

1. DETAILS OF REPORTING PERIOD

Name of Entity	Elsight Limited ("the Company")
ABN	98 616 435 753
Reporting Period	31 December 2022
Previous Corresponding Period	31 December 2021

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key information	12 months ended Current Period US\$	12 months ended Previous Period US\$	Increase/ (Decrease) %	Amount change US\$
Revenues from ordinary activities	823,241	574,014	43%	249,227
Loss from ordinary activities after tax attributable to members	(4,306,433)	(6,043,694)	(29%)	(1,737,261)
Net loss for the period attributable to members	(4,306,433)	(6,043,694)	(29%)	(1,737,261)

	Amount Per Security	Franked Amount Per Security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous Corresponding Period	Nil	Nil
Record Date for Determining Entitlements	Not Applicable	

Commentary on results:

Refer to section 14 below.

3. STATEMENT OF COMPREHENSIVE INCOME

Refer to attached financial statements.

4. STATEMENT OF FINANCIAL POSITION

Refer to attached financial statements.

5. STATEMENT OF CASH FLOWS

Refer to attached financial statements.

6. STATEMENT OF RETAINED EARNINGS/CHANGES IN EQUITY

Refer to attached financial statements.

7. DIVIDENDS/DISTRIBUTIONS

No dividends declared in current or prior year.

8. DETAILS OF DIVIDEND REINVESTMENT PLANS

Not Applicable

9. NET TANGIBLE ASSETS PER SHARE

	Current Period	Previous Period
Net tangible asset backing per ordinary security	1.22 cents	1.80 cents

10. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

Control gained over entities

Name of entity (or group of entities)	N/A
Date control gained	N/A
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	N/A
Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material)	N/A

Loss of control over entities

Name of entity (or group of entities)	N/A
Date control lost	N/A
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	N/A
Profit/(loss) of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material)	N/A

11. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Not Applicable

12. ANY OTHER SIGNIFICANT INFORMATION NEEDED BY AN INVESTOR TO MAKE AN INFORMED ASSESSMENT OF THE COMPANY'S FINANCIAL PERFORMANCE AND FINANCIAL POSITION

Refer to attached financial statements.

13. FOREIGN ENTITIES

Not Applicable

14. COMMENTARY ON RESULTS FOR PERIOD AND EXPLANATORY INFORMATION

Refer to commentary on page 2 of the attached financial statements.

15. AUDIT

This report is based on accounts which are in the process of being audited.

David Furstenberg
David Furstenberg
Executive Director
27 February 2023

Elsight Limited
Preliminary final report

Elsight Limited

ABN 98 616 435 753

Preliminary Final Report - 31 December 2022

Elsight Limited
Preliminary final report

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REVIEW AND RESULTS OF OPERATIONS

Unless otherwise stated all figures in this report are in the Company's presentation currency US\$.

Elsight Limited incurred a loss for the year of \$4,306,433 (2021: loss of \$6,043,694). The decrease in loss of \$1,737,261 from 2021 to 2022 is largely due to the Company's focus on reducing its operational costs and a decrease in bad debts expense.

The net assets of the Group have decreased by \$982,769, from net assets of \$2,832,265 at 31 December 2021 to net assets of \$1,849,496 at 31 December 2022.

As at 31 December 2022, the Group's cash and cash equivalents increased from a balance of \$1,990,057 at 31 December 2021 to a balance of \$5,194,794 at 31 December 2022. As at 31 December 2022 the Group has working capital of \$5,789,295 (2021: \$2,403,409).

Significant changes in the state of affairs

There were no significant changes to the Company or the state of its affairs during the year.

REVIEW OF ACTIVITIES

FY22 was a pivotal year for Elsieht with several commercial orders and agreements secured for the delivery of 'Halo' units in a number of jurisdictions globally. The implementation and success of the design win strategy ensures Elsieht is very well positioned for growth as UAV's (Unmanned Aerial Systems) continue to be adopted and deployed across several market verticals.

