



ABN 28 102 747 133

## ASX Appendix 4E

for the 12 months ended 30 June 2021

### 1. Company Details

Name of Entity

IODM Limited

ABN

Current period

Previous period

28 102 747 133

1 July 2020 to 30 June 2021

1 July 2019 to 30 June 2020

### 2. Results for announcement to the market

|                                                                                                                                                                                                                                                                                                                                                                                        |                     |        | AUD                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------|-----------------------------|
| 2.1 Revenues from continuing operations                                                                                                                                                                                                                                                                                                                                                | Up                  | 33% to | \$ 859,492                  |
| 2.2 Loss from continuing operations after tax attributable to members                                                                                                                                                                                                                                                                                                                  | Down                | 9% to  | \$ 2,204,414                |
| 2.3 Net loss for the period attributable to members                                                                                                                                                                                                                                                                                                                                    | Down                | 9% to  | \$ 2,204,414                |
| 2.4 Dividends                                                                                                                                                                                                                                                                                                                                                                          | Amount per security |        | Franked amount per security |
| Dividend declared                                                                                                                                                                                                                                                                                                                                                                      | N/A                 |        | N/A                         |
| 2.5 Record date for determining entitlements to dividend                                                                                                                                                                                                                                                                                                                               | N/A                 |        |                             |
| 2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable figures to be understood                                                                                                                                                                                                                                                                           |                     |        |                             |
| IODM measured where the business stood at the end of the financial year versus the previous year and has reported substantial growth in all key areas, in particular operating revenue was up 33%, reflective of a continued substantial increase in invoice numbers while the value of invoices uploaded was \$1.7 billion versus \$1.17 billion the year before, an increase of 45%. |                     |        |                             |

**3. Consolidated Statements of Comprehensive Income together with notes to the statement –**

See accompanying audited financial statements.

**4. Consolidated Statements of Financial Position together with notes to the statement –**

See accompanying audited financial statements.

**5. Consolidated Statements of Cash Flows together with notes to the statement –**

See accompanying audited financial statements.

**6. Consolidated Statements of Changes in Equity together with notes to the statement –**

See accompanying audited financial statements.

**7. Dividends**

Individual dividends per security

| Final Dividend | Date dividend is payable | Amount per security | Franked amount per security at 30% tax | Amount per security of foreign source dividend |
|----------------|--------------------------|---------------------|----------------------------------------|------------------------------------------------|
| Current Year   | N/A                      | N/A                 | N/A                                    | N/A                                            |
| Previous Year  | N/A                      | N/A                 | N/A                                    | N/A                                            |

**8. Dividend Reinvestment Plans**

The dividend or distribution plans shown below are in operation.

|                                                                                          |     |
|------------------------------------------------------------------------------------------|-----|
| N/A                                                                                      |     |
| The last date(s) for receipt of election notices for the dividend or distribution plans. | N/A |

**9. Net tangible assets per security**

|                                         | 30 June 2021 | 30 June 2020 |
|-----------------------------------------|--------------|--------------|
| Net tangible asset backing per ordinary | \$0.0008     | \$0.0008     |

Net tangible assets excludes right of use assets in relation to the Group's property.

**10. Details of entities over which control has been gained or lost**

On 28 August 2020 IODM (Hong Kong) Limited was incorporated. IODM Limited subscribed for 100% of its share capital on this date.

On 12 February 2021 IODM (USA) Limited was incorporated. IODM Limited subscribed for 100% of its share capital on this date.

For further detail refer to the accompanying audited financial statements and notes.

**10.1 Control lost over entities**

N/A

**11 Details of associates and joint entities**

Results for announcement to the market incorporate the results of IODM Limited and the following subsidiaries:

The Debtor Management Hub Pty Ltd – 100%

The Innovative Online Debt Management Trust – 100%

Paradigm NSW Pty Limited – 100%

Paradigm Queensland Pty Ltd – 100%

Tungsten NSW Pty Ltd – 100%

IODM Singapore Pte Ltd – 100%

IODM (Hong Kong) Pte Ltd – 100%

IODM (USA) Incorporated – 100%

### 12 Other significant information

N/A

### 13 Foreign entities

IODM Singapore Pte Ltd  
IODM (Hong Kong) Limited  
IODM (USA) Incorporated

### 14 Commentary on results

#### 14.1 Earnings per security

Basic loss per share- \$0.0039

Diluted loss per share - \$0.0039

#### 14.2 Returns to shareholders

N/A

#### 14.3 Significant features of operating performance

As the company has only been operating for four years as cloud based there are no significant features of operating performance.

#### 14.4 Results of segments

N/A - For management purposes, the Group is organised into one main operating segment, which is the operation as a cloud based Software as a Service provided. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment.

Accordingly, all significant operating decisions were based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

**14.5 Trends in performance**

As the company has only been operating for four years as cloud based company and it is currently in a growth phase, there are no significant trends in performance noted by management for reporting.

**14.6 Other factors affecting results**

N/A

**15 Audit status**

Audited financial statements attached

**16 Likely audit opinion of accounts not yet audited**

N/A.

**17 Audit opinion of accounts already audited**

Audit opinion contains a material uncertainty related to going concern



Print Name:

Mark Reilly

Position:

CEO

Date:

26 August 2021



**IODM Limited**

ABN 28 102 747 133

Annual Report

30 June 2021

# Corporate Directory

## Directors

Dr. Paul Kasian (Non-Executive Chairman)  
Mr. Anthony Smith (Non-Executive Director)  
Mr. David Ireland (Non-Executive Director)  
Mr. Brian Jamieson (Non-Executive Director)

## Company Secretary

Ms. Petrina Halsall

## Registered Office and Principal Place of Business

Level 23  
385 Bourke Street  
MELBOURNE VIC 3000  
Australia  
Telephone: + 61 3 8396 5890  
Facsimile: + 61 8 9227 6390  
[www.iodm.com.au](http://www.iodm.com.au)

## Share Registry

Boardroom Pty Limited  
Level 12  
225 George Street  
SYDNEY NSW 2000  
Australia  
Telephone: 1300 737 760  
Facsimile: + 61 2 9279 0664

## Auditors

Crowe Audit Australia  
Level 23  
600 Bourke Street  
MELBOURNE VIC 3000

## Stock Exchange Listing

Australian Securities Exchange  
ASX Code: IOD

## Contents

|                                                                         | Page No |
|-------------------------------------------------------------------------|---------|
| Directors' Report                                                       | 1       |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 14      |
| Consolidated Statement of Financial Position                            | 15      |
| Consolidated Statement of Changes in Equity                             | 16      |
| Consolidated Statement of Cash Flows                                    | 17      |
| Notes to the Consolidated Financial Statements                          | 18      |
| Directors' Declaration                                                  | 44      |
| Auditor's Independence Declaration                                      | 45      |
| Independent Auditor's Report                                            | 46      |
| Corporate Governance Statement                                          | 50      |
| ASX Additional Information                                              | 60      |

## **IODM Limited – Directors' Report**

The Directors of IODM Limited ("IODM" or the "Group") present their report together with financial statements of the consolidated entity, being IODM Limited (the "Company") and its controlled entities for the year ended 30 June 2021.

### **DIRECTORS**

The names, qualifications and experience of the Group's Directors in office during the year and until the date of this report are as follows. Directors were in office for this entire financial year unless otherwise stated.

#### **Dr. Paul Kasian – Non-Executive Chairman**

Dr Kasian is an experienced executive director with demonstrated success in both domestic and international companies encompassing senior leadership, strategy, investment and risk roles.

Dr. Kasian holds a PhD in Microbiology and a Master of Business Administration, both from the University of Melbourne. Dr. Kasian is a member of the Australian Institute of Company Directors and has held senior leadership positions in a number of investment groups including Chief Investment Officer at HSBC Asset Management, Head of HSBC Global Financial Team; Founding Director of Accordius and Founding Director of Wallara Asset Management.

Dr. Kasian is currently a Non-Executive director and Chairman of the Audit and Risk Committee of Atomo Diagnostics limited (AT1.ASX, appointed 4 February 2020). Dr Kasian was previously the Chairman and CEO of Genetic Technologies Limited (appointed 12 December 2013, resigned September 2019).

He has not held any other listed directorships in the past three years.

#### **Mr. David Ireland – Non-Executive Director**

Mr. Ireland has over 30 years' experience in the information and communications technology industry, including 28 years with Unisys and has a wealth of experience in the sale of enterprise solutions to large companies and Government.

Mr. Ireland has progressed through various roles, including Senior Account Manager (ACT & Districts), Sales Manager (ACT and Federal), State Manager (SA & NT), Sales Director (Northern Region) and General Manager, both government and commercial. As Director of Sales for Asia Pacific and Japan and a member of the South Pacific Executive Team Mr. Ireland leads cross industry sales for large enterprise, mission critical high volume transaction processing with a track record of achievement against annual financial budgets.

Mr. Ireland was also the Non-Executive Chairman of BOS Global Limited (appointed 30 August 2016, resigned 22 December 2017), an AIM listed IT company.

He has held no other public company directorships during the past three years.

#### **Mr. Anthony Smith – Non-Executive Director**

Mr. Smith has over 30 years' experience in finance with a variety of firms concentrating on small to medium sized companies in regard to corporate finance, institutional research sales and private wealth advice. During this time, he was charged with running these businesses along with titles of Head of Securities and Country Director of Austock Group and Phillip Capital. Mr Smith currently handles the investments at Cashel Family Office, a Melbourne based multi family office company.

Mr. Smith is currently Non-Executive Chairman of the Remuneration and Nomination Committee of IODM Limited and a Non-Executive Director of Energy Technologies Limited (EGY.ASX appointed 24 December 2020).

He has not held any other public company directorships during the past three years.

## **IODM Limited – Directors' Report**

### **Mr. Brian Jamieson – Non-Executive Director**

Mr. Jamieson has over 40 years' experience in the advisory, manufacturing, resources and technology industries in Australia and offshore. Mr. Jamieson was Chief Executive of Minter Ellison Melbourne from 2002-2005. Prior to joining Minter Ellison, Mr. Jamieson was Chief Executive Officer at KPMG Australia from 1998-2000, Managing Partner of KPMG Melbourne and Southern Regions from 1993-1998 and Chairman of KPMG Melbourne from 2001- 2002. Prior to the merger of Touche Ross & Co and Peat Marwick Hungerfords to form KPMG, Mr. Jamieson was the Managing Partner for Australia for Touche Ross & Co. He has over 30 years' experience in providing advisory and audit services to a diverse range of public and large private companies. He is also a Fellow of the Institute of Chartered Accountants in Australia and New Zealand and a Fellow of the Australian Institute of Company Directors.

Mr. Jamieson is currently Non-Executive Chairman of the Audit and Risk Committee of IODM Limited and is currently is a Non-Executive Director of Energy Technologies Limited (EGY.ASX appointed 24 December 2020) and Highfield Resources Limited. Mr. Jamieson was formerly Non-Executive Chairman of Sigma Healthcare Limited (resigned 13 May 2020), Non-Executive Chairman of Mesoblast Limited (resigned 31 March 2019), Non-Executive Director of Oxiana/OZ Minerals Limited from 2005 to 2015 and served as Chairman of Audit Risk and Compliance, Nomination and Remuneration, and Due Diligence Committees. He was a Non-Executive Director of Tatts Group Limited from 2005 to December 2017 and served as the Chairman of Audit and Risk Committee, Chairman of the Due Diligence Committee and member of the Remuneration Committee. He was also a Non-Executive Director of ASX listed Tigers Realm Coal from 2010 to 2015 and chaired various committees.

He has not held any other listed directorships in addition to those set out above in the past three years.

### **Ms Petrina Halsall – Company Secretary**

Ms. Halsall is a Chartered Accountant who commenced her career with KPMG. She has experience with Public companies in audit and has specialised in the small to medium enterprise (SME) market including providing advice on all stages of a business life cycle, business growth strategies, valuations, assisting with the purchase and sale of businesses and corporate restructuring.

Ms Halsall holds a Bachelor of Business (Monash University) and is an Associate of the Institute of Chartered Accountants Australia and New Zealand.

## IODM Limited – *Directors' Report*

### INTERESTS IN THE SECURITIES OF THE GROUP

As at the date of this report, the interests of the current Directors in the ordinary shares of IODM Limited were:

| Director    | Ordinary Shares | Options exercisable at \$0.066 on or before 30/06/2023 | Options exercisable at \$0.096 on or before 30/06/2023 |
|-------------|-----------------|--------------------------------------------------------|--------------------------------------------------------|
| P. Kasian   | 28,819,697      | 606,061                                                | -                                                      |
| D. Ireland  | -               | -                                                      | -                                                      |
| A. Smith    | 36,915,719      | 1,675,758                                              | -                                                      |
| B. Jamieson | 503,475         | -                                                      | 1,125,000                                              |

The above options were issued during the 2020 FY year under the Employee Share Option Plan.

### RESULTS OF OPERATIONS

The net loss of the Group for the year after income tax was \$2,204,414 (2020 loss: \$2,420,824).

### DIVIDENDS

No dividend was paid or declared by the Group during the year and up to the date of this report.

### CORPORATE STRUCTURE

IODM Limited is a company limited by shares that is incorporated and domiciled in Australia.

### NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

During the year the Group's principal activity was as a cloud based software as a service provider. The Group has developed an automated debtor management solution that provides businesses a superior accounts receivable monitoring and collection management tool through a central cloud based platform.

### EMPLOYEES

The Group had eleven employees at 30 June 2021 (2020: ten).

### REVIEW OF OPERATIONS

IODM is an Australian and global leader in providing best practice technology to businesses around the world. It uses digital technology to automate and streamline the accounts receivable process, data analytics and communications. The software is simple and quick to implement, easy to use and delivers immediate tangible efficiencies for businesses.

Through its interface with the cloud, desktop and enterprise software, IODM has continued to secure sales with corporate and enterprise accounts with global brands, who are using it to revolutionise their cashflow, reduce debtor days and drive greater team efficiencies.

During the period, the Group continued to grow its cash receipts versus the previous period which is a focus of both the Board and senior management. Likewise, IODM measured where the business stood at the end of the financial year versus the previous year and has reported substantial growth in all key areas, in particular operating revenue was up 33%, reflective of a continued substantial increase in invoice numbers while the value of invoices uploaded was \$1.7 billion versus \$1.17 billion the year before, an increase of 45%.

