

Mindhive Pty Ltd
ABN: 83 618 732 862

Financial Statements

For the Year Ended 30 June 2023

Mindhive Pty Ltd
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For the Year Ended 30 June 2023

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Profit and Loss Account
For the Year Ended 30 June 2023

	2023	2022
	\$	\$
Income		
Licensing income	39,947	85,458
Consulting fees	-	13,116
Grants	-	10,000
Other income	344,859	273,576
Total income	384,806	382,150
Less: Expenses		
Accounting fees	27,075	27,164
Advertising	9,733	2,705
Asset Amortisation	556,445	135,884
Bank charges	1,083	1,861
Computer expenses	1,920	388
Capital raising expense	-	(502)
Consulting fees	140,696	110,892
Depreciation	8,317	9,784
Directors fees	-	60,000
Donations	54	753
Entertainment	1,723	2,790
Loss on foreign currency borrowings	-	2,992
Fines and penalties	362	-
Filing fees	290	276
Insurance	6,838	5,870
Interest expense	65,472	36,384
Legal fees	1,250	7,610
Other expenses	32,601	1,036
Printing and stationery	329	637
Rent	39,523	41,770
Research and development costs	(792,779)	-
Salaries	561,576	519,829
Subscriptions	90,753	76,738
Superannuation contributions	54,175	56,256
Telephone	1,248	1,344
Travel	4,455	1,387
Workers compensation insurance	378	628
Total Expenses	813,517	1,104,476
Profit/(loss) before income tax	(428,711)	(722,326)

The accompanying notes form part of these Financial Statements.

These statements are unaudited and should be read in conjunction with the attached Compilation Report of BDO Services Pty Ltd.

Mindhive Pty Ltd
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Income Statement
For the Year Ended 30 June 2023

	2023	2022
Note	\$	\$
Revenue	39,947	98,574
Other income	344,859	283,576
Depreciation and amortisation expense	<u>(564,762)</u>	<u>(145,668)</u>
Employee costs	(616,129)	(576,713)
Finance expenses	(65,472)	(39,376)
Other expenses	<u>432,846</u>	<u>(342,719)</u>
Loss before income taxes	(428,711)	(722,326)
Income tax expense	<u>-</u>	<u>-</u>
Loss for the year	<u>(428,711)</u>	<u>(722,326)</u>

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Balance Sheet
As At 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current Assets			
Cash and cash equivalents	2	20,543	2,367
Trade and other receivables	3	381,371	280,391
Other assets	4	3,121	2,598
Total current assets		<u>405,035</u>	<u>285,356</u>
Non-Current Assets			
Intangible assets	5	2,150,046	327,212
Total non-current assets		<u>2,150,046</u>	<u>327,212</u>
Total assets		<u>2,555,081</u>	<u>612,568</u>
Liabilities			
Current Liabilities			
Trade and other payables	6	266,427	80,087
Employee benefits	7	33,422	24,676
Other financial liabilities	8	19,457	19,636
Other liabilities	9	602,861	631,767
Total current liabilities		<u>922,167</u>	<u>756,166</u>
Non-Current Liabilities			
Total liabilities		<u>922,167</u>	<u>756,166</u>
Net Assets		<u>1,632,914</u>	<u>(143,598)</u>
Equity			
Share capital	10	3,941,669	3,316,612
Retained earnings	11	(2,308,755)	(3,460,210)
Total Equity		<u>1,632,914</u>	<u>(143,598)</u>

The accompanying notes form part of these Financial Statements.

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Mindhive Pty Ltd
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Statement of Changes in Equity
For the Year Ended 30 June 2023

2023

	Ordinary Shares	Retained Earnings	Total
Note	\$	\$	\$
Balance at 01 July 2022	3,316,612	(3,460,210)	(143,598)
Profit/(loss) attributable to the shareholders	-	(428,710)	(428,710)
Transactions with owners in their capacity as owners			
Issue of shares	625,057	-	625,057
Retrospective adjustment upon change in accounting policy	-	1,580,165	1,580,165
Balance at 30 June 2023	<u>3,941,669</u>	<u>(2,308,755)</u>	<u>1,632,914</u>

2022

	Ordinary Shares	Retained Earnings	Total
Note	\$	\$	\$
Balance at 1 July 2021	3,059,662	(2,737,884)	321,778
Profit/(loss) attributable to the shareholders	-	(722,326)	(722,326)
Transactions with owners in their capacity as owners			
Issue of shares	256,950	-	256,950
Balance at 30 June 2022	<u>3,316,612</u>	<u>(3,460,210)</u>	<u>(143,598)</u>