The Company remained focused on building its market-leading position as the go-to provider for complete connection confidence. Throughout the year, Elsieht participated in multiple industry events where the industry's sentiment around the Halo solution and its value to the sector was very positive. While the overall revenues are still small, the Group is encouraged that the drone market is gaining momentum and exceeding expectations in relation to commercial adoption. This was evidenced by the Group's initial estimate for the Walmart/DroneUp deployment during 2022, which called for deployment in only up to seven stores. In May 2022, Walmart announced a drone service deployment during 2022 in 34 stores, in 6 states, to serve approximately four million prospective customers. In January 2023, Walmart announced they now have 36 US stores with drone delivery hubs across seven states and that they successfully completed more than 6,000 drone deliveries in 2022. As announced by DroneUp CEO Tom Walker in August 2022, delivery capacity is expected to be four million homes by the end of 2022, with 30 million by the end of 2023. The Company expects continuous upfront and recurrent revenue growth with DroneUp as Walmart's expansion of this new service continues to gain traction.

DroneUp is great validation for the Design Win strategy and how the product and business models translate into a high growth opportunity.

'Design Win' Strategy

The 'Design Win' strategy was very successful in 2022, with 42 new partners added to the Group program during the year, bringing the total number of companies working with Elsieht's Halo solution to 78. The new partners are from a range of regions (Europe, North America, Latin America, India, and South East Asia) and industries (Home Land Security, parcel delivery, last mile logistics, inspection, agriculture, and healthcare), which not only provides strong validation for the Group's Halo product, but also has Elsieht well positioned for future revenue growth as these different markets and companies advance their commercial opportunities within the unmanned market.

In a major milestone for the Company, the 'Design Win' strategy delivered commercial success in FY22 by converting existing partners into paying customers, beginning with Walmart-backed, DroneUp, in January. The Company announced that its 'Halo' bonded connectivity solution had been selected by DroneUp for the crucial task of controlling drones Beyond the Visual Line of Sight (BVLOS), to ensure absolute connection confidence to their drones used for commercial parcel deliveries.

Following the success of drone parcel delivery services, Walmart announced plans to expand this service, through their partnership with DroneUp, from one US state to six by the end of 2022, providing Elsieht an opportunity to participate in the growth of this exciting market through its collaboration with DroneUp.

In June 2022, Elsieht announced that Air Method's wholly owned drone subsidiary, Spright, placed its first commercial order of Halo units after signing a five-year agreement with the Company to expand UAV healthcare services in North America. As part of this agreement, Spright also became an official reseller of 'Halo' in the United States, further increasing the Company's distribution opportunities in that region.

In July 2022, the Company announced a break-through in South America by announcing that Brazilian company, Speedbird Aero, signed a commercial agreement for Halo to be used for BVLOS drone parcel delivery services in Brazil, with subsequent orders expected over calendar years 2022 and 2023.

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In August 2022, the Company announced the receipt of a repeat 'Halo' order from Spright following the multi-year agreement announced in June. The commercial value of this order was approximately US\$90,000. The order consisted of both upfront hardware revenue as well as recurring software revenues. Additional orders totaling approximately US\$89,000 were received during the remainder of FY22 under the Spright agreement.

The drone market is rapidly developing and providing a number of commercial opportunities for Elsieht. The 'Design Win' strategy ensures the Company is well positioned to grow organically with the market with minimal further sales effort or cost.

Technology Update

Technology innovation continues to be a key priority for Elsieht. During the period, the Company introduced RID (Remote-ID) and 5G features to be offered to new and existing partners. The Company received its first commercial order for the Halo 5G unit during the year, expanding the Company's product portfolio and creating growth engines with new and existing customers. Remote-ID is an FAA standard for 'tail numbers' for drones, which will become a requirement for all drone operators commencing in September 2023.

NA'AMA Project Update

Elsieht's involvement in the NAAMA Initiative continued during the year with the Group participating in the 5th NAAMA event, with all participants in the initiative choosing to use Elsieht's Halo in their drones' platforms.

Israel Innovation Authority Grant

In November 2022, the Company announced it had been selected for a grant of US\$450k by the Israel Innovation Authority, for the second phase of NAAMA Initiative pilot project to examine use cases and integration of large drones designed to carry passengers and heavy cargo in National airspace. Following the successful initial pilot phase where all pre-defined metrics were met, Elsieht was selected as one of 10 companies to participate in the second phase pilot project commencing January 2023. The grant for this two-year pilot project will assist in supporting the financing of the expansion of the Halo BVLOS connectivity system roadmap.

