

Appendix 4E

Preliminary Final Report – Results for Announcement to the Market

Name of entity

DomaCom Limited and its controlled entities ("DCL")

1. Reporting period

Report for the financial year ended:	30 June 2023
Previous corresponding period is the financial year ended:	30 June 2022

2. Results for Announcement to the market

	2023 \$'000	2022 \$'000	%
Revenue from ordinary activities	2,449	1,048	134% increase
Loss from ordinary activities after tax attributable to members	3,781	3,423	10% increase
Net loss for period attributable to members	3,781	3,423	10% increase

Dividends

	Amount per security	Franked amount per security
Interim	Nil	Nil
Final	Nil	Nil
Record date for determining entitlements to dividends		N/A
Date dividend is payable		N/A

3. Statement of comprehensive income

Refer attached unaudited financial report

4. Statement of financial position

Refer attached unaudited financial report

5. Statement of cash flows

Refer attached unaudited financial report

6. Statement of changes in equity

Refer attached unaudited financial report

7. Dividends

	Date of payment	Total amount of dividend
Interim dividend – year ended 30 June 2023	N/A	\$0.00
Final dividend – year ended 30 June 2022	N/A	\$0.00

8. Details of dividend or distribution reinvestment plans in operation are described below:

Not applicable

9. Net tangible assets per security

	Current Period	Previous corresponding period
Net tangible asset (liability) backing per ordinary security	(0.6 cents)	0.1 cents

10. Details of entities over which control has been gained or lost during the period

Name of entities	Date of change in control
N/A	N/A

11. Details of associates and joint venture entities

Name of associate or joint venture	% securities held
N/A	N/A

12. Details of significant information relating to the entity's financial performance and financial position

Refer attached unaudited financial report

13. For foreign entities which set of accounting standards is used in compiling this report

N/A

14. Commentary on the results for the period

Refer to attached unaudited financial report for detailed commentary on the results for the period
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15. Audit of the financial report

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

16. Audit Report

The attached accounts have not yet been audited. DomaCom is currently undertaking a number of initiatives to strengthen its financial position. Whether the audit report contains an emphasis of matter relating to whether material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern will depend on the success of the initiatives. Please refer to Note 1 (a) for details of the basis of preparing the unaudited financial statements on a going concern basis.

This announcement is authorised by the Board of DomaCom Limited.

For further information please contact Philip Chard, Company secretary 03 8609 7077

31 August 2023

DomaCom Limited and its Controlled Entities
ABN 69 604 384 885

Unaudited Financial Report

30 June 2023

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**COMMENTARY ON UNAUDITED RESULTS
FOR YEAR ENDED 30 JUNE 2023**

Operational Review

DomaCom continued to significantly grow the scale of its operations during the Company's financial year ended 30 June 2023. This expansion occurred despite the challenging macroeconomic conditions experienced over this period.

The Funds Under Management in the DomaCom Fund as at end June 2023 totalled \$216 million, which represented a 61% increase from the prior year. This growth was underpinned by a 25% increase in the number of sub-funds and a 29% increase in the number of investors in the DomaCom Fund platform over the Company's 2023 financial year.

Two key attractions of the DomaCom Fund underwrote its continued growth. Firstly, the Fund's fractional investing model provides a way for investors to diversify their asset portfolios by gaining exposure to an ever-widening range of assets that they would not otherwise be able to access. Secondly, the DomaCom Fund gives investors added liquidity, by virtue of the secondary market capabilities of the platform.

Implementation of Strategy

The Board continues to focus on growing the business by the consistent implementation of a strategy focusing on:

- Capital sustainability and deployment to meet corporate objectives and shareholder returns;
- Collaboration and connectivity with distribution and commercial partners;
- Innovative and differentiated digital value propositions; and
- People and culture.

By concentrating on the delivery of these key target deliverables, the Board expects to build on the growth trajectory established in the Company's FY23.

DomaCom successfully delivered on a host of brand rejuvenation objectives during its FY23. These included an updated brand identity and online platforms plus the launch of a new website.

Financial Performance

The Group reported an operating loss of \$3,781,255 in its 2023 financial year (2022: \$3,422,584). No distributions were declared or paid in the current year.

Revenue for the year ended 30 June 2023 totalled \$2,449,229, comprising campaign management fees of \$1.5m and ongoing management fees of \$0.9m. This combined fee income number was up 134% on the prior year combined fee revenue of \$1.0m.

\$250,000 (excluding GST) was received during the year ended 30 June 2023 under the Settlement Agreement with Global Meat Exports. In total, \$950,000 has now been received of the \$2,500,000 due under the agreement. The recoverability of this receivable has been assessed and provisioned for expected credit losses.

DomaCom continued to carefully monitor costs during the year. Total expenses for the year ended 30 June 2023 were \$6.3m, improved on the \$7.0m figure reported in the year ended 30 June 2022. After the exclusion of finance costs and depreciation/amortisation, total expenses were \$4.6m for the year ended 30 June 2023, broadly in line with the figure reported in the year ended 30 June 2022.