## **IODM Limited – Directors' Report**

During the year, the Group successfully signed and implemented its first customer in the UK. This represented a significant milestone for the company, enhancing the business opportunity in the region and providing strong foundations for further customer acquisitions. The expansion into this highly attractive market validated IODM's proven capabilities and de-risked entry into the UK market and other markets across Europe.

In August 2020, IODM launched a new invoice funding capability through a partnership with Grow Finance. The new solution allows IODM customers to seamlessly access invoice financing. The solution enables companies and funders to have in-depth transparency on outstanding invoices and the data collected facilitates compliance and governance oversight. This results in better financing terms for IODM's customers, and more surety on lending for funders. The strategic partnership with Grow Finance also created another valuable source of referrals for IODM.

In December 2020, due to the pipeline of onboarding clients being at its highest level, the Group accepted support from a UK institution in raising \$1.75m. The money raised has been invested in new staff across the areas of onboarding, support and sales (both domestic and international) which will support both the proprietary sales function and the partnerships.

During Quarter 3, the Group successfully launched its new IODM Connect platform and began the process of migrating all clients across to the new updated platform. The new platform was some eighteen months in the making and the feedback from clients to date has been extremely positive. Going forward, all new clients will be onboarded to the new platform.

The Group announced on 10 March 2021 that it had extended a Global Partnership with Western Union Business Services ("WUBS"), a global leader in cross-border, cross-currency money movement and payments, into North America. The Agreement is a reciprocal referral arrangement that is now live in all regions that WUBS operate in.

The Group continues to secure a number of referrals in the regions as a result of the WUBS partnership and is now deriving revenue from a number of those regions.

In addition, the Group announced in its Quarter 3 update that the partnership intended to pay particular focus to both existing Education and Health clients of WUBS as well as new opportunities in these sectors. This was as a result of the market feedback that was clear that the WUBS/IODM proposition can add considerable value to these verticals. The Group also forecast that it intended to apply a different revenue model to these verticals.

This new revenue model was announced to the market on 30 June 2021, through a new contract with WUBS UK specifically for the education sector which allows WUBS to provide the IODM platform to existing and new education clients and the previous subscription-based revenue model is to be replaced with a sharing of economics on turnover that is transacted through the WUBS payment platform and the IODM system.

The Group has also subsequently announced the signing of two UK universities with the new annual revenue to commence in to commence in FY 22. The target market, being the WUBS existing business, has an addressable revenue market of circa AUD\$57.7m per annum.

The Group expanded its domestic workforce during the year. This expansion coincided with the appointment of Isaac Smith as Director of Sales & Marketing effective 1 January 2021. Isaac has a 25-year career in sales and marketing, including significant long term roles with REA, GSK and Optus both in Australia and overseas and is well placed to lead our sales team and deliver on our global sales strategy.

## **IODM Limited – Directors' Report**

During Quarter 4 the Group also recognised and received the first revenue and receipt of the finance vertical of our business, through its partnership with Grow Finance, underpinning that we are a working capital solutions business.

### **COVID 19**

Whilst the Group entered FY 21 under the continuing uncertainty of COVID 19 and the challenges that it presents to our business and its customers, management continued to focus on providing both seamless service delivery and onboarding and implementation to both existing and new clients, which through the dedicated efforts of its staff, it achieved successfully, demonstrating the agility and nimbleness of the business in being able to respond to its client's requirements.

The company continued to increase both revenue and cash receipts throughout FY 21 but it became apparent in the second half of the year that the prolonged restrictions in place in Australia and the delay in opening up were having an effect on the decision making of corporate prospects both in terms of signing and the eventual timing of the onboarding.

That been said, the company has been able to offset this through the global scalability of its offering, where it has seen significant interest and uptake in its offering in overseas jurisdictions where restrictions have been relaxed and economies are opening back up.

This is evidenced by recent announcements around significant material revenue signings in the education sector through the Group's partnership with WUBS. Management believe this will continue to grow rapidly over FY 22.

### **CORPORATE**

#### **Board Changes**

It is the intention of the Board to present an independent, diverse Non-Executive Board in keeping with "Best Practice". The Group will continue to transform the Board to ensure that it is in keeping with its compliance and governance obligations. There were no board changes during the financial year.

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

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

### **SIGNIFICANT EVENTS AFTER THE REPORTING DATE**

On 19 July 2021 IODM (UK) Limited was incorporated. IODM Limited subscribed for 100% of its share capital on this date.

On 5 August 2021 IODM announced that it will be providing its offering to a further education client of Western Union Business Solutions ("WUBS") through its new commercial agreement with WUBS announced on 30 June 2021. The revenue from these universities will be dependent on the number of students that pay through the payments platform.

### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**

Likely developments in the operations of the Group are set out in the above review of operations in this annual report.

## IODM Limited – Directors' Report

### SHARE OPTIONS AND ORDINARY SHARES

As at the date of this report there were the following unissued ordinary shares of IODM for which options were outstanding:

9,463,636 options expiring on 30 June 2023, exercisable at \$0.066

1,125,000 options expiring on 30 June 2023 exercisable at \$0.096

1,600,000 options expiring on 30 June 2023 exercisable at \$0.102

312,500 options expiring on 30 June 2024 exercisable at \$0.192

933,334 options expiring on 30 June 2025 exercisable at \$0.30

During the year the following options were granted under the Employee Share Option Plan

312,5000 options expiring on 30 June 2024 exercisable at \$0.192

During the year the following options were exercised:

303,030 options expiring on 30 June 2023 were exercised at \$0.066 cents

On 21 July 2021 the Board resolved to grant the following options under the Employee Share Options Plan

933,334 options to Employees expiring on 30 June 2025 exercisable at \$0.30

1,410,000 options to KMP and directors expiring on 30 June 2025 exercisable at \$0.30

The employee options were subsequently issued on 23 July 2021.

The KMP and director options will be issued subject to shareholder approval being obtained at the 2021 AGM.

### INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Group has entered into deeds with each of the Directors under which the Group has agreed to indemnify the Directors on a full indemnity basis and to the full extent permitted by law for losses or liabilities incurred as an officer of the Group.

During the financial year, the Group has paid an insurance premium in respect of a contract insuring each of the Directors and Group Secretary of the Group, against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. Disclosure of the total amount of the premium and the nature of the liabilities in respect of such insurance is prohibited by the policy.

### INDEMNIFICATION AND INSURANCE OF AUDITORS

The Group has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Group against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group.

### DIRECTORS' MEETINGS

During the financial year, in addition to regular Board discussions, the number of meetings held during the year and the number of meetings attended by each Director were as follows:

| Director       | Directors' meetings       |                 | Audit and Risk Committee meetings |                 | Remuneration and Nomination meetings |                 |
|----------------|---------------------------|-----------------|-----------------------------------|-----------------|--------------------------------------|-----------------|
|                | Number eligible to attend | Number attended | Number eligible to attend         | Number attended | Number eligible to attend            | Number attended |
| Paul Kasian    | 11                        | 11              | 4                                 | 4               | 5                                    | 4               |
| David Ireland  | 11                        | 11              | 4                                 | 4               | 5                                    | 5               |
| Anthony Smith  | 11                        | 11              | 0                                 | 0               | 5                                    | 5               |
| Brian Jamieson | 11                        | 11              | 4                                 | 4               | 0                                    | 0               |

## **IODM Limited – Directors' Report**

### **PROCEEDINGS ON BEHALF OF THE GROUP**

No person has applied for leave of the court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

### **CORPORATE GOVERNANCE**

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of IODM Limited support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council and considers that IODM Limited is in compliance with those guidelines to the extent possible, which are of importance to the commercial operation of a listed software as a service company. During the financial year, shareholders continued to receive the benefit of an efficient and cost effective corporate governance policy for the Group. The Group's Corporate Governance Statement and disclosures are contained in Pages 49 – 58 of the annual report.

### **AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES**

Section 307C of the *Corporations Act 2001* requires the Group's auditors to provide the Directors of IODM Limited with an Independence Declaration in relation to the audit of the financial report. A copy of that declaration is included within this report.

#### **Non-audit services**

There were no amounts paid or payable to the auditor for non-audit services provided during the year by the auditor other than those outlined in note 21 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.

The directors are of the opinion that the services as disclosed in note 21 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001.

# IODM Limited – Directors' Report

## REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors, executives and other key management personnel of IODM Limited prepared in accordance with the requirements of the *Corporation Act 2001* and the *Corporations Regulations 2001*. For the purpose of this report, Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any officer (whether Executive or otherwise) of the Group.

### Remuneration Consultants

No remuneration consultants were used to review existing policies or to provide recommendations.

### Voting at 2020 AGM

The Group received 99.85% of "yes" votes on its remuneration report for the 2020 financial year. The Group did not receive any specific feedback at the Annual General Meeting (AGM) or throughout the year regarding its remuneration report or its remuneration policies.

### The following table lists the Company's KMP for FY 2021

| Non-Executive Directors  | POSITION                                           |
|--------------------------|----------------------------------------------------|
| Paul Kasian              | Non-Executive Chairman                             |
| David Ireland            | Non-Executive Director                             |
| Anthony Smith            | Non-Executive Director                             |
| Brian Jamieson           | Non-Executive Director                             |
| <b>Senior Executives</b> |                                                    |
| Mark Reilly              | Chief Executive Officer (CEO)                      |
| Petrina Halsall          | Chief Financial Controller (CFO)/Company Secretary |

All KMP held office for the whole of FY2021.

### Remuneration Policy

The remuneration policy of IODM Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific short-term incentives and long-term incentives based on key performance areas affecting the Group's financial results. The Board of IODM Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- The remuneration policy has been developed by the Remuneration and Nomination Committee and approved by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, and performance incentives.
- Incentives paid in the form of options are intended to align the interests of the KMP and the Group with those of the shareholders.
- The Remuneration and Nomination Committee reviews key management personnel packages bi-annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

## IODM Limited – Directors' Report

The performance of key management personnel is measured against criteria agreed bi-annually with each executive and is based predominantly on the forecast growth of the Group's profits and shareholders' value. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Key management personnel receive a superannuation guarantee contribution required by the law, which is currently 10%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement. Any options not exercised before or on the date of termination may lapse.

All remuneration paid to key management personnel is valued at the cost to the Group and expensed.

The table below shows the performance of the Group as measured by loss per share

| As at 30 June               | 2021      | 2020      | 2019    | 2018    | 2017    | 2016    |
|-----------------------------|-----------|-----------|---------|---------|---------|---------|
| Loss per share (cents)      | (0.39)    | (0.45)    | (0.23)  | (0.22)  | (0.56)  | (2.32)  |
| Total KMP remuneration (\$) | 1,139,940 | 1,238,505 | 387,130 | 381,882 | 679,482 | 431,276 |

### Non-Executive Directors

The rewards for Directors' have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations. The aggregate remuneration for non-executive directors last voted upon by shareholders at the 2019 Annual General Meeting has been set at an amount not to exceed \$550,000 per annum. This amount may only be increased with the approval of Shareholders at a general meeting. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted.

### Share-based payment arrangements

#### Options

The Company operates an Employee Share Option Plan ('ESOP') for directors, executives and senior employees of the Consolidated Entity. In accordance with the provisions of the ESOP, directors, executives and senior employees may be granted options to purchase ordinary shares at an exercise price to be determined by the Board with regard to the market value of the shares when it resolves to offer the options. The options may be granted to eligible persons after the Board considers the person's seniority, position, length of service, record of employment, potential contribution and any other matters which the Board considers relevant.

Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable to the Company by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is determined by the Board. To date, options granted under the ESOP expire up to 48 months from their date of issue. The options are not exercisable until the vesting date provided the participant is an employee at the relevant vesting date or at the Board's discretion.

## IODM Limited – Directors’ Report

### Details of Remuneration

#### EXECUTIVE REMUNERATION

The table below sets out details of the remuneration of the Company’s officers (the two executive KMP) for FY 2021

|                                       | Year | Short-term employment benefits |                |           |                    |        | Long-term Benefits |                    |                     |                | Total   | % Performance Related |
|---------------------------------------|------|--------------------------------|----------------|-----------|--------------------|--------|--------------------|--------------------|---------------------|----------------|---------|-----------------------|
|                                       |      | Base Salary                    | Directors Fees | STI Bonus | Leave Entitlements | Other  | Total              | Long service leave | Share Based Payment | Superannuation |         |                       |
| CEO                                   |      |                                |                |           |                    |        |                    |                    |                     |                |         |                       |
| M Reilly                              | 2021 | 205,480                        | -              | 150,000   | 2,275              | 25,006 | 382,761            | 3,848              | 150,153             | 21,022         | 557,784 | 55.5%                 |
|                                       | 2020 | 159,827                        | -              | 37,500    | 13,124             | 10,600 | 221,051            | 1,098              | 317,411             | 16,096         | 555,656 | 65.8%                 |
| CFO                                   |      |                                |                |           |                    |        |                    |                    |                     |                |         |                       |
| P Halsall                             | 2021 | 141,553                        | -              | 50,000    | 15,047             | -      | 206,600            | 12,215             | 26,083              | 13,447         | 258,345 | 29.5%                 |
|                                       | 2020 | 130,518                        | -              | 9,000     | 6,094              | -      | 145,612            | 3,733              | 55,989              | 12,399         | 217,733 | 29.8%                 |
| Total remuneration of the CEO and CFO |      |                                |                |           |                    |        |                    |                    |                     |                |         |                       |
|                                       | 2021 | 347,033                        | -              | 200,000   | 17,322             | 25,006 | 589,361            | 16,063             | 176,236             | 34,469         | 816,129 |                       |
|                                       | 2020 | 290,345                        | -              | 46,500    | 19,218             | 10,600 | 366,663            | 4,831              | 373,400             | 28,495         | 773,389 |                       |

1. All STIs and LTIs are related to the performance of the individual and the performance of the Group.
2. Long term benefits related to long service leave entitlements accrued for the year.
3. Superannuation payments are made in accordance with the relevant statutory requirements and relates to cash salary.