Halo-as-a-Service (HaaS) as a recurring payment model

During the period, the Company introduced the HaaS payment model to better align Elsieht's business model with that of some of our customers, by lowering the upfront payments while modestly increasing recurring monthly payments received by the Company during the term of Halo usage. The new pricing model allows the Company's customers to grow and scale with a smaller upfront cost while improving Elsieht's recurring revenue opportunity and profitability over time as a win-win strategy (see Figures 1 & 2 below). The board views the recurring revenue model as a significant business achievement since it improves the longevity of ongoing revenues from hardware selling which typically is a onetime revenue event. In the long run, this also becomes a recession-proof model that increases Y-O-Y even during economic downturns.

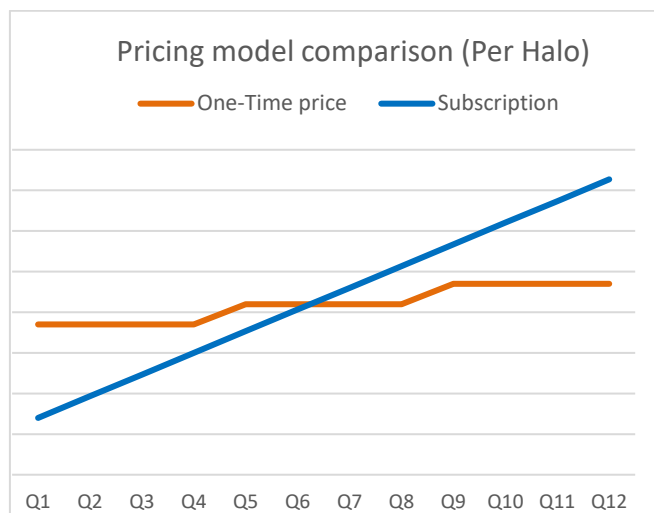


Figure 1

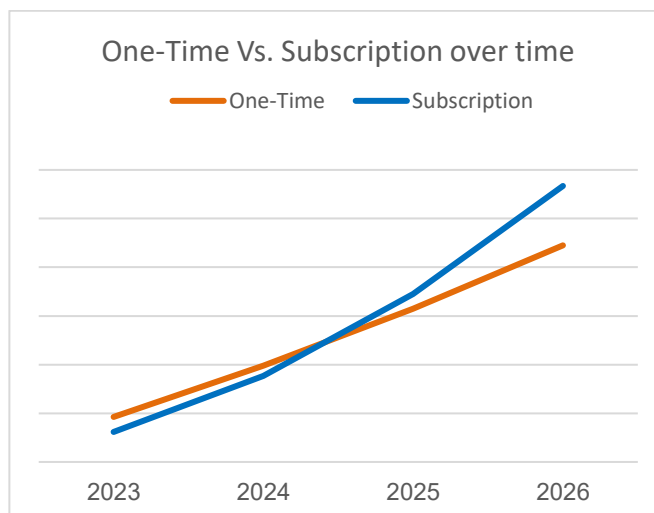


Figure 2

Strong growth in recurring revenues

During FY22, the Company focused on growing recurring revenues. With multiple new commercial agreements in place, combined with the introduction of the HaaS payment model, the Company saw an acceleration in recurring revenues throughout the year. In Q1 FY22, recurring revenues accounted for 1% of total revenues. By Q4 FY22, recurring revenues accounted for 21% of total revenues for the period. The Company expects this trend to continue as Elsieht's proprietary data and cloud services are deployed to support Halo units.

