounting Policy Information (continued)

(h) Impairment of non-financial assets (continued)

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss , except for goodwill.

(i) 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 10 years.

(j) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(k) 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 days of recognition.

2 Material Accounting Policy Information (continued)

(l) 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.

Share-based payments

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

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

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, 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.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

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.

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.

2 Material Accounting Policy Information (continued)

(l) Employee benefits (continued)

Share-based payments (continued)

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.

(m) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(n) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

Foreign operations

The translation of foreign operations with different functional currency from Australian dollars is performed as follows:

- Assets and liabilities (including goodwill and fair value adjustments on acquisition) for each consolidated statement of financial position presented are translated at the closing rate at the date of the statement;

2 Material Accounting Policy Information (continued)

(n) Foreign currency transactions and balances (continued)

Foreign operations (continued)

- Income and expenses for each consolidated statement of profit or loss and other comprehensive income are translated at the rate at the date of the transaction (or an average rate if that rate approximates the rate at the date of transaction;
- All resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation, the cumulative amount of the exchange difference related to that foreign operation recognised in other comprehensive income is reclassified from equity to profit or loss.

(o) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

3 Critical Accounting Estimates and Judgments

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.

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.

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.

Share-based payments

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 the Black Scholes model taking into account the terms and conditions upon which the instruments were granted.

3 Critical Accounting Estimates and Judgments (continued)

Share-based payments (continued)

Judgement has been exercised when estimating the length of the expected vesting period at grant date, based on the most likely outcome of the performance condition. If the performance condition is a market condition, the estimate of the length of the expected vesting period shall be consistent with the assumptions used in estimating the fair value of the options granted, and shall not be subsequently revised. If the performance condition is not a market condition, the entity shall revise its estimate of the length of the vesting period, if necessary, if subsequent information indicates that the length of the vesting period differs from previous estimate.

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.

4 Other Income

	2024	2023
	$	$
Interest income	**637,151**	305,808
R&D rebate	**5,251,652**	5,187,402
	5,888,803	5,493,210

5 Cash and Cash Equivalents

	2024	2023
	$	$
Cash at bank and in hand	**11,312,247**	11,172,034
	11,312,247	11,172,034

6 Trade and Other Receivables

	2024	2023
	$	$
GST receivable	**301,426**	404,406
Total current trade and other receivables	**301,426**	404,406

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2024

7 Property, plant and equipment

	2024	2023
	$	$
Furniture, fixtures and fittings		
At cost	**5,944**	1,065
Accumulated depreciation	**(635)**	(88)
Total furniture, fixtures and fittings	**5,309**	977
Office equipment		
At cost	**1,989**	1,998
Accumulated depreciation	**(1,821)**	(1,330)
Total office equipment	**168**	668
Computer equipment		
At cost	**76,566**	38,655
Accumulated depreciation	**(26,495)**	(15,081)
Total computer equipment	**50,071**	23,574
Research equipment		
At cost	**15,725**	8,681
Accumulated depreciation	**(8,823)**	(5,190)
Total research equipment	**6,902**	3,491
Total property, plant and equipment	**62,450**	28,710

8 Intangible Assets

Upon inception of the Company, the Bionics Institute of Australia, UM Commercialisation and the St Vincent's Hospital (the Founders) collaborated and contributed the intellectual property of the Minder® technology in exchange for shares of the Company, amounting to the $4,499,900. This was agreed upon in the Security Holders Agreement dated 18 June 2018.

Cochlear Investments Pty Ltd ("Cochlear") and the Company entered into a Convertible Note Deed date 18 June 2018 whereby in exchange for $1,650,000 of convertible notes, Cochlear are collaborating with the Company on the manufacturing of the Minder® technology device. The extent of this collaboration was agreed upon in the Collaboration Agreement dated 18 June 2018.

In April 2021 further intellectual property was contributed by the Founders in exchange for shares of the Company, amounting to $7,000,000.