## IODM Limited – Directors' Report

### NON-EXECUTIVE REMUNERATION

The table below sets out the Non-Executive director fees paid for FY 2021

|                                               |             | Directors<br>Fees | Share<br>Based<br>Payment | Superan-<br>uation | Total          |
|-----------------------------------------------|-------------|-------------------|---------------------------|--------------------|----------------|
|                                               |             | \$                | \$                        | \$                 | \$             |
| <b>Non-Executive Directors</b>                |             |                   |                           |                    |                |
| P Kasian                                      | <b>2021</b> | <b>63,927</b>     | <b>33,368</b>             | <b>6,073</b>       | <b>103,368</b> |
|                                               | 2020        | 63,924            | 70,536                    | 6,073              | 140,533        |
| D Ireland                                     | <b>2021</b> | <b>36,000</b>     | <b>-</b>                  | <b>3,420</b>       | <b>39,420</b>  |
|                                               | 2020        | 36,000            | -                         | 3,420              | 39,420         |
| A Smith                                       | <b>2021</b> | <b>39,400</b>     | <b>61,507</b>             | <b>-</b>           | <b>100,907</b> |
|                                               | 2020        | 39,834            | 130,021                   | -                  | 169,855        |
| B Jamieson                                    | <b>2021</b> | <b>38,352</b>     | <b>38,121</b>             | <b>3,643</b>       | <b>80,116</b>  |
|                                               | 2020        | 31,960            | 80,615                    | 2,733              | 115,308        |
| Total Remuneration of Non-Executive Directors | <b>2021</b> | <b>177,679</b>    | <b>132,996</b>            | <b>13,136</b>      | <b>323,811</b> |
|                                               | 2020        | 171,718           | 281,172                   | 12,226             | 465,116        |

### Shareholdings of Key Management Personnel

The shareholdings in the company held during the financial year by key management personnel of IODM Limited, including their personally related parties, is set out below.

| 30 June 2021                   | Balance at the<br>start of the year | On<br>market/other | Options<br>exercised | Balance at the<br>end of the year |
|--------------------------------|-------------------------------------|--------------------|----------------------|-----------------------------------|
| <b>Non-Executive Directors</b> |                                     |                    |                      |                                   |
| Paul Kasian                    | 28,516,667                          | -                  | 303,030              | 28,819,697                        |
| David Ireland                  | -                                   | -                  | -                    | -                                 |
| Anthony Smith                  | 33,448,180                          | 3,302,579          | -                    | 36,750,759                        |
| Brian Jamieson                 | 363,475                             | 140,000            | -                    | 503,475                           |
| <b>Senior Executives</b>       |                                     |                    |                      |                                   |
| Mark Reilly                    | 27,775,340                          | (460,000)          | -                    | 27,315,340                        |
| Petrina Halsall                | 8,223,686                           | -                  | -                    | 8,223,686                         |

### Option holdings of Key Management Personnel

The number of options in the company held during the financial year by key management personnel of IODM Limited, including their personally related parties, is set out below.

## IODM Limited – Directors' Report

| 30 June 2021                   | Balance at the start of the year | Granted during the year as compensation | Exercised during the year | Vested and exercisable | Balance at the end of the year Unvested |
|--------------------------------|----------------------------------|-----------------------------------------|---------------------------|------------------------|-----------------------------------------|
| <b>Non-Executive Directors</b> |                                  |                                         |                           |                        |                                         |
| Paul Kasian                    | 909,091                          | -                                       | 303,030                   | 303,030                | 303,031                                 |
| David Ireland                  | -                                | -                                       | -                         | -                      | -                                       |
| Anthony Smith                  | 1,675,758                        | -                                       | -                         | 1,117,172              | 558,586                                 |
| Brian Jamieson                 | 1,125,000                        | -                                       | -                         | 750,000                | 375,000                                 |
| <b>Senior Executives</b>       |                                  |                                         |                           |                        |                                         |
| Mark Reilly                    | 4,090,909                        | -                                       | -                         | 2,727,272              | 1,363,637                               |
| Petrina Halsall                | 2,484,848                        | -                                       | -                         | 1,656,566              | 828,282                                 |

All of the above options were issued under the IODM Employee Share Option Plan.

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

| Grant date | Vesting and exercise date | Expiry date  | Exercise Price (\$) | No Options | Vested (%) |
|------------|---------------------------|--------------|---------------------|------------|------------|
| 21/11/2019 | Over 3 Years              | 30 June 2024 | 0.066               | 9,160,606  | 66%        |
| 21/11/2019 | Over 3 Years              | 30 June 2024 | 0.096               | 1,125,000  | 66%        |

### Other transactions with key management personnel

Transactions with key management personnel were made at arm's length at normal market prices and normal commercial terms.

262 Capital Pty Ltd, a company which Mr. Anthony Smith is a Director and shareholder, provided the Group with the provision of director services totalling \$ 39,400 (2020 \$39,834) of which \$3,283 (2020 \$3,283) was outstanding at year end.

There were no other transactions or loans made to key management personnel for the year ended 30 June 2021.

### Service Agreements

The remuneration and other terms of employment for the senior executive KMP are formalised in employment contracts. The two executives are entitled to receive pay in lieu of notice of resignation, in addition to any leave entitlements upon cessation of employment. All service agreements may be terminated immediately in the event of serious misconduct, which the executive is not entitled to any payment in lieu of notice.

Certain key management personnel will be entitled to bonuses as the Remuneration and Nomination Committee may decide in its absolute discretion from time to time.

The following table outlines the key contractual arrangements for the last financial year

## IODM Limited – Directors' Report

| Position | Contractual term | Notice Period           | Fixed Remuneration                                        | Post-Employment Restraints     |
|----------|------------------|-------------------------|-----------------------------------------------------------|--------------------------------|
| CEO      | 3 years          | 4 Weeks by either party | \$225,000 per annum inclusive of statutory superannuation | 6-month non-competition period |
| CFO      | Ongoing          | 4 Weeks by either party | \$155,000 per annum inclusive of statutory superannuation | 6-month non-competition period |

New service agreements were signed by KMP in August 2021 with the details as follows

| Position                 | Contractual term | Notice Period            | Fixed Remuneration                                        | Post-Employment Restraints     |
|--------------------------|------------------|--------------------------|-----------------------------------------------------------|--------------------------------|
| CEO                      | Ongoing          | 3 months by either party | \$275,000 per annum inclusive of statutory superannuation | 6-month non-competition period |
| COO<br>(Change of title) | Ongoing          | 3 months by either party | \$175,000 per annum inclusive of statutory superannuation | 6-month non-competition period |

### Non-Executive Director

The Non-Executive Directors are paid an annual Director fee on a monthly basis. Their services may be terminated by either party at any time.

### End of audited Remuneration Report

Signed in accordance with a resolution of the Directors.

On behalf of the Directors.



Dr Paul Kasian

Non-Executive Chairman

26 August 2021

**Consolidated Statement of Profit or Loss & Other Comprehensive Income**  
*for the year ended 30 June 2021*

|                                                                       | Notes | 2021<br>\$         | 2020<br>\$         |
|-----------------------------------------------------------------------|-------|--------------------|--------------------|
| Revenue                                                               | 6     | 859,492            | 645,542            |
| Interest received                                                     | 6     | 45                 | 306                |
| Export market development grant                                       | 6     | 23,174             | -                  |
| Research and development tax offset income                            | 6     | 262,823            | 200,276            |
| Government stimulus                                                   | 6     | -                  | 100,000            |
| <b>Total Revenue</b>                                                  |       | <b>1,145,534</b>   | <b>946,124</b>     |
| Administrative and public company expenses                            |       | (258,763)          | (210,890)          |
| Accounting and audit fees                                             |       | (71,480)           | (65,546)           |
| Amortisation charge on intangibles                                    |       | -                  | (12,819)           |
| Professional fees                                                     |       | (34,706)           | (18,949)           |
| Consultants and directors fees                                        |       | (836,688)          | (815,710)          |
| Employee costs                                                        |       | (1,399,640)        | (1,105,699)        |
| Superannuation                                                        |       | (118,501)          | (102,127)          |
| Depreciation of plant and equipment                                   | 12    | (90,537)           | (90,381)           |
| Finance costs                                                         | 7     | (6,898)            | (10,612)           |
| Share based payment                                                   | 19    | (357,727)          | (717,144)          |
| Loss on forefited security deposit                                    |       | -                  | (7,500)            |
| Other expenses                                                        | 8     | (175,008)          | (209,571)          |
| <b>Loss before income tax</b>                                         |       | <b>(2,204,414)</b> | <b>(2,420,824)</b> |
| Income tax expense                                                    | 9     | -                  | -                  |
| <b>Loss after tax</b>                                                 |       | <b>(2,204,414)</b> | <b>(2,420,824)</b> |
| Other comprehensive income                                            |       | -                  | -                  |
| <b>Items that will be reclassified subsequently to profit or loss</b> |       |                    |                    |
| Exchange differences on translation of foreign operations             |       | 1,162              | -                  |
| <b>Total comprehensive loss for the year</b>                          |       | <b>(2,203,252)</b> | <b>(2,420,824)</b> |
| Basic and diluted loss per share (cents per share)                    | 20    | (0.39)             | (0.45)             |

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 2021***

|                                      | Notes | 2021<br>\$     | 2020<br>\$     |
|--------------------------------------|-------|----------------|----------------|
| <b>CURRENT ASSETS</b>                |       |                |                |
| Cash and cash equivalents            | 10    | 651,125        | 738,761        |
| Trade and other receivables          | 11    | 225,747        | 152,816        |
| <b>TOTAL CURRENT ASSETS</b>          |       | <b>876,872</b> | <b>891,577</b> |
| <b>NON-CURRENT ASSETS</b>            |       |                |                |
| Property, plant and equipment        | 12    | -              | 90,537         |
| <b>TOTAL NON-CURRENT ASSETS</b>      |       | <b>-</b>       | <b>90,537</b>  |
| <b>TOTAL ASSETS</b>                  |       | <b>876,872</b> | <b>982,114</b> |
| <b>CURRENT LIABILITIES</b>           |       |                |                |
| Trade and other payables             | 13    | 276,023        | 203,410        |
| Other liabilities                    | 14    | 55,811         | 55,807         |
| Lease liabilities                    | 16    | 9,503          | 99,094         |
| Employee Benefits                    | 15    | 52,974         | 68,955         |
| <b>TOTAL CURRENT LIABILITIES</b>     |       | <b>394,311</b> | <b>427,266</b> |
| <b>NON-CURRENT LIABILITIES</b>       |       |                |                |
| Lease liabilities                    | 16    | -              | 8,691          |
| Employee Benefits                    | 15    | 44,670         | 29,637         |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |       | <b>44,670</b>  | <b>38,328</b>  |
| <b>TOTAL LIABILITIES</b>             |       | <b>438,981</b> | <b>465,594</b> |
| <b>NET ASSETS/(LIABILITIES)</b>      |       | <b>437,891</b> | <b>516,520</b> |
| <b>EQUITY</b>                        |       |                |                |
| Issued capital                       | 17    | 11,065,154     | 9,298,258      |
| Reserves                             | 18    | 1,934,150      | 1,575,261      |
| Accumulated losses                   | 19    | (12,561,413)   | (10,356,999)   |
| <b>TOTAL EQUITY/(DEFICIENCY)</b>     |       | <b>437,891</b> | <b>516,520</b> |

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 2021**

|                                                             | Note | Issued<br>Capital<br>\$ | Share<br>Based<br>Payment<br>Reserve<br>\$ | Foreign<br>Currency<br>Translation<br>Reserve<br>\$ | Accumulated<br>Losses<br>\$ | Total<br>\$    |
|-------------------------------------------------------------|------|-------------------------|--------------------------------------------|-----------------------------------------------------|-----------------------------|----------------|
| Balance at 1 July 2020                                      |      | 9,298,258               | 1,575,261                                  | -                                                   | (10,356,999)                | 516,520        |
| Loss for the year                                           |      | -                       | -                                          |                                                     | (2,204,414)                 | (2,204,414)    |
| Exchange difference on translating foreign operations       |      | -                       | -                                          | 1,162                                               | -                           | 1,162          |
| Total comprehensive loss for the year                       |      | -                       | -                                          | 1,162                                               | (2,204,414)                 | (2,203,252)    |
| <i>Transactions with owners in their capacity as owners</i> |      |                         |                                            |                                                     |                             |                |
| Shares issued under Share Placements                        | 17   | 1,749,999               | -                                          | -                                                   | -                           | 1,749,999      |
| Shares issued on exercise of options                        | 17   | 20,000                  | -                                          | -                                                   | -                           | 20,000         |
| Creditors settled for equity                                | 17   | 6,882                   |                                            |                                                     |                             | 6,882          |
| Options issued to directors and employees                   | 18   |                         | 357,727                                    | -                                                   | -                           | 357,727        |
| Transaction costs relating to issue of shares               | 17   | (9,985)                 | -                                          | -                                                   | -                           | (9,985)        |
| <b>Balance as at 30 June 2021</b>                           |      | <b>11,065,154</b>       | <b>1,932,988</b>                           | <b>1,162</b>                                        | <b>(12,561,413)</b>         | <b>437,891</b> |
| Balance at 1 July 2019                                      |      | 6,982,376               | 858,117                                    | -                                                   | (7,936,175)                 | (95,682)       |
| Loss for the year                                           |      | -                       | -                                          | -                                                   | (2,420,824)                 | (2,420,824)    |
| Other comprehensive income                                  |      | -                       | -                                          | -                                                   | -                           | -              |
| Total comprehensive Income for the year                     |      |                         |                                            | -                                                   | (2,420,824)                 | (2,420,824)    |
| <i>Transactions with owners in their capacity as owners</i> |      |                         |                                            |                                                     |                             |                |
| Shares issued under Share Placements                        | 17   | 1,980,883               | -                                          | -                                                   | -                           | 1,980,883      |
| Shares issued on exercise of options                        | 17   | 407,000                 | -                                          | -                                                   | -                           | 407,000        |
| Options issued to directors and employees                   | 18   | -                       | 717,144                                    | -                                                   | -                           | 717,144        |
| Transaction costs relating to issue of shares               | 17   | (72,001)                | -                                          | -                                                   | -                           | (72,001)       |
| <b>Balance as at 30 June 2020</b>                           |      | <b>9,298,258</b>        | <b>1,575,261</b>                           | <b>-</b>                                            | <b>(10,356,999)</b>         | <b>516,520</b> |

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 2021*

|                                                      | Notes | 2021<br>\$         | 2020<br>\$         |
|------------------------------------------------------|-------|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>          |       |                    |                    |
| Interest received and other income                   |       | 45                 | 306                |
| Receipts from customers                              |       | 1,003,154          | 753,219            |
| Research and development tax offset income           |       | 285,997            | 200,276            |
| Export market development grant                      |       |                    | -                  |
| Government grants                                    |       | -                  | 100,000            |
| Interest paid                                        |       | (6,898)            | (10,612)           |
| Payments to suppliers and employees                  |       | (2,923,117)        | (2,658,449)        |
| <b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>    | 10    | <b>(1,640,819)</b> | <b>(1,615,260)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>          |       |                    |                    |
| Payment of refundable security deposit               |       | (111,104)          | -                  |
| <b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>    |       | <b>(111,104)</b>   | <b>-</b>           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>          |       |                    |                    |
| Proceeds from issue of shares                        |       | 1,749,999          | 1,980,882          |
| Proceeds from option conversion                      |       | 20,000             | 407,000            |
| Share issue costs                                    |       | (9,985)            | (72,001)           |
| Lease repayments                                     |       | (95,727)           | (94,334)           |
| <b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>     |       | <b>1,664,287</b>   | <b>2,221,547</b>   |
| Net increase/(decrease) in cash and cash equivalents |       | (87,636)           | 606,287            |
| Cash and cash equivalents at beginning of year       |       | 738,761            | 132,474            |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>      | 10    | <b>651,125</b>     | <b>738,761</b>     |

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

# **IODM Limited**

## ***Notes to the Consolidated Financial Statements for the year ended 30 June 2021***

The financial report consists of the audited consolidated financial statements of IODM Limited and its subsidiaries ("IODM" or "the Group") for the year ended 30 June 2021. IODM Limited is a for-profit entity limited by shares incorporated and domiciled in Australia. IODM Limited shares are publicly traded on the Australian Securities Exchange.