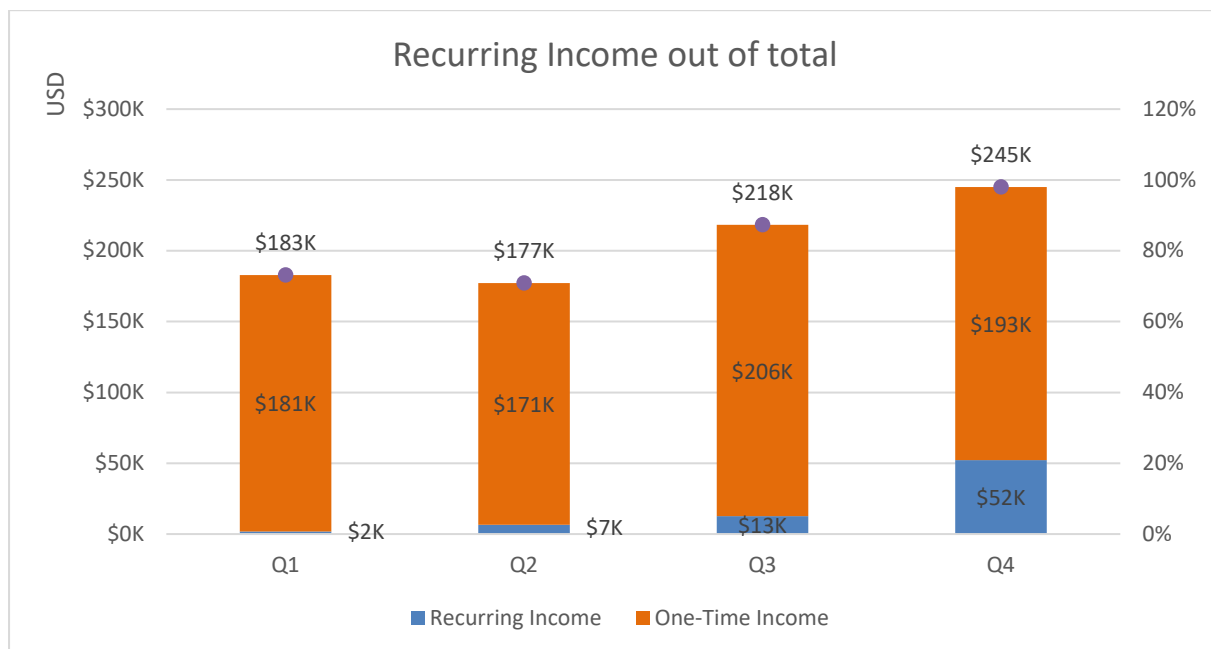


Table 1 This chart sets out the unaudited quarterly income for the Company with the increasing contribution of the Recurrent Income based on Elsieht Cloud and connectivity plans.

Regulatory Update

An important part of the path forward is the regulatory environment and during the year the Company announced that its R&D and certification partner, Airobotics Inc, received FAA Special Class Airworthiness Criteria for their OPTIMUS 1-EX Unmanned Aircraft. OPTIMUS 1-EX is embedded with Elsieht's 'Halo' technology to enable Beyond Visual Line of Sight (BVLOS) connection capability. The Board maintains that with the completion of this stage of the certification process, that Airobotics is likely to be among the first in the world to receive the highly coveted FAA TC (Type Certificate).

PERCEIVED RISK: What may happen if the FAA continues to hold back, and the granting of full Type Certification takes much longer or never materializes?

This is a question asked by some due to the FAA's long delay. Despite the current reality, the industry is progressing ahead of schedule (based on the granting of local waivers). Under the worst-case scenario (the current situation with no blanket FAA certification) this already robust expansion rate is expected to keep accelerating. Therefore, while highly desired with huge potential benefits, this is not a showstopper. Once the FAA completes the certification, it is reasonable to assume that this market will enjoy a significant surge in growth.

As powerful as the FAA may be, it is unlikely to stop progress. In addition, regulatory approvals in other countries have competitive implications for the US industry. FAA certification will clearly enable expansion of the flying distances from the stores - increasing the universe of customers (and the number of drones therefore Halo HW revenues) while similarly increasing recurring communication revenues due to more and longer flights. Currently, the market, led by giant pioneers like Walmart, Amazon and FedEx, is progressing cautiously while studying and adapting to all the necessary changes and improvements. Once this process is completed, both the market leaders and the FAA itself will be better positioned for mass deployment, enabling the geographic and operational potential to cover the vast majority of the American population.

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Safety above all: The FAA is very aware and conscious of well-publicized autonomous car accidents with human fatalities on the roads of America (Google, Tesla, and others). It is reasonable to assume that the FAA will do all that it can to avoid such an occurrence within the drone industry, as drones are flying over the rooftops of urban America. The fact that thousands and thousands of **SAFE** drone commercial parcel delivery flights are taking place throughout America's skies with no accidents – should provide the FAA with the type of confidence needed to conclude the type certification process.