In July 2021, $2,300,000 shares were issued to Seer in exchange for their perpetual cloud licence. In December 2022, further intellectual property was contributed by Seer for the Seizure Forecasting IP in exchange for shares of the Company, amounting to $1,250,000.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2024

8 Intangible Assets (continued)

	2024 $	2023 $
Intellectual property - finite useful life		
At cost	**1,250,000**	1,250,000
Accumulated amortisation and impairment	**(190,932)**	(115,017)
Net carrying value	**1,059,068**	1,134,983
Intellectual property - indefinite useful life		
Cost	**15,449,900**	15,449,900
Accumulated impairment	**-**	-
Net carrying value	**15,449,900**	15,449,900
Total Intangible assets	**16,508,968**	16,584,883

9 Other non-financial assets

	2024 $	2023 $
CURRENT		
Prepayments	**18,830**	93,259
R&D rebate accrual	**5,233,487**	8,295,355
Deposits	**80,633**	-
	5,332,950	8,388,614

10 Trade and Other Payables

	2024 $	2023 $
CURRENT		
Trade payables	**535,451**	565,207
Accrued expenses	**964,035**	1,420,622
Cash received for unclosed capital raise	**-**	2,815,955
Other payables	**222,578**	141,416
	1,722,064	4,943,200

11 Borrowings

	2024 $	2023 $
CURRENT		
Secured liabilities:		
Convertible notes B	**3,822,646**	3,666,390
Total current borrowings	**3,822,646**	3,666,390

11 Borrowings (continued)

	2024 $	2023 $
NON-CURRENT		
Secured liabilities:		
Convertible notes A	**3,770,603**	3,750,548
Convertible notes D	**5,953,480**	5,695,157
Convertible notes F	**17,714,971**	16,901,779
Convertible notes H	**8,598,716**	-
Total non-current borrowings	**36,037,770**	26,347,484

Cochlear and the Company entered into a Convertible Note Deed on 18 June 2018. Cochlear transferred $2,000,000 in cash and agreed to collaborate with the Company on the manufacturing of the Minder® device in exchange for $3,650,000 of convertible A notes which give them the right to shares with a maturity period of 126 months after the issuance date. During 2019, Cochlear purchased an additional $1,100,765 of convertible B notes with the same rights and conditions of the convertible A notes, however, with a maturity date of 60 months after the issuance date. All notes are convertible at a conversion price of $1 per share, unless recent capital raisings are at a different price.

In 2020, Cochlear purchased an additional $1,720,525.51 of convertible B notes with the same rights and conditions of the convertible B notes issued in 2019.

In 2021, Cochlear purchased an additional $295,295 of convertible B notes with the same rights and conditions of the convertible B notes previously issued. In addition to this, $3,601,816 of convertible D notes were acquired by Cochlear with the conditions outlined within the Collaboration Agreement amended on 24 September 2020.

In 2022, Cochlear purchased an additional $1,550,524 of convertible D notes with the same rights and conditions of the convertible D notes previously issued. In addition to this, $8,658,827 of convertible F notes were acquired by Cochlear with the conditions outlined within the Convertible Note Deed dated 20 December 2021.

In 2023, Cochlear purchased an additional $7,560,589 of convertible F notes with the same rights and conditions of the convertible F notes previously issued.

In 2024, $8,440,866 of convertible H notes were acquired by Cochlear with the conditions outlined within the Collaboration Agreement amended on 14 September 2023.