The financial report has also been prepared on an accrual basis under the historical cost convention. The presentation and functional currency is Australian dollars.

The consolidated financial statements for the year ended 30 June 2021 were approved and was authorised for issue by the Board of Directors on 26 August 2021.

### **1. Basis of Preparation**

The financial report is a consolidated general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

These financial statements comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

### **2. Change in Accounting Policy**

There were no changes in accounting policies during the financial year.

### **3. Going Concern**

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss after tax for the year ended 30 June 2021 of \$2,204,414 (2020 \$2,420,824) and incurred net cash outflows from operating activities of \$1,640,819 (2020 \$1,615,260). At 30 June 2021, the Group had a net asset position of \$437,891 (2020 net asset position of \$516,520).

These matters give rise to a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The ability to continue as a going concern is dependent upon a number of factors, mainly being achieving forecast sales or raising additional funds. In the process of approving the company's internal forecast and business plan for upcoming financial years, the board has considered the cash position of the company within the next 12 months from date of this report, further supported by the application of sensitivity analysis and stress testing of the key existing and new revenue stream assumptions. The directors have prepared cash flow forecasts which, based on the Group's ability to achieve its growth targets, demonstrate that the Group will generate sufficient cash flows to fund its activities for a period of not less than twelve months from the date of this report. The board also acknowledges the company's access to the capital market should additional funding be required.

If the Group is unable to meet its revenue forecast targets or be unable to raise capital through the Group's access to the capital market the entity may not be a going concern. Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in ordinary course of business, and at amounts that differ from those stated in the Financial Statements. The financial statements do not include any

# **IODM Limited**

## ***Notes to the Consolidated Financial Statements for the year ended 30 June 2021***

adjustments relating to the recoverability and classification of recorded assets amounts or to the amounts and classification of liabilities that might be necessarily incurred should the consolidated entity not continue as a going concern.

### **4. Summary of Significant Accounting Policies**

#### **(a) Principles of Consolidation**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 group. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

A list of controlled entities is contained in note 23 to the financial statements. All controlled entities have a 30 June financial year end.

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by IODM Limited ('Company' or 'parent entity') as at 30 June 2021 and the results of all controlled entities for the year then ended. IODM Limited and its controlled entities together are referred to in these Financial Statements as the consolidated Group. The effects of all transactions between entities in the consolidated entity are eliminated in full.

#### **Foreign subsidiaries**

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.

#### **Foreign transactions**

Transactions in foreign currency are translated to the respective functional currencies of Group companies at the exchange rate at the date of the transaction.

#### **(b) Revenue**

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

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

The Group recognises revenue from the following major sources:

- Implementation and customisation fees
- Licence fees
- Referral commission fees

## **IODM Limited**

### ***Notes to the Consolidated Financial Statements for the year ended 30 June 2021***

#### **Implementation and customisation fees**

Revenue recognised at a point in time relates largely to the software licence implementation. The software licence implementation comprises between 10% - 80% of the total contract value and is recognised following the fulfillment of the performance obligation i.e.the setup.

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

#### **Licence fees**

Licence fee revenue is recognised over a period of time and largely relates to software licences sold under a subscription model,including support, hosting and maintenance services relating to access to the cloud-based software provided. The performance obligations are considered to be provided consistently over the life of the contract as the amount of work required to perform under those contracts does not vary significantly from month to month.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts within other liabilities in the statement of financial position (see Note 14). Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured.

#### **Referral commission fees**

The Group may receive referral commission from Strategic Partners where an agreement has been entered into to mutually refer prospects. Revenue from referrals are recognised at a point in time for referral commission on setup fees and trail commissions. Commission is received on each approved product once it has been settled with the Strategic Partner.

#### **Other Income**

##### **Research and Development Income/Export Market Development Grant**

Research and Development Income and the Export Market Development Grants are recognised when there is reasonable assurance the grants will be received and all the attaching conditions complied with in accordance with AASB 120 – Accounting for Government Grants and Disclosure for Government Assistance.

##### **Government Stimulus**

Government Stimulus income recognises the cash boost payments received in relation to COVID-19. The income is recognised when there is reasonable assurance the grant will be received and all the attaching conditions complied with in accordance with AASB 120 – Accounting for Government Grants and Disclosure for Government Assistance.

## **IODM Limited**

### ***Notes to the Consolidated Financial Statements for the year ended 30 June 2021***

#### Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

#### **(c) Share based payment transactions**

The Group operates equity-settled share-based employee share option scheme under its Employee Share Option Plan dated 28 June 2019. Directors and employees of The Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for equity instruments ('equity-settled transactions'). This Plan is in addition to the options issued to corporate advisors in previous periods.

None of the Group's plans are cash settled.

When the goods or services acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the indicative valuation of an independent expert taking into account the terms and conditions upon which the instruments were granted.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of IODM Limited ('market conditions').

The cost of the equity settled transactions is recognised, together with a corresponding credit to share based payments reserve, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

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

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

## **IODM Limited**

### ***Notes to the Consolidated Financial Statements for the year ended 30 June 2021***

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs are allocated to share capital.

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted.

The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share (see note 20).

#### **(d) Employee benefits**

##### **Short-term employee benefits**

Short term employee benefits are employee benefits (other than termination benefits and equity compensation benefits) which fall due wholly within 12 months after the end of the period in which employee services are rendered.

They comprise wages, salaries, social security obligations, short-term compensation absences, profit sharing and bonuses payables within 12 months and non-mandatory benefits.

The provision for employee entitlements to wages, salaries and annual leave represents the amount that the Consolidated Entity has a present obligation to pay resulting from employee services provided up to reporting date. The undiscounted amount of short-term benefits expected to be paid is recognised as an expense.

##### **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. The expected future payments incorporate 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The Group presents employee benefit obligations as current liabilities in the Statement of Financial Position if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting periods, irrespective of when settlement is expected to take place.

#### **(e) Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

## **IODM Limited**

### ***Notes to the Consolidated Financial Statements for the year ended 30 June 2021***

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### **(f) Cash and cash equivalents**

Cash and short term deposits in the Statement of Financial Position include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as current liabilities in the Statement of Financial Position. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as described above.

#### **(g) Financial instruments**

##### **Recognition, initial measurement and derecognition**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs.

Financial assets are derecognised when the contractual rights to the cash flows from the finance asset expire, or when the financial asset and substantially all the risk and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### **Classification and subsequent measurement of financial assets**

Financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI

Classification are determined by both

- The Group's business model for managing the financial asset, and
- The contractual cash flow characteristics of the financial asset.

##### **Financial assets at amortised cost**

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's cash and cash equivalents and trade and other receivables fall into this category of financial instruments.

## **IODM Limited**

### ***Notes to the Consolidated Financial Statements for the year ended 30 June 2021***

#### **Impairment of financial assets**

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group considers a financial asset in default when contractual payment are 90 days are due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group

#### **Classification and measurement of 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. All interest related charges are included within finance costs.

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

#### **(h) Plant and equipment**

Plant and equipment are included at cost. Assets in plant and equipment (except for capitalised leased assets) are depreciated on a straight line basis over their estimated useful lives. The depreciation rates used for each class of assets are as follows:

| Class of Fixed Asset | Depreciation Rate |
|----------------------|-------------------|
| Office Equipment     | 20%               |

On disposal of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognised as a gain or loss.

#### **(j) Leases**

At inception of contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key criteria:

- the contract contains an identified asset,
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, and
- the Group has the right to direct the use of the identified asset throughout the period of use.

#### ***Measurement and recognition of leases as a lessee***

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

## **IODM Limited**

### ***Notes to the Consolidated Financial Statements for the year ended 30 June 2021***

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment.

#### **(k) 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, including interest on short-term and long-term lease liabilities.

#### **(l) Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **(m) Critical accounting estimates and judgements**

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

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

#### **Share-based payment transactions**

The Group recognises the cost of equity-settled transactions with employees by reference to the fair value of the equity instrument at the date at which they are granted. The fair value is determined using the assumptions of an independent expert which are detailed in Note 30. 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 reporting period but may impact expenses and equity.

#### **Employee benefits provision**

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.

#### **(n) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition

## **IODM Limited**

### ***Notes to the Consolidated Financial Statements for the year ended 30 June 2021***

of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which is receivable from or payable to the ATO, are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Tax Office.

#### **(o) Income tax**

Tax expense recognised in profit or loss comprises the sum of current and deferred taxes.

Current income tax comprises those obligations to tax authorities that are unpaid at balance date. Current tax is payable on taxable profit. Calculation of current tax is based upon tax rates that are enacted, or substantively enacted, by the end of the reporting period.

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

No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. No deferred income tax will be recognised in respect of temporary differences associated with investments in subsidiaries if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each reporting date and only recognised to the extent that sufficient future assessable income is expected to be obtained for items recognised in other comprehensive income or directly in equity then the corresponding tax change is also recognised directly in equity then the corresponding tax change is also recognised in other comprehensive income or directly in equity.

The Group has accumulated tax losses at 30 June 2021 amounting to \$6,164,611 (2020 \$4,873,332) that can be used to offset future taxable gains. The Group are investigating whether any of the accumulated tax losses pre 30 June 2016

## **IODM Limited**

### ***Notes to the Consolidated Financial Statements for the year ended 30 June 2021***

of \$16,304,567 prior to the change in ownership are available to be used to offset future taxable gains. At 30 June 2021 no deferred tax asset has been recognised in respect of tax losses.

#### **(p) Earnings per share**

##### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

##### *Diluted earnings per share*

Diluted earnings per share is calculated as net profit attributable to members of the Group, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

#### **(q) COVID 19**

Whilst the Group entered FY 21 under the continuing uncertainty of COVID 19 and the challenges that it presents to our business and its customers, management continued to focus on providing both seamless service delivery and onboarding and implementation to both existing and new clients, which through the dedicated efforts of its staff, it achieved successfully, demonstrating the agility and nimbleness of the business in being able to respond to its client's requirements.

The company continued to increase both revenue and cash receipts throughout FY 21 but it became apparent in the second half of the year that the prolonged restrictions in place in Australia and the delay in opening up were having an effect on the decision making of corporate prospects both in terms of signing and the eventual timing of the onboarding.

That been said, the company has been able to offset this through the global scalability of its offering, where it has seen significant interest and uptake in its offering in overseas jurisdictions where restrictions have been relaxed and economies are opening back up.

This is evidenced by recent announcements around significant material revenue signings in the education sector through the Group's partnership with WUBS. Management believe this will continue to grow rapidly over FY 22.

#### **5. Segment Information**

For management purposes, the Group is organised into one main operating segment, which is the operation as a cloud based software as a service provider. All of the Group's activities are interrelated, and financial information is reported to the Board (Chief Operating Decision Makers) as a single segment.

Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the Financial Statements of the Group as a whole. Total revenue earned by the Group is generated in Australia, New Zealand and the United Kingdom and all of the Group's non-current assets reside in Australia.

# IODM Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2021

|                                       | 2021           | 2020           |
|---------------------------------------|----------------|----------------|
|                                       | \$             | \$             |
| <b>6. Revenue</b>                     |                |                |
| <b>From continuing operations</b>     |                |                |
| Implementation and customisation fees | 39,536         | 153,411        |
| Licence fees                          | 812,406        | 492,131        |
| Referral commission                   | 7,550          | -              |
| <b>Total</b>                          | <b>859,492</b> | <b>645,542</b> |

### Timing of Transfer of Goods and Services

|               |                |                |
|---------------|----------------|----------------|
| Point in time | 47,036         | 153,411        |
| Over time     | 812,456        | 492,131        |
| <b>Total</b>  | <b>859,492</b> | <b>645,542</b> |

### Primary Geographic Market

#### Australia

|               |         |         |
|---------------|---------|---------|
| Point in time | 44,300  | 153,411 |
| Over time     | 754,496 | 456,355 |

#### New Zealand

|               |        |        |
|---------------|--------|--------|
| Point in time | -      | -      |
| Over time     | 29,700 | 29,776 |

#### United Kingdom

|               |        |       |
|---------------|--------|-------|
| Point in time | 2,736  | -     |
| Over time     | 28,260 | 6,000 |

|              |                |                |
|--------------|----------------|----------------|
| <b>Total</b> | <b>859,492</b> | <b>645,542</b> |
|--------------|----------------|----------------|

Included within revenue is an amount of \$55,807 (2020 \$24,057) that was included in unearned revenue at the beginning of the period.

There was one customer that contributed more than 10% of the customer's total revenue.