Waivers versus FAA certification: Securing waivers is a relatively simple and quick process (as the Walmart expansion from 3 to 34 stores within five months has shown). However, such waivers usually come with limitations on the delivery radius (typically one to two nautical miles from the store). Therefore, the main benefit of a full FAA certification would be the significant expansion of the flight distance from the stores and the associated increase in prospective end-customers and flights. Such a distance increase benefits the Company in a number of ways: It fosters an increase in recurring revenues, the number of drones (one-time hardware fee), the universe of customers, and the scaleup and profitability of these services.

The board believes that the main risk to Elsieht is not driven by regulatory risk factors, but by the rate of growth of the nascent drone market. It is reasonable to view the current lack of FAA certification not as an impairment, but rather as a future catalyst to a market that is expanding even without it. The Company has streamlined operations during 2022 to at least grow organically with the industry, while also ensuring Elsieht is well positioned to respond quickly to the market when future changes to regulations are implemented.

CORPORATE

Across April and May 2022, the Company completed a transaction related to the early exercise of Founder options which raised a total of A\$3.345 million. Funds raised from the early exercise of options allows Elsieht to continue to accelerate the execution of the 'Design Win' strategy and the rollout of the Company's Halo technology with commercial partners.

As part of its preparation for an anticipated market expansion in 2023-2024, in May 2022, the Company announced aerospace industry veteran Mr Kevin Hightower's appointment to Elsieht's Advisory Board to help drive commercial drone operations globally. Mr Hightower has been advancing technology adoption in the aerospace industry for 21 years, with over 15 years at Lockheed Martin, and over three years with Wing (Alphabet/Google's drone company) and he recently joined Cirium as VP of Product. Mr Hightower's skills and expertise will be of tremendous value to the Company moving forward.

The Company's Annual General Meeting was held on 27 May 2022 with all resolutions passed.

In June 2022, the Company announced it had offered a long-term incentive component for Chief Executive Officer Yoav Amitai. Mr Amitai was issued with 3,583,452 unlisted options exercisable at A\$0.48 on or before 26 May 2027. The options were issued pursuant to the Group's Employee Share Option Plan in four (4) Tranches, with each tranche having a performance or service-based vesting condition. The long-term incentive has been designed to ensure appropriate rewards are in place for the continued commercial success of Elsieht.

In November 2022, the Company received commitments to raise A\$8 million through an offer of secured convertible notes to a range of well-recognised Australian institutions and sophisticated investors. In December 2022, the Company issued 25,149,500 convertible notes with a value of A\$7,544,850.

During 2022, Elsieht established several multi-year engagements with various partners and the Company is expecting multiple repeat orders to be received under these engagements. Funds raised during the period enable Elsieht to continue to execute its growth strategy as the unmanned market continues with mainstream commercial adaptation.

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

On 18 January 2023 the Company issued a further 93,000 ESOP options with an exercise price of A\$0.37.

Elsight Limited
Preliminary Final Report
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Note	2022 US\$	2021 US\$
Revenue from contracts with customers		823,241	574,014
Cost of sales		(387,159)	(957,538)
Gross profit/(loss)		436,082	(383,524)
Selling, general and administrative expenses		(4,233,898)	(5,379,986)
Net share-based payments expense		(496,196)	(280,569)
Loss before finance expenses		(4,294,012)	(6,044,079)
Finance (expenses)/income		(12,421)	385
Loss before income tax expense		(4,306,433)	(6,043,694)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of Elsieht Limited		(4,306,433)	(6,043,694)
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation, net of tax	3	(264,849)	149,226
Other comprehensive (loss)/income for the year, net of tax		(264,849)	149,226
Total comprehensive loss for the year attributable to the owners of Elsieht Limited		(4,571,282)	(5,894,468)
		Cents	Cents
Loss per share attributable to the owners of Elsieht Limited			
Basic loss per share		(2.97)	(4.53)
Diluted loss per share		(2.97)	(4.53)

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

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Preliminary Final Report
Consolidated statement of financial position
As at 31 December 2022