12 Employee Benefits

	2024 $	2023 $
CURRENT		
Provision for annual leave	**358,938**	203,436
	358,938	203,436

	2024 $	2023 $
NON-CURRENT		
Provision for long service leave	**44,221**	26,411
	44,221	26,411

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2024

13 Issued Capital

	2024	2023
	$	$
Ordinary shares - fully paid	**37,223,548**	31,681,799

Ordinary shares

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

14 Reserves

	2024	2023
	$	$
Foreign currency reserve	**(40,388)**	(16,671)
Share-based payments reserve	**5,730,610**	4,515,559
	5,690,222	4,498,888

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. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

Movement in options reserve

	Number of options	$
Options on issue as at 1 July 2022	**1,179,056**	1,714,903
Issue of new options	**272,000**	387,000
Share-based payments expense	**-**	2,413,656
Options forfeited/expired	**-**	-
As at 30 June 2023	**1,451,056**	4,515,559
Issue of new options	**191,000**	56,276
Share-based payments expense	**-**	1,158,775
Options forfeited/expired	**-**	-
As at 30 June 2024	**1,642,056**	5,730,610

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.

15 Accumulated Losses

	2024	2023
	$	$
Accumulated losses at the beginning of the financial year	**(34,788,961)**	(18,709,447)
Loss for the year	**(16,592,407)**	(16,079,514)
Accumulated losses at end of the financial year	**(51,381,368)**	(34,788,961)

16 Interests in Subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2024	Percentage Owned (%)* 2023
Subsidiaries:			
Epi-Minder America, Inc	United States of America	**100**	100

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

17 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2024 (30 June 2023: None).

18 Related Parties

(a) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the year, payments were made to related parties as follows:

- $6,940,866 (2023: $6,837,324) to Cochlear, the convertible note holder, for management, research and manufacturing costs under the Collaboration Agreement; and
- $1,114,621 (2023: $1,293,661) to Bionics Institute of Australia ("Bionics"), a shareholder, for research and development under the Project Agreement and administrative services under the Services Agreement.
- $1,717,380 (2023: $419,307) to Seer Medical Pty Ltd, a shareholder, for services.

(b) Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date other than the Convertible notes as disclosed within Note 11.

19 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2024	2023
	$	$
Loss for the year	**(16,592,407)**	(16,079,514)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- amortisation	**75,915**	75,915
- depreciation	**16,099**	6,846
- accrued interest	**1,405,676**	937,204
- share options expensed	**1,215,051**	2,800,655
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**102,980**	(223,058)
- (increase)/decrease in other assets	**3,055,664**	(2,708,295)
- increase/(decrease) in trade and other payables	**(3,221,136)**	801,193
- increase/(decrease) in provisions	**173,312**	139,716
Cashflows from operations	**(13,768,846)**	(14,249,338)

20 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

21 Statutory Information

The registered office and principal place of business of the company is:

Epi-Minder Pty Ltd
348-388 Albert Street
East Melbourne
VIC 3002

Epi-Minder Pty Ltd

ABN 59 616 831 684

Directors' Declaration

The directors have determined that the Group is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 2 to the financial statements.

The directors of the Group declare that:

1. The financial statements and notes, as set out on pages 3 to 21, present fairly the Group's financial position as at 30 June 2024 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and

2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: Philip Binns ....
Philip Binns

Director ....
Patricia O'Rourke

Dated 16 August 2024

EPI-MINDER PTY LTD

ABN 59 616 831 684

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EPI-MINDER PTY LTD

Opinion

We have audited the accompanying financial report, being a special purpose financial report of Epi-Minder Pty Ltd (the Company) and Controlled entities (the Group), which comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income and the notes to the financial statements and the directors' declaration.

In our opinion, the accompanying financial report of the Group for the year ended 30 June 2024 is prepared, in all material respects, in accordance with Accounting Policies as included in Note 2 to the financial statements.

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 auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 of the financial report, which describes the basis of accounting. The financial report is prepared to assist the Group in meeting the needs of the members. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Group and should not be distributed to or used by parties other than the Group. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

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

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

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

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

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial report in accordance with Accounting Policies in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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 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 aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of the financial report.

Further information about our responsibilities can be found at http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

MVAB Assurance

MVAB ASSURANCE
Chartered Accountants

SAM CLARINGBOLD
Partner

Signed at Melbourne this 16th day of August 2024