### Other Income

|                                        |                |                |
|----------------------------------------|----------------|----------------|
| Interest                               | 45             | 306            |
| Export Market Development Grant        | 23,174         | -              |
| Research and development tax incentive | 262,823        | 200,276        |
| Government stimulus                    | -              | 100,000        |
| <b>Total</b>                           | <b>286,042</b> | <b>300,582</b> |

### 7. Finance costs

Finance costs for the reporting periods consist of the following

|                                       |              |               |
|---------------------------------------|--------------|---------------|
| Interest expense in respect of leases | 3,448        | 5,487         |
| Interest expense - other              | 3,450        | 5,125         |
| <b>Total</b>                          | <b>6,898</b> | <b>10,612</b> |

**IODM Limited****Notes to the Consolidated Financial Statements for the year ended 30 June 2021**

|                             | 2021           | 2020           |
|-----------------------------|----------------|----------------|
|                             | \$             | \$             |
| <b>8. Other Expenses</b>    |                |                |
| Advertising and promotion   | 36,341         | 30,160         |
| Commission                  | 63,475         | 40,882         |
| Conferences and seminars    | -              | 16,996         |
| Entertainment               | 6,002          | 12,834         |
| General expenses            | 7,338          | 10,087         |
| Insurance                   | 43,428         | 35,656         |
| Travel and accommodation    | 18,024         | 59,564         |
| Website                     | 400            | 3,392          |
| <b>Total other expenses</b> | <b>175,008</b> | <b>209,571</b> |

|                                                                                                                    | 2021        | 2020        |
|--------------------------------------------------------------------------------------------------------------------|-------------|-------------|
|                                                                                                                    | \$          | \$          |
| <b>9. Income tax</b>                                                                                               |             |             |
| Income tax recognised in profit / (loss)                                                                           |             |             |
| The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows: |             |             |
| Loss from operations                                                                                               | (2,204,414) | (2,420,824) |
| Prima facie tax benefit on loss from ordinary activities before income tax at 26% (2020: 27.5%)                    | (573,148)   | (665,726)   |
| Research and Development incentive                                                                                 | (68,334)    | (55,076)    |
| Non-deductible expenses                                                                                            | 94,100      | 220,611     |
| Non-assessable income                                                                                              | (664)       | (27,500)    |
| Research and Development expenditure                                                                               | 242,853     | 166,153     |
| Income tax benefit not brought to account                                                                          | 305,194     | 361,538     |
| Income tax attributable to the entity                                                                              | -           | -           |

The Group has accumulated tax losses at 30 June 2021 amounting to \$6,164,611 (2020 \$4,873,332) that can be used to offset future taxable gains. The Group are investigating whether any of the accumulated tax losses pre 30 June 2016 of \$16,304,567 prior to the change in ownership are available to be used to offset future taxable gains. At 30 June 2021 no deferred tax asset has been recognised in respect of tax losses as it has not been determined whether the Group will generate sufficient taxable income against which the unused tax losses and other temporary differences can be utilised.

The benefit will only be obtained if:

- (i) The Group derives future assessable income of a nature and an amount sufficient to enable the benefits from the deductions for the losses to be realised.
- (ii) The Group continues to comply with the conditions for deductibility imposed by the law;
- (iii) No changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

# IODM Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2021

|                                                                                        | 2021               | 2020               |
|----------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                        | \$                 | \$                 |
| <b>10. Cash and cash equivalents</b>                                                   |                    |                    |
| <b>Reconciliation of loss after tax to net cash flows used in operating activities</b> |                    |                    |
| Loss from ordinary activities after tax                                                | (2,204,414)        | (2,420,824)        |
| <b>Non-cash items</b>                                                                  |                    |                    |
| Amortisation                                                                           | -                  | 12,819             |
| Carpark rental concession                                                              | (2,555)            | -                  |
| Creditors settled for equity                                                           | 6,882              | -                  |
| Depreciation                                                                           | 90,537             | 90,381             |
| Foreign currency translation                                                           | 1,162              | -                  |
| Share Based payments                                                                   | 357,727            | 717,144            |
| <b>Changes in assets and liabilities</b>                                               |                    |                    |
| Decrease/(increase) in trade and other receivables                                     | 66,135             | 54,273             |
| (Increase)/decrease in prepayments                                                     | (25,324)           | 7,127              |
| Increase/(decrease) in trade payables                                                  | 8,087              | (42,298)           |
| Increase/(decrease) in other creditors                                                 | 61,892             | (78,527)           |
| (Decrease)/increase in employee benefits                                               | (948)              | 44,645             |
| <b>Net cash outflow from operating activities</b>                                      | <b>(1,640,819)</b> | <b>(1,615,260)</b> |

### Reconciliation of cash

Cash balance comprises:

|              |                |                |
|--------------|----------------|----------------|
| Cash at bank | 651,125        | 738,761        |
|              | <b>651,125</b> | <b>738,761</b> |

|                                        | 2021           | 2020           |
|----------------------------------------|----------------|----------------|
|                                        | \$             | \$             |
| <b>11. Trade and other receivables</b> |                |                |
| <b>Current</b>                         |                |                |
| Trade receivables                      | 6,490          | 20,856         |
| GST receivable                         | -              | 2,131          |
| Prepayments                            | 64,751         | 39,427         |
| Other receivables                      | 154,506        | 90,402         |
|                                        | <b>225,747</b> | <b>152,816</b> |

Included in other receivables is an amount of \$154,506 (2020 \$43,402) as a deposit for the Group's leases as referred to within note 16.

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk and interest rate risk can be found in note 24.

# **IODM Limited**

## **Notes to the Consolidated Financial Statements for the year ended 30 June 2021**

| 12. Property, Plant and Equipment   | Buildings &<br>Car Park | Office<br>Equipment | IT Equipment    | Total            |
|-------------------------------------|-------------------------|---------------------|-----------------|------------------|
|                                     | \$                      | \$                  | \$              | \$               |
| Gross carrying amount               |                         |                     |                 |                  |
| Balance at 1 July 2020              | 174,011                 | 15,122              | 13,791          | 202,924          |
| Additions                           | -                       | -                   | -               | -                |
| Disposals                           | -                       | -                   | -               | -                |
| <b>Balance at 30 June 2021</b>      | <b>174,011</b>          | <b>15,122</b>       | <b>13,791</b>   | <b>202,924</b>   |
| Amortisation and impairment         |                         |                     |                 |                  |
| Balance at 1 July 2020              | (87,005)                | (11,591)            | (13,791)        | (112,387)        |
| Depreciation                        | (87,006)                | (3,531)             | -               | (90,537)         |
| <b>Balance at 30 June 2021</b>      | <b>(174,011)</b>        | <b>(15,122)</b>     | <b>(13,791)</b> | <b>(187,400)</b> |
| <b>Carrying amount 30 June 2021</b> | <b>-</b>                | <b>-</b>            | <b>-</b>        | <b>-</b>         |
| Gross carrying amount               |                         |                     |                 |                  |
| Balance at 1 July 2019              | -                       | 15,122              | 13,791          | 28,913           |
| Adjustment on transition to IFRS 16 | 174,011                 | -                   | -               | 174,011          |
| Additions                           | -                       | -                   | -               | -                |
| Disposals                           | -                       | -                   | -               | -                |
| <b>Balance at 30 June 2020</b>      | <b>174,011</b>          | <b>15,122</b>       | <b>13,791</b>   | <b>202,924</b>   |
| Amortisation and impairment         |                         |                     |                 |                  |
| Balance at 1 July 2019              | -                       | (5,570)             | (13,426)        | (22,006)         |
| Depreciation                        | (87,005)                | (3,011)             | (365)           | (90,381)         |
| Balance at 30 June 2020             | <b>(87,005)</b>         | <b>(11,591)</b>     | <b>(13,791)</b> | <b>(112,387)</b> |
| <b>Carrying amount 30 June 2020</b> | <b>87,006</b>           | <b>3,531</b>        | <b>-</b>        | <b>90,537</b>    |

**Included in the net carrying amount of property, plant and equipment are right-of use assets as follows:**

|                                                   |                         |
|---------------------------------------------------|-------------------------|
|                                                   | <b>30 June<br/>2021</b> |
|                                                   | <b>\$</b>               |
| Buildings and car park                            | -                       |
| Office Equipment                                  | -                       |
| IT Equipment                                      | -                       |
| <b>Total right-of-use assets</b>                  | <b>-</b>                |
|                                                   | <b>30 June<br/>2021</b> |
|                                                   | <b>\$</b>               |
| Buildings and car park                            | 87,006                  |
| Office Equipment                                  | 3,531                   |
| IT Equipment                                      | -                       |
| <b>Depreciation charge on right-of-use assets</b> | <b>90,537</b>           |

**IODM Limited****Notes to the Consolidated Financial Statements for the year ended 30 June 2021**

|                                     | 2021           | 2020           |
|-------------------------------------|----------------|----------------|
|                                     | \$             | \$             |
| <b>13. Trade and other payables</b> |                |                |
| Trade creditors                     | 105,255        | 118,458        |
| GST payable                         | 2,634          | -              |
| Accruals                            | 96,383         | 74,816         |
| Employee benefits payable           | 71,751         | 10,136         |
|                                     | <b>276,023</b> | <b>203,410</b> |

|                              |               |               |
|------------------------------|---------------|---------------|
| <b>14. Other liabilities</b> |               |               |
| Unearned Revenue             | 55,811        | 55,807        |
|                              | <b>55,811</b> | <b>55,807</b> |

Unearned revenue represents payments received in advance of performance (contract liabilities) that are expected to be recognised as revenue in the year ended 30 June 2021.

|                              |               |               |
|------------------------------|---------------|---------------|
| <b>15. Employee Benefits</b> |               |               |
| <b>Current</b>               |               |               |
| Annual Leave                 | 52,974        | 68,955        |
|                              | <b>52,974</b> | <b>68,955</b> |
| <b>Non-current</b>           |               |               |
| Long Service Leave           | 44,670        | 29,637        |
|                              | <b>44,670</b> | <b>29,637</b> |

## IODM Limited

### Notes to the Consolidated Financial Statements for the year ended 30 June 2021

#### 16. Leases

The Group has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

##### The Group as a lessee

The Group has leases over assets including buildings, carparks and office furniture and fittings.

|                                 | 2021         | 2020           |
|---------------------------------|--------------|----------------|
|                                 | \$           | \$             |
| Lease Liabilities (current)     | 9,503        | 99,094         |
| Lease Liabilities (non-current) | -            | 8,691          |
|                                 | <b>9,503</b> | <b>107,785</b> |

Information relating to leases in place and associated balances and transactions are provided below.

##### Terms and conditions of leases

The building and carpark lease is for the corporate office. It has been in place since 2016 and expires in July 2021. The rentals are subject to an annual CPI increase.

The equipment lease was for various items of furniture and fittings, the original lease was signed in 2016 and the final payment was made on 1 July 2021.

##### Right of Use assets – Refer Note 12

##### Lease Liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

|                   | < 1 year  | 1-5 years | Total undiscounted lease liabilities | Lease liabilities included in this Consolidated Statement of Financial Position |
|-------------------|-----------|-----------|--------------------------------------|---------------------------------------------------------------------------------|
| <b>2021</b>       | <b>\$</b> | <b>\$</b> | <b>\$</b>                            | <b>\$</b>                                                                       |
| Lease Liabilities | 9,503     | -         |                                      | 9,503                                                                           |
| <b>2020</b>       |           |           |                                      |                                                                                 |
| Lease Liabilities | 85,552    | 21,240    | 110,719                              | 107,785                                                                         |

##### Consolidated Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the consolidated statement of profit or loss and other comprehensive income relating to leases where the Group is a lessee are shown below

|                                     | 2021          | 2020          |
|-------------------------------------|---------------|---------------|
|                                     | \$            | \$            |
| Depreciation of right-of-use assets | 90,537        | 90,381        |
| Lease interest                      | 3,448         | 5,487         |
|                                     | <b>93,985</b> | <b>95,865</b> |

##### Consolidated Statement of Cash Flows

|                               | 2021   | 2020   |
|-------------------------------|--------|--------|
| Total cash outflow for leases | 95,727 | 94,335 |

# IODM Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2021

### Future Lease

On 13 May 2021 the Group signed a 5 year building and fit-out incentive lease for the corporate office which will commence on 1 October 2021 with a 2 month rent free period. The rentals are subject to an annual CPI increase. Based on a preliminary calculation in accordance with AASB 16 *Leases*, it is expected that the transaction will have a material impact on the transactions and balances recognised in the financial statements of the Group for the year ending 30 June 2022. In particular, right of use assets and lease liabilities on the balance sheet will increase by \$804,509 as at lease commencement date (based on the facts at the date of the assessment). The group will depreciate the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease liability has been estimated by calculating the present value of the lease payments at commencement date, discounted using the Group's incremental borrowing rate. The undiscounted lease payments expected to be made over the lease term are \$880,302.

### 17. Issued capital

|                                | 2021       | 2020      |
|--------------------------------|------------|-----------|
|                                | \$         | \$        |
| (a) Issued and paid up capital |            |           |
| Ordinary shares fully paid     | 11,065,154 | 9,298,258 |

|                                           | 2021             |            | 2020             |           |
|-------------------------------------------|------------------|------------|------------------|-----------|
|                                           | Number of shares | \$         | Number of shares | \$        |
| (b) Movements in ordinary shares on issue |                  |            |                  |           |
| Opening Balance                           | 559,304,211      | 9,298,258  | 514,280,481      | 6,982,376 |
| Shares issued on exercise of options      | 303,030          | 20,000     | 24,500,000       | 407,000   |
| Shares issued under Share Placement       | 11,666,667       | 1,749,999  | 20,470,793       | 1,980,883 |
| Creditors settled for equity              | -                | 6,882      | 52,937           | -         |
| Transaction costs on share issues         | -                | (9,985)    | -                | (72,001)  |
|                                           | 571,273,908      | 11,065,154 | 559,304,211      | 9,298,258 |

### (c) Ordinary shares

The Group does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Group, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Group.

### (d) Share options

As at the date of this report there were the following unissued ordinary shares for which options were outstanding:

| Grant Date       | Expiry Date  | Exercise Price | Number under Option |
|------------------|--------------|----------------|---------------------|
| 5 July 2019      | 30 June 2023 | \$0.066        | 3,090,908           |
| 6 September 2019 | 30 June 2023 | \$0.102        | 1,600,000           |

# IODM Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2021

|                  |              |         |                   |
|------------------|--------------|---------|-------------------|
| 21 November 2019 | 30 June 2023 | \$0.066 | 6,372,728         |
| 21 November 2019 | 30 June 2023 | \$0.096 | 1,125,000         |
| 7 August 2020    | 30 June 2024 | \$0.192 | 312,500           |
| 23 July 2021     | 30 June 2025 | \$0.300 | 933,334           |
| <b>Total</b>     |              |         | <b>13,434,470</b> |

### (e) Capital risk management

The Group's capital comprises share capital and reserves less accumulated losses. As at 30 June 2021, the Group has net assets of \$437,891 (2020: net assets of \$516,520).