	Note	2022 US\$	2021 US\$
Assets			
Current assets			
Cash and cash equivalents		5,194,794	1,990,057
Trade and other receivables		584,200	353,106
Inventory		951,942	853,338
Total current assets		6,730,936	3,196,501
Non-current assets			
Plant and equipment, net		140,114	202,598
Right-of-use assets		112,639	333,929
Intangible assets, net		21,319	95,254
Total non-current assets		274,072	631,781
Total assets		7,005,008	3,828,282
Liabilities			
Current liabilities			
Trade and other payables		854,552	577,005
Lease liabilities		87,089	216,087
Total current liabilities		941,641	793,092
Non-current liabilities			
Convertible notes		4,138,048	-
Lease liabilities		28,795	124,498
Provisions		47,028	78,427
Total non-current liabilities		4,213,871	202,925
Total liabilities		5,155,512	996,017
Net assets		1,849,496	2,832,265
Equity			
Issued capital	2	23,749,096	21,375,191
Reserves	3	1,511,908	2,590,315
Accumulated losses		(23,411,508)	(21,133,241)
Total equity		1,849,496	2,832,265

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

Elsight Limited
Preliminary Final Report
Consolidated statement of changes in equity
For the year ended 31 December 2022

	Issued capital US\$	Share-based payment Reserve US\$	Foreign Exchange Reserve US\$	Predecessor Accounting Reserve US\$	Accumulated losses US\$	Total equity US\$
Balance at 1 January 2021	21,361,856	3,190,227	(646,416)	(296,796)	(15,176,042)	8,432,829
Loss after income tax expense for the year	-	-	-	-	(6,043,694)	(6,043,694)
Other comprehensive income for the year, net of tax	-	-	149,226	-	-	149,226
Total comprehensive income/(loss) for the year	-	-	149,226	-	(6,043,694)	(5,894,468)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of shares, net of transaction costs	13,335	-	-	-	-	13,335
Share-based payments	-	280,569	-	-	-	280,569
Exercise, expiry and cancellation of options	-	(86,495)	-	-	86,495	-
Balance at 31 December 2021	21,375,191	3,384,301	(497,190)	(296,796)	(21,133,241)	2,832,265

	Issued capital US\$	Share- based payment Reserve US\$	Foreign Exchange Reserve US\$	Predecessor Accounting Reserve US\$	Equity reserve US\$	Accumulated losses US\$	Total equity US\$
Balance at 1 January 2022	21,375,191	3,384,301	(497,190)	(296,796)	-	(21,133,241)	2,832,265
Loss after income tax expense for the year	-	-	-	-	-	(4,306,433)	(4,306,433)
Other comprehensive loss for the year, net of tax	-	-	(264,849)	-	-	-	(264,849)
Total comprehensive loss for the year	-	-	(264,849)	-	-	(4,306,433)	(4,571,282)
<i>Transactions with owners in their capacity as owners:</i>							
Issue of shares, net of transaction costs	2,373,904	-	-	-	-	-	2,373,904
Share-based payments	-	496,196	-	-	-	-	496,196
Exercise, expiry and cancellation of options	-	(2,028,166)	-	-	-	2,028,166	-
Financial instruments recognised in equity	-	-	-	-	718,413	-	718,413
Balance at 31 December 2022	23,749,095	1,852,331	(762,039)	(296,796)	718,413	(23,411,508)	1,849,496

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

Elsight Limited
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Consolidated statement of cash flows
For the year ended 31 December 2022

	2022 US\$	2021 US\$
Cash flows from operating activities		
Receipts from customers	965,095	487,027
Payments to suppliers and employees	(4,623,972)	(6,412,084)
Interest received	1,804	11,790
Interest paid	(14,227)	(10,423)
Net cash used in operating activities	(3,671,300)	(5,923,690)
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	-	40,194
Purchase of plant and equipment	(3,532)	(42,690)
Conversion of short-term bank deposits to cash	-	108,524
Net cash (used in)/from investing activities	(3,532)	106,028
Cash flows from financing activities		
Repayment of borrowings	-	(54,681)
Proceeds from borrowings	4,810,613	-
Proceeds from the issue of shares, net	2,376,051	14,487
Principal elements of lease payments	(224,147)	(177,940)
Shareholder refunds	-	(33,935)
Net cash from/(used in) financing activities	6,962,517	(252,069)
Net increase/(decrease) in cash and cash equivalents	3,287,685	(6,069,731)
Cash and cash equivalents at the beginning of the financial year	1,990,057	7,924,309
Effects of exchange rate changes on cash and cash equivalents	(82,948)	135,479
Cash and cash equivalents at the end of the financial year	5,194,794	1,990,057

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

Elsight Limited
Preliminary Final Report
Notes to the consolidated financial statements
31 December 2022

Note 1. Basis of preparation

The preliminary final report has been prepared in accordance with ASX listing rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report has been prepared in accordance with Australian Accounting Standards (**AASBs**) (including Australian interpretations) adopted by the Australian Accounting Standard Board (**AASB**) and the *Corporations Act 2001*. The financial statements have been prepared on an accruals basis and are based on historical costs.