The accompanying notes form part of these Financial Statements.
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Mindhive Pty Ltd
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Statement of Cash Flows
For the Year Ended 30 June 2023

	2023	2022
Note	\$	\$
Cash flow from operating activities		
Receipts from customers and other sources	11,264	420,292
Payments to suppliers and employees	(967,679)	(909,568)
Interest paid	(65,472)	-
Income taxes refunded (paid)	273,576	-
Net cash provided by (used in) operating activities	<u>(748,311)</u>	<u>(489,276)</u>
Cash flow from investing activities		
Payments for capitalised development costs	<u>(14,650)</u>	-
Net cash used by investing activities	<u>(14,650)</u>	-
Cash flow from financing activities		
Proceeds from issue of shares	625,056	256,950
Proceeds from borrowings	<u>156,081</u>	<u>224,526</u>
Net cash used by financing activities	<u>781,137</u>	<u>481,476</u>
Net increase (decrease) in cash and cash equivalents held	18,176	(7,800)
Cash and cash equivalents at beginning of year	<u>2,367</u>	<u>10,167</u>
Cash and cash equivalents at end of financial year	2 <u><u>20,543</u></u>	<u><u>2,367</u></u>

The accompanying notes form part of these Financial Statements.

These statements are unaudited and should be read in conjunction with the attached Compilation Report of BDO Services Pty Ltd.

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Notes to the Financial Statements
For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The Financial Statements are special purpose financial statements prepared for use by the directors and the members. The directors have determined that the company is not a reporting entity.

These special purpose financial statements have been prepared purely for the purpose of preparing the Company's Income Tax Return for the financial year ended 30 June 2023 and to meet the minimum obligations as required by ASIC.

The Financial Statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

These special purpose financial statements have been prepared for internal purposes in order to satisfy the company's annual income tax obligations and for distribution to the members to fulfil the directors' financial reporting requirements under the company's constitution. The accounting policies used in the preparation of this report are consistent with the financial reporting requirements of the company's constitution and with that in previous years. In the opinion of the directors, the accounting policies used are appropriate to meet the needs of members.

The directors have prepared the Financial Statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The requirements of Australian Accounting Standards and other professional reporting requirements in Australia do not have mandatory applicability to the company because, in the view of directors, the company is not a "reporting entity" and is not reporting under the provision of the *Corporations Act 2001*. As such, no accounting standards or other professional reporting requirements have been applied.

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Notes to the Financial Statements
For the Year Ended 30 June 2023

	2023	2022
	\$	\$
2 Cash and cash equivalents		
Mindhive bank account	19,994	1,835
Visa Debit Account	549	532
	<u>20,543</u>	<u>2,367</u>
3 Trade and other receivables		
Current		
Trade receivables	28,504	-
GST receivable	8,008	6,815
Government incentives receivable	344,859	273,576
	<u>381,371</u>	<u>280,391</u>
4 Other Assets		
Current		
Prepayments	3,121	2,598
	<u>3,121</u>	<u>2,598</u>

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Notes to the Financial Statements
For the Year Ended 30 June 2023

5 Intangible Assets		
Patents, trademarks and other rights		
Cost	14,651	-
Accumulated amortisation	-	-
Net carrying value	14,651	-
Development costs - non-deductible		
Cost	3,575,006	679,419
Accumulated amortisation	(1,486,738)	(407,651)
Net carrying value	2,088,268	271,768
Website - deductible upon amortisation		
Cost	108,242	108,242
Accumulated amortisation	(61,115)	(52,798)
Net carrying value	47,127	55,444
Total Intangibles	2,150,046	327,212

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Notes to the Financial Statements
For the Year Ended 30 June 2023

	2023	2022
	\$	\$
6 Trade and other payables		
Current		
Unsecured liabilities		
Trade payables	9,241	1,956
Superannuation payable	10,109	11,191
PAYG withholding payable	15,594	20,444
Director's loan	221,483	46,496
Loan - Jim	10,000	-
	266,427	80,087
7 Employee Benefits		
Current		
Provision for employee benefits	33,422	24,676
	33,422	24,676
8 Other Financial Liabilities		
Current		
Amounts received in advance	19,457	19,636
	19,457	19,636
9 Other Liabilities		
Current		
Insurance premium funding	2,860	1,411
Convertible notes	600,001	630,356
	602,861	631,767
10 Issued Capital	3,941,669	3,316,612
Total	3,941,669	3,316,612

These notes should be read in conjunction with the attached Compilation Report of BDO Services Pty Ltd.