The Group's objectives when managing capital are to

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Group may issue new shares or reduce its capital, subject to the provisions of the Company's constitution. The capital structure of the Group consists of equity attributed to equity holders of the Group, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the board by the Company's management, the board monitors the need to raise additional equity from the equity markets. Refer to note 24 for further information on the Group's financial risk management policies.

|                                      | 2021             | 2020             |
|--------------------------------------|------------------|------------------|
|                                      | \$               | \$               |
| <b>18. Reserves</b>                  |                  |                  |
| Share based payments reserve         | 1,932,988        | 1,575,261        |
| Foreign currency translation reserve | 1,162            | -                |
| <b>Total</b>                         | <b>1,934,150</b> | <b>1,575,261</b> |

### Movements in Reserves:

|                                       |                  |                  |
|---------------------------------------|------------------|------------------|
| <i>Share based payment reserve</i>    |                  |                  |
| At beginning of the period            | 1,575,261        | 858,117          |
| Options issued to employees           | 357,727          | 717,144          |
| <b>Balance at the end of the year</b> | <b>1,932,988</b> | <b>1,575,261</b> |

The share based payment reserve was used to record the value of equity benefits provided to the Company's corporate advisers during the year and to record the value of shares offered under the Employee Share Option plan.

### *Foreign currency translation reserve*

|                                                          |              |          |
|----------------------------------------------------------|--------------|----------|
| At beginning of the period                               | -            | -        |
| Exchange difference on translation of foreign operations | 1,162        | -        |
| <b>Balance at the end of the year</b>                    | <b>1,162</b> | <b>-</b> |

# IODM Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2021

### 19. Accumulated losses

Movements in accumulated losses were as follows:

|                                       |                   |                   |
|---------------------------------------|-------------------|-------------------|
| Opening balance                       | 10,356,999        | 7,936,175         |
| Loss for the year                     | 2,204,414         | 2,420,824         |
| <b>Balance at the end of the year</b> | <b>12,561,413</b> | <b>10,356,999</b> |

|             |             |
|-------------|-------------|
| <b>2021</b> | <b>2020</b> |
| <b>\$</b>   | <b>\$</b>   |

### 20. Loss per share

|                                                 |             |             |
|-------------------------------------------------|-------------|-------------|
| Loss used in calculating basic and dilutive EPS | (2,204,414) | (2,420,824) |
|-------------------------------------------------|-------------|-------------|

|                         |
|-------------------------|
| <b>Number of Shares</b> |
| <b>2021</b>             |
| <b>2020</b>             |

|                                                                                      |             |             |
|--------------------------------------------------------------------------------------|-------------|-------------|
| Weighted average number of ordinary shares used in calculating basic loss per share: | 563,694,660 | 541,595,389 |
|--------------------------------------------------------------------------------------|-------------|-------------|

#### Effect of dilution:

|                                                                                                 |             |             |
|-------------------------------------------------------------------------------------------------|-------------|-------------|
| Adjusted weighted average number of ordinary shares used in calculating diluted loss per share: | 563,694,660 | 541,595,389 |
|-------------------------------------------------------------------------------------------------|-------------|-------------|

On the basis of the Group's losses, the outstanding options as at 30 June 2021 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

|                                          |        |        |
|------------------------------------------|--------|--------|
| Basic and diluted loss per share (cents) | (0.39) | (0.45) |
|------------------------------------------|--------|--------|

|             |             |
|-------------|-------------|
| <b>2021</b> | <b>2020</b> |
| <b>\$</b>   | <b>\$</b>   |

### 21. Auditors remuneration

The auditor of IODM Limited is Crowe Audit Australia

Amounts received or due and receivable to Crowe Audit Australia for:

|                                              |               |               |
|----------------------------------------------|---------------|---------------|
| - an audit or review of the financial report | 46,880        | 45,000        |
|                                              | <b>46,880</b> | <b>45,000</b> |

### 22. Related party transactions

The Group's related parties include its subsidiaries and key management personnel.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding transaction balances are usually settled in cash.

#### 22.1 Transactions with KMP

Transactions with key management personnel were made at arm's length at normal market prices and normal commercial terms.

## IODM Limited

### Notes to the Consolidated Financial Statements for the year ended 30 June 2021

262 Capital Pty Ltd, a company which Mr. Anthony Smith is a Director and shareholder, provided the Group with the provision of director services totalling \$ 39,400 (2020 \$39,834) of which \$3,283 (2020 \$3,283) was outstanding at year end.

There were no other transactions or loans made to key management personnel for the year ended 30 June 2021.

#### 22.2 Transactions with key management personnel

Key management of the Group are the executive members and non-executive members of the IODM Board of Directors. Key management personnel remuneration includes the following expenses:

|                                           | 2021             | 2020             |
|-------------------------------------------|------------------|------------------|
|                                           | \$               | \$               |
| <b>Short-term employee benefits</b>       |                  |                  |
| Salaries                                  | 347,033          | 290,345          |
| Short-term incentives                     | 200,000          | 46,500           |
| Other                                     | 25,006           | 10,600           |
| Directors fees                            | 177,679          | 171,718          |
| Leave entitlements                        | 17,322           | 19,218           |
| <b>Total short-term employee benefits</b> | <b>767,040</b>   | <b>538,381</b>   |
| Long-term benefits                        | 16,063           | 4,831            |
| Post-employment benefits                  | 47,605           | 40,721           |
| Share-based payments                      | 309,232          | 654,572          |
| <b>Total remuneration</b>                 | <b>1,139,940</b> | <b>1,238,505</b> |

#### 23. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of IODM Limited and the following subsidiaries:

| Name of Entity                              | Country of Incorporation | Equity Holding |      |
|---------------------------------------------|--------------------------|----------------|------|
|                                             |                          | 2021           | 2020 |
| The Debtor Management Hub Pty Ltd           | Australia                | 100%           | 100% |
| The Innovative Online Debt Management Trust | Australia                | 100%           | 100% |
| Paradigm NSW Pty Limited                    | Australia                | 100%           | 100% |
| Paradigm Queensland Pty Limited             | Australia                | 100%           | 100% |
| Tungsten NSW Pty Limited                    | Australia                | 100%           | 100% |
| IODM Singapore Pte Ltd                      | Singapore                | 100%           | 100% |
| IODM (Hong Kong) Limited                    | Hong Kong                | 100%           | N/A  |
| IODM (USA) Incorporated                     | USA                      | 100%           | N/A  |

The following subsidiaries were incorporated during and since the end of the financial year

| Name of Entity           | Country of Incorporation | Date of Incorporation | Equity Holding |
|--------------------------|--------------------------|-----------------------|----------------|
| IODM (Hong Kong) Limited | Hong Kong                | 28 August 2020        | 100%           |
| IODM (USA) Incorporated  | USA                      | 12 February 2021      | 100%           |
| IODM (UK) Limited        | UK                       | 19 July 2021          | 100%           |

On 17 February 2021 the following entities were placed into members voluntary liquidation

Brazil Graphite Pty Limited (previously Paradigm NSW Pty Limited)

## IODM Limited

### Notes to the Consolidated Financial Statements for the year ended 30 June 2021

Paradigm Queensland Pty Limited

Tungsten NSW Pty Limited

It is envisaged the liquidation will be finalised by 31 December 2021.

#### 24. Financial Risk Management

Exposure to market risks (including currency risk and interest rate risk), liquidity, and credit risk arises in the normal course of the Group's business. The Group does not hold or use derivative financial instruments. The Group's risk management is predominantly controlled by the board. The board monitors the company's risk management policies and exposures and approves substantial financial transactions. It also reviews the effectiveness of internal controls relating to market risk, credit risk and liquidity risk.

The Group's principal financial instruments comprise mainly of deposits with banks. The totals for each category of financial instruments are as follows:

|                              | 2021    | 2020    |
|------------------------------|---------|---------|
|                              | \$      | \$      |
| <b>Financial Assets</b>      |         |         |
| Cash and cash equivalents    | 651,125 | 738,761 |
| Trade and other receivables  | 225,747 | 152,816 |
| <b>Financial Liabilities</b> |         |         |
| Trade and other payables     | 276,023 | 203,410 |
| Lease liabilities            | 9,503   | 107,785 |

The Group uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

As the Group does not have external borrowings there is no exposure to interest rate risk.

##### (a) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group undertakes the following activities to ensure that there will be sufficient funds available to meet obligations

- Preparation of budgeted annual and monthly cash flows
- Measurement of actual Group cash flows on a regular basis with comparison to budget on a monthly basis
- Maintaining sufficient cash facilities to meet the operating, investing and financing activities

The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing future capital needs include the cash position and future equity raising alternatives. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. The Board expects that, assuming no material adverse change in a combination of our sources of liquidity, present levels of liquidity will be adequate to meet expected capital needs.

##### *Maturity analysis for financial liabilities*

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

## IODM Limited

### Notes to the Consolidated Financial Statements for the year ended 30 June 2021

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.

| Consolidated – 2021          | Weighted<br>average<br>interest<br>rate | 1 year or less<br>\$ | Between 1 and<br>2 years<br>\$ | Between 2 and<br>5 years<br>\$ | Remaining<br>Contractual<br>Maturities<br>\$ |
|------------------------------|-----------------------------------------|----------------------|--------------------------------|--------------------------------|----------------------------------------------|
| <b>Non-derivatives</b>       |                                         |                      |                                |                                |                                              |
| <i>Non-interest bearing</i>  |                                         |                      |                                |                                |                                              |
| Trade payables               | -                                       | 105,255              | -                              | -                              | 105,255                                      |
| Other payables               | -                                       | 170,768              | -                              | -                              | 170,768                                      |
| <i>Interest bearing</i>      |                                         |                      |                                |                                |                                              |
| Lease liabilities            | 4%                                      | 9,503                | -                              | -                              | 9,503                                        |
| <b>Total Non-derivatives</b> |                                         | <b>285,526</b>       | <b>-</b>                       | <b>-</b>                       | <b>285,526</b>                               |

| Consolidated – 2020          | Weighted<br>average<br>interest<br>rate | 1 year or less<br>\$ | Between 1 and<br>2 years<br>\$ | Between 2 and<br>5 years<br>\$ | Remaining<br>Contractual<br>Maturities<br>\$ |
|------------------------------|-----------------------------------------|----------------------|--------------------------------|--------------------------------|----------------------------------------------|
| <b>Non-derivatives</b>       |                                         |                      |                                |                                |                                              |
| <i>Non-interest bearing</i>  |                                         |                      |                                |                                |                                              |
| Trade payables               | -                                       | 118,458              | -                              | -                              | 118,458                                      |
| Other payables               | -                                       | 84,952               | -                              | -                              | 84,952                                       |
| <i>Interest bearing</i>      |                                         |                      |                                |                                |                                              |
| Lease liabilities            | 4%                                      | 99,094               | 8,691                          | -                              | 107,785                                      |
| <b>Total Non-derivatives</b> |                                         | <b>302,504</b>       | <b>8,691</b>                   | <b>-</b>                       | <b>311,195</b>                               |

#### (b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the group.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

#### *Trade receivables*

Trade receivables consist of a number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Board receives monthly reports summarising the turnover and trade receivables balance.

## **IODM Limited**

### ***Notes to the Consolidated Financial Statements for the year ended 30 June 2021***

The Group's exposure to credit risk is influenced mainly by individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customer operates.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Group has no significant concentration of credit risk with respect to any single counter party or group of counterparties.

On a geographical basis, the Group has significant credit risk exposures in Australia given the location of its operations.

#### *Other financial assets held at amortised price*

Other financial assets at amortised cost include other receivables.

There is no overdue amounts in this category and the expected credit loss is nil. The Group has no past due or impaired debtors as at 30 June 2021 (2020: nil).

At 30 June 2021, the Group held cash at bank. These were held with various financial institutions all with a rating from Standard & Poors of AA or above (long term).

#### **(c) Market risk**

##### **Foreign exchange risk**

The majority of the Group's operations are denominated in Australian dollars, with the few exceptions on services sold to overseas customers and services from overseas suppliers but at an insignificant amount. Therefore, management has concluded that market risk from foreign exchange fluctuation is not material.

#### **(d) Fair Value Measurement**

There were no financial assets or liabilities at 30 June 2021 requiring fair value estimation and disclosure as they are either not carried at fair value or in the case for short term assets and liabilities, their carrying values approximate fair value.

#### **26. Contingent Liabilities**

There are no known contingent liabilities as at 30 June 2021 (2020: nil).

#### **27. Subsequent Events**

On 19 July 2021 IODM (UK) Limited was incorporated. IODM Limited subscribed for 100% of its share capital on this date.

On 5 August 2021 IODM announced that it will be providing its offering to a further education client of Western Union Business Solutions ("WUBS") through its new commercial agreement with WUBS announced on 30 June 2021. The revenue from these universities will be dependent on the number of students that pay through the payments platform.

## IODM Limited

### Notes to the Consolidated Financial Statements for the year ended 30 June 2021

#### 28. Commitments

There are no known commitments as at 30 June 2021 (2020:nil).

#### 29. Dividends

No dividend was paid or declared by the Group in the period since the end of the financial year, and up to the date of this report. The Directors' do not recommend that any amount be paid by way of a dividend for the financial year ended 30 June 2021.

The balance of the franking account is nil at 30 June 2021 (2020: nil).

#### 30. Share Based Payments

##### (a) Share Based Employee Remuneration

The Group issued 312,500 share options over ordinary shares under its employee share option plan throughout the year ended 30 June 2021. The Employee Share Option Plan is part of the remuneration package of the Group's directors, senior management and sales personnel. Options under this plan will vest if the participant remains employed for the agreed vesting period.