Note 2. Issued capital

		2022 Shares	2021 Shares	2022 US\$	2021 US\$
Share capital		<u>150,319,581</u>	<u>133,470,748</u>	<u>23,749,096</u>	<u>21,375,191</u>
Details	Date	Shares	Issue price US\$		US\$
Balance	1 January 2021	133,341,582			21,361,856
Issue of shares on conversion of options	1 September 2021	50,000	\$0.20		10,241
Issue of shares on conversion of options	5 October 2021	50,000	\$0.20		10,187
Issue of shares on conversion of options	14 November 2021	29,166	\$0.21		5,984
Costs of capital raising		-			(13,077)
Balance	31 December 2021	133,470,748			21,375,191
Issue of shares on conversion of options	24 January 2022	54,166	\$0.20		10,881
Issue of shares on conversion of options	22 April 2022	13,040,720	\$0.15		1,933,078
Issue of shares on conversion of options	23 May 2022	3,687,280	\$0.14		519,162
Issue of shares on conversion of options	3 August 2022	66,667	\$0.19		12,971
Cost of capital raising		-			(102,187)
Balance	31 December 2022	<u>150,319,581</u>			<u>23,749,096</u>

Note 3. Reserves

	2022 US\$	2021 US\$
Share Based Payment Reserve	1,852,331	3,384,301
Foreign Exchange Reserve	(762,039)	(497,190)
Predecessor Accounting Reserve	(296,796)	(296,796)
Equity Reserve	718,411	-
	<u>1,511,908</u>	<u>2,590,315</u>
a) Share Based Payment Reserve	2022 US\$	2021 US\$
34,541,104 (31 December 2021: 46,571,819) options on issue	<u>1,852,331</u>	<u>3,384,301</u>

Note 3. Reserves (continued)

b) Movement in Share Based Payment Reserve	No	US\$
Opening balance at 1 January 2021	43,885,013	3,190,227
Expense of options issued in prior periods, prior to cancellations	-	151,934
Issue of ESOP options	210,000	14,577
Issue of ESOP options	180,000	15,991
Issue of ESOP options	100,000	7,834
Issue of ESOP options	1,045,000	31,520
Issue of ESOP options	2,590,000	95,101
Issue of ESOP options	250,000	1,233
Issue of ESOP options	200,000	950
Options exercised and converted to fully paid ordinary shares	(129,166)	(28,386)
Expiry of options	(625,360)	(18,518)
Vested options cancelled on termination of employment	(86,000)	(39,591)
Unvested options cancelled on termination of employment	(1,047,668)	(38,571)
Closing balance at 31 December 2021	46,571,819	3,384,301
Expense of options issued in prior periods, prior to cancellations	-	313,303
Issue of ESOP options	200,000	10,792
Issue of ESOP options	300,000	15,379
Issue of ESOP options	3,583,452	135,029
Issue of ESOP options	3,222,000	110,128
Options exercised and converted to fully paid ordinary shares	(16,848,834)	(1,762,156)
Expiry of options	(574,000)	(211,739)
Vested options cancelled on termination of employment	(219,201)	(54,272)
Unvested options cancelled on termination of employment	(1,694,132)	(88,434)
Closing balance at 31 December 2022	34,541,104	1,852,331
	2022	2021
	US\$	US\$
c) Foreign Exchange Reserve	(762,039)	(497,190)
The foreign currency translation reserve records exchange differences arising on translation from functional currency to presentation currency.		
	2022	2021
	US\$	US\$
d) Predecessor Accounting Reserve	(296,796)	(296,796)
The reserve arises from the capital reorganisation and records the net liabilities of Elsieht Limited as at the acquisition date of 2 June 2017.		
	2022	2021
	US\$	US\$
e) Equity Reserve	718,411	-

The equity reserve holds the equity component of the convertible notes and is not remeasured from inception. This value will remain in the reserve until the convertible notes are converted or repaid.