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Notes to the Financial Statements
For the Year Ended 30 June 2023

	2023	2022
	\$	\$
11 Retained Earnings		
Retained earnings / (accumulated losses) at the beginning of the financial year	(3,460,210)	(2,737,884)
Net profit / (loss) attributable to members of the entity	(428,710)	(722,326)
Retrospective adjustments	1,580,165	-
Retained earnings at end of the financial year	<u>(2,308,755)</u>	<u>(3,460,210)</u>

Notes to the Financial Statements
For the Year Ended 30 June 2023

12 Taxation

(a) Research & Development Tax Incentive

The R&D Tax Incentive is a self-assessment program jointly administered by AusIndustry and the Australian Taxation Office (ATO).

For the year ended 30 June 2023 the R&D grant was realised on an accrual basis differing from the cash treatment in prior years. The 2022 year ended R&D grant has been adjusted to \$273,576 and the estimate accrual taken up for the current year incentive is \$344,859.

Whilst the Company's R&D activities were registered with AusIndustry within ten months of the end of the financial year, this does not by itself guarantee that the activities described in the registration are eligible core or supporting R&D activities. Similarly, claiming the expenditure attributed to those R&D activities in the Company's tax return does not indicate compliance with the requirements of the R&D Tax Incentive, as this is the responsibility of the R&D entity under self-assessment.

We note the Company can still be chosen for examination by either AusIndustry or the ATO under their respective compliance processes, during which the Company's eligibility under the R&D Tax Incentive would be assessed.

(b) Carried Forward Tax Losses

The Company has not adopted tax effect accounting because the probability of being able to utilise tax losses in the short term remains uncertain.

As at 30 June 2023, the Company had carried forward tax losses of \$1,917,687. The ability to utilise these losses in the future depends upon the Company satisfying either the continuity of ownership test or the similar/same business test. The Company has not considered these tests at this time.

(c) Deferred Franking Debits

The Company as a corporate entity would ordinarily record a debit to its franking account when income tax refunds are received. However, as these debits relate to refundable R&D tax offset amounts, the debit entry is deferred until the point in time credits (payments of tax) to the franking account are recorded.

As at 30 June 2023, the deferred debit balance is \$1,178,216 and after the refund for this year's claim is received the balance will be \$1,483,845.

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Directors' Declaration

The directors have determined that the company is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies set out in Note 1 to the Financial Statements.

The directors of the company declare that:

1. The Financial Statements and notes, as set out on pages 3 to 12, present fairly the company's financial position as at 30 June 2023 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 company will be able to pay its debts as and when they become due and payable.

The ability of Mindhive to continue as a going concern is dependent on securing additional funding through equity, convertible notes and sales receipts or a combination of all to fund its operations and continued technology development.

The Directors believe that Mindhive will continue as a going concern, after consideration of the following factors:

- i. Mindhive has raised \$655,537 in equity since 30 June 2022; and
- ii. the level of expenses can be managed; and
- iii. new enterprise sales trials have commenced.

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

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Director
Bruce Muirhead

Dated

Compilation Report

To Mindhive Pty Ltd

We have compiled the accompanying special purpose financial statements of Mindhive Pty Ltd, which comprise the Balance Sheet as at 30 June 2023, the Income Statement, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, and other explanatory notes. The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1.

These special purpose financial statements have been prepared purely for the purpose of preparing the Company's Income Tax Return for the financial year ended 30 June 2023 and to meet the minimum obligations as required by ASIC.

The Responsibility of the Directors

The directors are solely responsible for the information contained in the special purpose financial statements and have determined that the basis of accounting used is appropriate to meet their needs and for the purpose that the Financial Statements were prepared.

Our Responsibility

On the basis of the information provided by the directors, we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting and APES 315: Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify, and summarise the financial information, which the directors provided, in compiling the Financial Statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and, accordingly, no assurance is expressed.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than Mindhive Pty Ltd, may suffer arising from any negligence on our part. No person should rely on the special purpose financial statements without having an audit or review conducted.

The special purpose financial statements were compiled exclusively for the benefit of the directors. We do not accept responsibility to any other person for the contents of the special purpose financial statements.

BDO Services Pty Ltd

Level 10

12 Creek Street

Brisbane QLD 4000



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Suzy Munt

Partner

1 September 2023