The fair value of options granted were determined using a variation of the binomial option pricing model that takes into account factors specific to the share incentive plans, such as vesting period. Once vested, the options remain exercisable for 12 – 48 months. When exercisable, each option is convertible into one ordinary share. The exercise price is set at the share option grant date. The following assumptions were used in valuing the options issued in the current period

|                                                      |             |
|------------------------------------------------------|-------------|
| Grant date                                           | 07-Aug-20   |
| No of Options                                        | 312,500     |
| Vesting period ends*                                 | Refer below |
| Share price at date of grant                         | \$0.165     |
| Volatility                                           | 100%        |
| Weighted average expected option life at grant       | 3.9 years   |
| Dividend yield                                       | 0%          |
| Weighted average risk-free investment rate           | 0.35%       |
| Weighted average exercise price                      | \$0.192     |
| Weighted average fair value per option at grant date | \$0.108     |

\*Granted options vest as follows

- One third on 30 June 2021
- One third on 30 June 2022
- One third on 30 June 2023

**IODM Limited****Notes to the Consolidated Financial Statements for the year ended 30 June 2021**

Share options and weighted average exercised prices are as follows for the reporting period presented:

|                                  | <b>Number of Options</b> |
|----------------------------------|--------------------------|
| Outstanding at 1 July 2020       | 12,491,666               |
| Granted                          | 312,500                  |
| Forfeited                        | -                        |
| Exercised                        | (303,030)                |
| <b>Outstanding at 30 June 21</b> | <b>12,501,136</b>        |
|                                  |                          |
| Exercisable at 30 June 21        | 8,128,913                |
|                                  |                          |

In total \$357,727 (2020 \$717,144) of share-based payment expenses (all of which related to equity-settled share-based payment transactions) have been included in profit or loss and credited to share option reserve.

**(b) Share based payment – Exercise of Options**

The following options issued under the Employee Share Option Plan were exercised during the year

| <b>Grant Date</b> | <b>Expiry date</b> | <b>Exercise price</b> | <b>Exercisable at beginning of the year<br/>Number</b> | <b>Exercised during the year<br/>Number</b> | <b>Forfeited during the year<br/>Number</b> | <b>Balance at end of the year<br/>Number</b> | <b>Exercisable at end of the year<br/>Number</b> |
|-------------------|--------------------|-----------------------|--------------------------------------------------------|---------------------------------------------|---------------------------------------------|----------------------------------------------|--------------------------------------------------|
| 21/11/2019        | 30/06/2023         | \$0.066               | 303,030                                                | 303,030                                     | -                                           | 303,030                                      | 303,030                                          |

## IODM Limited

### Notes to the Consolidated Financial Statements for the year ended 30 June 2021

#### 31. Parent entity information

The following details information related to the legal parent entity, IODM Limited at 30 June 2021. The information presented here has been prepared using consistent accounting policies as presented in note 2.

|                                                      | 2021<br>\$         | 2020<br>\$         |
|------------------------------------------------------|--------------------|--------------------|
| Current assets                                       | 874,222            | 891,114            |
| Non-current assets                                   | -                  | 98,449             |
| <b>Total assets</b>                                  | <b>874,222</b>     | <b>989,563</b>     |
| Current liabilities                                  | 386,095            | 427,266            |
| Non-current liabilities                              | 44,670             | 38,328             |
| <b>Total liabilities</b>                             | <b>430,765</b>     | <b>465,594</b>     |
| <b>Net assets</b>                                    | <b>443,457</b>     | <b>523,969</b>     |
| Issued capital                                       | 23,119,825         | 21,352,928         |
| Reserves                                             | 2,036,398          | 1,678,671          |
| Accumulated losses                                   | (24,712,766)       | (22,507,630)       |
| <b>Total surplus</b>                                 | <b>443,457</b>     | <b>523,969</b>     |
| Loss of the parent entity                            | (2,205,136)        | (2,405,708)        |
| <b>Total comprehensive loss of the parent entity</b> | <b>(2,205,136)</b> | <b>(2,405,708)</b> |

## **IODM Limited – Directors’ Declaration**

---

In accordance with a resolution of the Directors of IODM Limited, I state that:

1. In the opinion of the directors:
  - (a) the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the financial position of the Group as at 30 June 2021 and of its performance, for the year ended on that date; and
    - (ii) complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements; and
  - (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
2. The consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standard Board.
3. This declaration has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001*.

On behalf of the Board



**Dr Paul Kasian**  
**Chairman**

**26 August 2021**

## Auditor Independence Declaration under S307C of the *Corporations Act 2001* to the Directors of IODM Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

- 1) No contraventions of the auditor independence requirements as set out in 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 IODM Limited and the entities it controlled during the period.

*Crowe Audit Australia*

**CROWE AUDIT AUSTRALIA**

*David Munday*

**DAVID MUNDAY**  
Partner

**MELBOURNE, VICTORIA**  
**Date: 26 August 2021**

*Liability limited by a scheme approved under Professional Standards Legislation.*

*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*

*Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Audit Australia, an affiliate of Findex (Aust) Pty Ltd.*

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# Independent Auditor's Report To the Members of IODM Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of IODM Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (b) 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the financial report which indicates that the Group incurred a net loss after tax of \$2,204,414 and incurred net cash outflows from operating activities of \$1,640,819 during the year ended 30 June 2021. As stated in Note 3, these events and conditions, along with other matters set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

*Liability limited by a scheme approved under Professional Standards Legislation.*

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*Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Audit Australia, an affiliate of Findex (Aust) Pty Ltd.*  
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## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. 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. Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

## Other Information

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 2021 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 the Directors for the Financial Report

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

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 have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 13 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of IODM Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

## Responsibilities

The directors of the Group 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.



**CROWE AUDIT AUSTRALIA**



**David Munday**  
**Partner**

**Melbourne, Victoria**  
**Date: 26 August 2021**

## IODM Limited – Corporate Governance Statement

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This statement has been approved by the Board. It is current as at 26 August 2021 and scheduled for an annual review at the next Board Meeting.

### IODM's approach to Corporate Governance

This Statement explains how IODM addresses the ASX Corporate Governance Council's, 'Corporate Governance Principles and Recommendations – 3rd Edition' (referred to as either ASX Principles or Recommendations).

#### Principle 1: Lay solid foundations for management and oversight

**Recommendation 1.1** – *A listed entity should disclose:*

- a) *the respective roles and responsibilities of its board and management;*
- b) *those matters expressly reserved to the board and those delegated to management.*

#### Role of the IODM Board ('the Board')

The Board is responsible for the governance of IODM. The role of the Board is to provide overall strategic guidance and effective oversight of management. The Board derives its authority to act from IODM's Constitution.

The Board's responsibilities are set out in a formal Charter which the Board reviews every two years. The Charter was most recently reviewed and amended in December 2018.

The major powers the Board has reserved to itself are:

- Appointment of senior executives and the determination of their terms and conditions including remuneration and termination;
- Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- Approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- Approving the annual, half yearly and quarterly accounts;
- Approving significant changes to the organisational structure;
- Approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with ASX Listing Rules);
- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules); and
- Meeting with the external auditor, at their request, without management being present.

#### Delegation to the CEO

The Board has delegated to the CEO responsibility for implementing IODM's strategic direction and for managing IODM's day-to-day operations.

**Recommendation 1.2** – *A listed entity should disclose:*

- a) *undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a director;*
- b) *provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

The Group formed a separate Remuneration and Nomination Committee (RNC) during the financial year. At 30 June 2020 the committee consisted of a Non-Executive Chairman and 2 independent directors. The Committee met 2 times during the financial year and operates under the RNC Charter adopted by the Committee.

When considering the appointment of a new Director, the Board may engage the services of an executive recruitment firm to assist identify suitable candidates to be shortlisted for consideration for appointment to the

## IODM Limited – Corporate Governance Statement

Board and to carry out appropriate reference checks before the Board makes an offer to a preferred candidate.

Newly appointed directors must stand for reappointment at the next subsequent AGM. The Notice of Meeting for the AGM provides shareholders with information about each Director standing for election or re-election including details of relevant skills and experience.

**Recommendation 1.3** – *A listed entity should have a written agreement with each director and executive setting out the terms of their appointment.*

New Directors consent to act as a director and receive a formal letter of appointment which sets out duties and responsibilities, rights, and remuneration entitlements.

**Recommendation 1.4** – *The company secretary of a listed entity should be accountable directly to the chair, on all matters to do with the proper functioning of the board.*

IODM's Company Secretary fulfils a broad range of management responsibilities in addition to company secretarial duties. As a result, the formal reporting line of the Company Secretary is to the CEO. For any matter relevant to the company secretarial duties or conduct of the Board, the Company Secretary has an indirect reporting line, and is accountable, to the Chair of the Board.

**Recommendation 1.5** – *A listed entity should:*

- a) *have a diversity policy which includes requirements for the board to or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*
- b) *disclose that policy or a summary of it; and*
- c) *disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:*
  1. *the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or*
  2. *if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.*

The Group has not disclosed its policy concerning diversity, its measurable objectives for achieving gender diversity and its progress towards achieving those objectives.

The Board continues to monitor diversity across the organisation. Due to the size of the Group, the Board does not consider it appropriate at this time to formally set measurable objectives for gender diversity.

The Group is committed to workplace diversity and to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees, to enhance Group performance. The Board has adopted a Diversity Policy which addresses equal opportunities in the hiring, training and career advancement of directors, officers and employees.

In accordance with this policy, the Board provides the following information pertaining to the proportion of women across the organisation at the date of this report.

|                                     | Actual |            |
|-------------------------------------|--------|------------|
|                                     | Number | Percentage |
| Women in the whole organisation     | 2      | 20%        |
| Women in senior executive positions | 1      | 10%        |
| Women on the board                  | -      | -          |

## IODM Limited – Corporate Governance Statement

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### **Recommendation 1.6 – A listed entity should:**

- a) *have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors;*
- b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

### **Evaluation of Board and individual Directors**

The Board of IODM conducts its performance review of itself on an ongoing basis throughout the year. The small size of the Group and hands on management style requires an increased level of interaction between Directors and Executives throughout the year. Board members meet amongst themselves both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Group given its size.

### **Recommendation 1.7 – A listed entity should:**

- a) *have and disclose a process for periodically evaluating the performance of its senior executives; and*
- b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The RNC and the Board of IODM conducts its performance review of the CEO on an ongoing basis throughout the year. The small size of the Group and hands on management style requires an increased level of interaction between Directors throughout the year. Board members meet amongst themselves both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Group.

## **Principle 2: Structure the Board to add value**

IODM's Constitution provides for a minimum of three directors and a maximum of twelve.

The Directors of IODM at any time during the financial year are listed with a brief description of their qualifications, appointment date, experience and special responsibilities on pages 1 to 2 of the Annual Report.

The Board met eleven times during the financial year. Director's attendances are set out on page 6 of the 2020 Annual Report.

### **Recommendation 2.1 – The Board of a listed entity should:**

- a) *have a nomination committee which:*
  1. *Has at least three members, a majority of whom are independent directors; and*
  2. *Is chaired by an independent director;**and disclose:*
  3. *the charter of the committee;*
  4. *the members of the committee; and*
  5. *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable to discharge its duties and responsibilities effectively.*

The Group formed a Remuneration and Nomination committee (RNC) during the financial year. The Committee met 2 times during the financial year and operates under the RNC Charter adopted by the Committee.

### **Recommendation 2.2 – The listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.**

The Group does not have an established board skills matrix on the mix of skills and diversity for Board membership.

The Board continues to monitor the mix of skills and diversity on the Board. Due to the size of the Group, the

## IODM Limited – Corporate Governance Statement

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Board does not consider it appropriate at this time to formally set matrix on the mix of skills and diversity for Board membership.

**Recommendation 2.3** – *A listed entity should disclose:*

- a) *the names of the directors considered by the board to be independent directors;*
- b) *if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion and*
- c) *the length of service of each director.*

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the annual report is included in the Directors' Report. Directors of the Group are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The Board has accepted the following definition of an Independent Director:

"An Independent Director is a Director who is not a member of management, is a Non-executive Director and who:

- is not a substantial shareholder (under the meaning of Corporations Act 2001) of the Group or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Group;
- has not within the last three years been employed in an executive capacity by the Group or another Group member, or been a Director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Group or another Group member;
- is not a significant consultant, supplier or customer of the Group or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with the Group or another Group member other than as a Director of the Group;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Group."

In accordance with the definition of independence above, two directors are considered independent. Accordingly, a majority of the board is not independent.

There are procedures in place, as agreed by the board, to enable Directors to seek independent professional advice on issues arising in the course of their duties at the Group's expense. The term in office held by each Director in office at the date of this report is as follows:

| Name               | Term in office |
|--------------------|----------------|
| Dr. Paul Kasian    | 60 months      |
| Mr. David Ireland  | 46 months      |
| Mr. Anthony Smith  | 28 months      |
| Mr. Brian Jamieson | 24 months      |

**Recommendation 2.4** – *The majority of the Board of a listed entity should be independent Directors.*

The Group does have a majority of independent directors. The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Group.

As at 30 June 2021, the Board comprised one non-executive Chairman, three non-executive directors. The Board has determined that the non-executive Chairman and the three non-executive Directors were throughout the entirety of the financial year, independent.

**Recommendation 2.5** – *The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.*

## IODM Limited – Corporate Governance Statement

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Under IODM's Constitution, the Board elects a Chairman from amongst the non-executive Directors. If a Chairman ceases to be an independent Director then the Board will consider appointing a lead independent Director.

IODM's Chairman, Paul Kasian is considered an independent director. The Directors consider that the current Chairman of the Board is appropriate to the size and nature of operations of the Group.

**Recommendation 2.6** – *The listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.*

The formal letter of appointment and an induction pack provided to Directors contain sufficient information to allow the new Director to gain an understanding of:

- The rights, duties and responsibilities of Directors;
- The role of Board Committees;
- The roles and responsibilities of the Managing Director; and
- IODM's financial, strategic, and operational risk management position.

Directors are encouraged to take appropriate professional development opportunities approved by the Board.

### Principle 3: Promote ethical and responsible decision making

**Recommendation 3.1** – *A listed entity should:*

- a) *have a code of conduct for its directors, senior executives and employees; and*
- b) *disclose that code or a summary of it.*

IODM has a Code of Conduct that applies to IODM and its Directors, employees and contractors (all of which are referred to as "employees" in the Code).

The Code of Conduct sets out a number of overarching principles of ethical behaviour which are set out under the following headings:

- Personal and Professional Behaviour;
- Conflict of Interest;
- Public and Media Comment;
- Use of Company Resources;
- Security of Information;
- Intellectual Property/Copyright
- Discrimination and Harassment;
- Corrupt Conduct;
- Occupational Health and Safety;
- Legislation;
- Fair Dealing;
- Insider Trading;
- Responsibilities to Investors;
- Breaches of the Code of Conduct; and
- Reporting Matters of Concern.

Training about the Code of Conduct is part of the induction process for new IODM employees.

### Principle 4: Safeguard integrity in corporate reporting

**Recommendation 4.1** – *A board of a listed entity should:*

- a) *have an audit committee which:*
  1. *has at least three members, all of whom are non-executive directors and a majority of whom are independent; and*
  2. *is chaired by an independent director, who is not the chair of the board, and disclose:*
  3. *the charter of the committee;*
  4. *the relevant qualifications and experience of the members of the*

## IODM Limited – Corporate Governance Statement

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- committee; and*
- 5. *in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard that integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

The Group formed an Audit and Risk Management Committee (ARC) during the financial year. At 30 June 2020 the committee consisted of a Non-Executive Chairman and 2 independent directors. The committee met 2 times during the financial year and operates under the ARC Charter adopted by the Committee

### Charter of the Audit and Risk Management Committee

It is the ARC's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non- financial information. It is the ARC's responsibility for the establishment and maintenance of a framework of internal control of the Group.

**Recommendation 4.2** – *The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*

The CEO and the CFO have provided the Board with written assurances that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal compliance and control and that the system is operating effectively in all material respects in relation to financial reporting risks.

**Recommendation 4.3** – *A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.*

The external auditor attends IODM's Annual General Meeting. Shareholders may submit written questions to the auditor to be considered at the meeting in relation to the conduct of the audit and the preparation and content of the Independent Audit Report by providing the questions to IODM at least five business days before the day of the meeting. No questions were sent to the auditor in advance of the 2020 Annual General Meeting. Shareholders are also given a reasonable opportunity at the meeting to ask the auditor questions relevant to the conduct of the audit, the Independent Audit Report, the accounting policies adopted by IODM and the independence of the auditor.

### **Principle 5: Make timely and balanced disclosure**

**Recommendation 5.1** – *A listed entity should:*

- a) *have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*
- b) *disclose that policy or a summary of it.*

### Disclosure

IODM's Disclosure Policy describes IODM's continuous disclosure obligations and how they are managed by IODM. The Policy is reviewed bi-annually and is published on IODM's website. It was most recently reviewed in December 2018.

### Accountability

The Company Secretary reports to the Board quarterly on matters that were either notified or not notified to the ASX. Directors receive copies of all announcements immediately after notification to the ASX. All ASX announcements are available in the Media centre on the IODM website.

## IODM Limited – Corporate Governance Statement

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### Financial market communications

Communication with the financial market is the responsibility of the CEO. Communication with the media is the responsibility of the CEO. The Disclosure Policy covers briefings to institutional investors and stockbroking analysts, general briefings, one-on-one briefings, blackout periods, compliance and review as well as media briefings.

The substantive content of all market presentations about the half year and full year financial results and all statements relating to IODM's future earnings performance must be referred to, and approved by, the Board before they are disclosed to the market.

### **Principle 6: Respect the rights of shareholders**

**Recommendation 6.1** – *A listed entity should provide information about itself and its governance to investors via its website.*

IODM's website at [www.iodm.com.au](http://www.iodm.com.au) provides detailed information about its business and operations. Details of IODM's Board Members can be found here.

The Investor Relations link on IODM's website provides helpful information to shareholder. It allows shareholders to view all ASX and media releases; various investor presentations; a copy of the most recent Annual Report and Annual Reports for at least the two previous financial years; and the notice of meeting and accompanying explanatory material for the most recent Annual General Meeting and the Annual General Meetings for at least the two previous financial years.

Shareholders can find information about IODM's corporate governance on its website at [www.iodm.com.au](http://www.iodm.com.au). This includes IODM's Constitution, Board and Board Charters, and extensive list of IODM's other Policies that support corporate governance.

The following documents are published on the IODM website under Investor / Corporate Governance:

- Constitution
- Corporate Governance Statement
- Board Charter
- Audit Committee Charter
- Whistle-Blower Policy
- Securities Trading Policy
- Anti-Bribery Policy

**Recommendation 6.2** – *A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*

IODM is committed to communicating effectively with its shareholders and making it easier for shareholders to communicate with the Group.

IODM promotes effective communication with shareholders and encourages effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX;
- Through the Annual Report, half yearly report and quarterly reports;
- Through the distribution of the annual report and notices of annual general meeting;
- Through shareholder meetings and investor relations presentations; and
- The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

**Recommendation 6.3** – *A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

Notices of meeting sent to IODM's shareholders comply with the "Guidelines for notices of meeting" issued by the ASX in August 2007. Shareholders are invited to submit questions before the meeting and, at the meeting, the Chairman attempts to answer as many of these as is practical.

## IODM Limited – Corporate Governance Statement

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The Chairman also encourages shareholders at the meeting to ask questions and make comments about IODM's operations and the performance of the Board and senior management. The Chairman may respond directly to questions or, at his discretion, may refer a question to another Director or the Managing Director.

New Directors or Directors seeking re-election are given the opportunity to address the meeting and to answer questions from shareholders.

**Recommendation 6.4** – *A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

Shareholders have the option of electing to receive all shareholder communications by e-mail. IODM provides a printed copy of the Annual Report to only those shareholders who have specifically elected to receive a printed copy. Other shareholders are advised that the Annual Report is available on the IODM website.

All announcements made to the ASX are available to shareholders by email notification when a shareholder provides the IODM Share Registry with an email address and elects to be notified of all IODM ASX announcements.

The IODM Share Register is managed and maintained by Boardroom Limited Share Registry Services. Shareholders can access their shareholding details or make enquiries about their current shareholding electronically by quoting their Shareholder Reference Number (SRN) or Holder Identification Number (HIN), via the Boardroom Share Registry InvestorOnline Login or by emailing [info@boardroomlimited.com.au](mailto:info@boardroomlimited.com.au)

### Principle 7: Recognise and manage risk

**Recommendation 7.1** – *A board of a listed entity should:*

- a) *have a committee or committees to oversee risk, each of which:*
  1. *has at least three members, all of whom are non-executive directors and a majority of whom are independent; and*
  2. *is chaired by an independent director, who is not the chair of the board, and disclose:*
  3. *the charter of the committee;*
  4. *the members of the committee; and*
  5. *as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

The Audit and Risk Committee meets 4 times a year and complete a Risk and Compliance checklist to recognise and manage risk.

Details of the structure and Charter of the Audit and Risk Management Committee are set out in Recommendation 4.1.

**Recommendation 7.2** – *The board or a committee of the board should:*

- a) *review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*
- b) *disclose, in relation to each reporting period, whether such a review has taken place.*

### Risk Management Policies

IODM has a number of other policies that directly or indirectly serve to reduce and/or manage risk. These include, but are not limited to:

- Directors and Executive Offices' Code of Conduct
- Code of Business Conduct

## IODM Limited – Corporate Governance Statement

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- Dealing in Company Securities
- Communications Strategy
- Disclosure Policy
- Risk Management and Internal Control Policy

### Roles and responsibilities

The Risk Management Policy, and the other policies listed above, describes the roles and responsibilities for managing risk. This includes, as appropriate, details of responsibilities allocated to the Board.

The ARC is responsible for reviewing and approving changes to the Risk Management Policy and for satisfying itself that IODM has a sound system of risk management and internal control that is operating effectively. The ARC annually reviews and approves IODM's main risk exposures and the actions being taken to mitigate those risks.

### **Recommendation 7.3** – *A listed entity should disclose:*

- a) If it has an internal audit function, how the function is structured and what role it performs; or*
- b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.*

The Group does not have an established internal audit function given the size of its function. The risk management functions of the board are summarised under recommendations 7.1 and 7.2.

### **Recommendation 7.4** – *A listed entity should disclose whether it has any material exposure to economic and social sustainability risks and, if it does, how it manages or intends to manage those risks.*

The ARC informally monitors and manages the Groups exposure to economic, environment and social responsibility risks. The Board considers that the current approach that it has adopted with regard to the sustainability risk management process is appropriate to the size and nature of operations of the Group.

## **Principle 8: Remunerate fairly and responsibly**

### **Recommendation 8.1** – *A board of a listed entity should:*

- a) have a remuneration committee which:*
  - 1. has at least three members, all of whom are non-executive directors and a majority of whom are independent; and*
  - 2. is chaired by an independent director,**and disclose:*
  - 3. the charter of the committee;*
  - 4. the members of the committee; and*
  - 5. as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

The RNC is responsible for determining and reviewing compensation arrangements for executive directors and reporting its recommendations to the Board of IODM.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive Directors.

### **Recommendation 8.2** – *A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.*

IODM's remuneration structure distinguishes between non-executive Directors and that of CEO. A Remuneration

## IODM Limited – Corporate Governance Statement

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Report required under Section 300A(1) of the Corporations Act is provided in the Directors' Report which forms part of the Annual Report.

**Recommendation 8.3** – *A listed entity which has an equity-based remuneration scheme should:*

- a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- b) disclose that policy or a summary of it.*

On 28 June 2019 IODM Limited introduced the Employee Share Option Plan. The Employee Share Option Plan is part of the remuneration package of the Group's directors, senior management and sales personnel. Options under this plan will vest if the participant remains employed for the agreed vesting period.

The decision on whether to exercise the options is up to the participant has thereby limiting the economic risk of participating in the scheme.

## IODM Limited

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 9 August, 2021

### Distribution of Share Holders

|                    | Ordinary Shares   |                    |
|--------------------|-------------------|--------------------|
|                    | Number of Holders | Number of Shares   |
| 1 - 1,000          | 150               | 22,929             |
| 1,001 - 5,000      | 88                | 269,047            |
| 5,001 - 10,000     | 52                | 408,864            |
| 10,001 - 100,000   | 279               | 13,249,399         |
| 100,001 - and over | 192               | 557,211,316        |
| <b>TOTAL</b>       | <b>761</b>        | <b>571,161,555</b> |

### Substantial Shareholders

| Holder                      | No Shares  | % Holding |
|-----------------------------|------------|-----------|
| Arena IODM Portfolio        | 51,764,372 | 9.06      |
| Rogers IODM Portfolio       | 34,697,728 | 6.07      |
| Yongala Investments Pty Ltd | 28,819,697 | 5.04      |

### Voting Rights

The voting rights attached to the ordinary shares are governed by the Constitution.

On a show of hands every person present who is a Member or representative of a Member shall have one vote and on a poll, every Member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. None of the options have any voting rights.

1. The name of the Company Secretary is Ms Petrina Halsall.
2. The address of the principal registered office in Australia is Level 23, 385 Bourke Street, Melbourne, Vic, 3000 Telephone + 61 (03) 8396 5890.
3. The register of securities is held at;  
  
Boardroom Pty Ltd,  
Level 12, 225 George Street, SYDNEY, NSW, 2000 Telephone 1300 737 760.
4. **Securities Exchange Listing**  
  
Quotation has been granted for 571,161,555 ordinary shares on all member exchanges of the Australian Securities Exchange Limited ("ASX") and trade under the symbol 'IOD'.
5. Directors' interests in share capital are disclosed in the Directors' Report.
6. There are 13,434,470 unlisted options at the date of this report.
7. There is currently no on-market buy-back in place.
8. For the current financial year, the entity used its cash and assets in a form readily convertible to cash in a manner consistent with its business activities.

## IODM Limited

### Top Twenty Share Holders

| Position | Holder Name                                               | Holding            | %      |
|----------|-----------------------------------------------------------|--------------------|--------|
| 1        | J P MORGAN NOMINEES AUSTRALIA                             | 110,498,236        | 19.34% |
| 2        | ARENA IODM PORTFOLIO PTY LTD <ARENA IODM PORTFOLIO A/C>   | 51,764,872         | 9.06%  |
| 3        | CITICORP NOMINEES (AUSTRALIA) LIMITED                     | 36,425,728         | 6.38%  |
| 4        | ROGERS IODM PORTFOLIO PTY LTD <ROGERS IODM PORTFOLIO A/C> | 34,697,728         | 6.08%  |
| 5        | YONGALA INVESTMENTS PTY LTD                               | 28,819,697         | 5.05%  |
| 6        | MR MARK DAVID REILLY                                      | 27,315,333         | 4.78%  |
| 7        | EVERFLOW TECHNOLOGIES INC                                 | 22,877,901         | 4.01%  |
| 8        | HAY STREET PROPERTY PTY LTD <HAY STREET PROPERTY A/C>     | 21,458,000         | 3.75%  |
| 9        | STARWAY CORPORATION PTY LTD <GILES SUPER FUND A/C>        | 15,730,952         | 2.75%  |
| 10       | CSF INVESTMENTS (QLD) PTY LTD <CRANOT SUPER FUND A/C>     | 15,243,590         | 2.67%  |
| 11       | LALA INVESTMENTS PTY LTD <ALI-OOP S/FUND A/C>             | 12,810,257         | 2.24%  |
| 12       | THE RUFUS PARTNERSHIP (VIC) PTY LTD                       | 11,969,450         | 2.10%  |
| 13       | WINDPAC PTY LTD <THE SLACK FAMILY A/C>                    | 11,260,000         | 1.97%  |
| 14       | 262 CAPITAL PTY <ST INCOME A/C>                           | 10,000,000         | 1.75%  |
| 15       | CLAYDON SUPER PTY LTD <CLAYDON SUPER FUND A/C>            | 8,411,158          | 1.47%  |
| 16       | NICSA PTY LTD <HALSALL FAMILY A/C>                        | 8,123,686          | 1.42%  |
| 17       | HSBC CUSTODAY NOMINEES (AUSTRALIA) LIMITED                | 5,947,474          | 1.04%  |
| 18       | JENGUS HOLDINGS PTY LTD <JENGUS SUPERFUND A/C>            | 5,450,000          | 0.95%  |
| 19       | ISAR HOLDINGS PTY LTD <THE JONINA FAMILY A/C>             | 5,000,000          | 0.88%  |
| 20       | KALIN CONSULTING PTY LTD <KAYLIA FAMILY A/C>              | 5,000,000          | 0.88%  |
|          |                                                           |                    |        |
|          | Total Securities of Top 20 Holdings                       | 448,803,562        | 78.58% |
|          | <b>Total of Securities</b>                                | <b>571,161,555</b> |        |