DOMACOM LIMITED
ABN 69 604 384 885

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE YEAR ENDED 30 JUNE 2023**

		30 June 2023	30 June 2022
		\$	\$
Revenue			
Fund management and campaign management revenues	2	2,449,229	1,047,543
Other Income			
Interest Income		41,777	504
Other income		28,004	2,500,210
Total Other Income	2	69,781	2,500,714
Expenses			
Employee benefits expenses	11	(1,958,050)	(2,122,420)
Fund administration		(173,448)	(163,160)
Rent	6	(192,592)	(49,149)
Depreciation and Amortisation		(515,728)	(545,452)
Insurance		(443,255)	(379,112)
Advertising		(141,299)	(265,981)
Travel expenses		(33,172)	(19,897)
IT expenditure		(96,839)	(93,447)
IT consulting and outsourced services		(171,301)	-
Professional fees		(618,582)	(589,039)
Finance costs		(1,268,910)	(1,463,976)
Gain/(loss) on modifying convertible notes	12	119,525	(258,651)
Loss on derecognition of convertible notes	12	(21,899)	(83,826)
Director Fees		(306,456)	(69,383)
Impairment losses of financial assets		(223,000)	(431,000)
Other expenses		(255,259)	(436,348)
Total Expenses		(6,300,265)	(6,970,841)
Loss before income tax		(3,781,255)	(3,422,584)
Income tax expense	3	-	-
Loss for the period		(3,781,255)	(3,422,584)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Exchange differences on translating foreign operations		(6,491)	(392)
Other comprehensive income for the period		(6,491)	(392)
Total comprehensive loss for the period		(3,787,746)	(3,422,976)

This statement should be read in conjunction with the notes to the unaudited financial statements.

DOMACOM LIMITED
ABN 69 604 384 885

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

		30 June 2023	30 June 2022
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	486,464	3,542,931
Receivables	5	778,912	975,788
Prepayments and other assets		169,227	214,197
TOTAL CURRENT ASSETS		<u>1,434,603</u>	<u>4,732,916</u>
NON-CURRENT ASSETS			
Receivables	5	260,000	507,000
Property, plant and equipment	6	6,863	7,210
Right-of-use asset	7	-	11,282
Intangible assets	8	1,525,771	1,740,019
Financial assets at fair value through profit and loss		13,146	26,816
TOTAL NON-CURRENT ASSETS		<u>1,805,780</u>	<u>2,292,327</u>
TOTAL ASSETS		<u>3,240,383</u>	<u>7,025,243</u>
LIABILITIES			
CURRENT LIABILITIES			
Payables	9	620,527	1,095,972
Provisions	10	134,963	269,487
Lease liabilities	7	-	11,622
Borrowings	12	3,232,949	3,232,949
TOTAL CURRENT LIABILITIES		<u>3,988,439</u>	<u>4,610,030</u>
NON-CURRENT LIABILITIES			
Provisions	10	137,001	218,354
TOTAL NON-CURRENT LIABILITIES		<u>137,001</u>	<u>218,354</u>
TOTAL LIABILITIES		<u>4,125,440</u>	<u>4,828,384</u>
NET ASSETS		<u>(885,057)</u>	<u>2,196,859</u>
EQUITY			
Issued capital	13	44,987,083	40,897,789
Other contributed equity	13	-	3,498,636
Reserves	14	1,486,168	2,109,382
Accumulated Losses		(47,358,308)	(44,308,948)
TOTAL EQUITY		<u>(885,057)</u>	<u>2,196,859</u>

This statement should be read in conjunction with the notes to the unaudited financial statements.

DOMACOM LIMITED
ABN 69 604 384 885

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Issued Capital	Contributed Equity	Reserves	Accumulated Losses	Total
2023	\$	\$	\$	\$	\$
Opening balance at 1 July 2022	40,897,789	3,498,636	2,109,382	(44,308,948)	2,196,859
Issue of share capital after capital raising costs	740,658	-	-	-	740,658
Issue of share capital from other contributed capital	3,498,636	(3,498,636)	-	-	-
Share buy-back	(150,000)	-	-	-	(150,000)
Transfer to retained earnings for expired share based payments	-	-	(249,600)	249,600	-
Transfer of equity option reserve to retained earnings for expired options	-	-	(482,295)	482,295	-
Convertible Notes Extension of Maturity Date	-	-	115,172	-	115,172
Transactions with owners recorded directly in equity	4,089,294	(3,498,636)	(616,723)	731,895	705,830
Loss for the period to 30 June 2023	-	-	-	(3,781,255)	(3,781,255)
Other comprehensive income	-	-	(6,491)	-	(6,491)
Total comprehensive income for the period	-	-	(6,491)	(3,781,255)	(3,787,746)
Balance at 30 June 2023	44,987,083	-	1,486,168	(47,358,308)	(885,057)

	Issued Capital	Contributed Equity	Reserves	Accumulated Losses	Total
2022	\$	\$	\$	\$	\$
Opening balance at 1 July 2021	37,562,168	-	1,963,567	(40,886,364)	(1,360,629)
Issue of share capital	3,335,621	-	-	-	3,335,621
Other contributed equity		3,498,636	-	-	3,498,636
Convertible Notes Extension of Maturity Date	-	-	146,207	-	146,207
Transactions with owners recorded directly in equity	3,335,621	3,498,636	146,207	-	6,980,464
Loss for the period to 30 June 2022	-	-	-	(3,422,584)	(3,422,584)
Other comprehensive income	-	-	(392)	-	(392)
Total comprehensive income for the period	-	-	(392)	(3,422,584)	(3,422,976)
Balance at 30 June 2022	40,897,789	3,498,636	2,109,382	(44,308,948)	2,196,859

This statement should be read in conjunction with the notes to the unaudited financial statements.

DOMACOM LIMITED
ABN 69 604 384 885

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	30 June 2023	30 June 2022
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,449,231	1,053,914
Receipts from other income	291,672	700,000
Payments to suppliers and employees	(4,476,736)	(4,098,924)
Finance costs	(522,347)	(517,716)
Net cash used in operating activities	15 (2,258,180)	(2,862,726)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(3,995)	(4,336)
Payments for intangible assets	(275,857)	(460,199)
Amounts advanced to related parties	(497,880)	(677,520)
Amounts repaid by related parties	468,124	696,448
Interest Received	41,777	504
Net cash used in investing activities	(267,831)	(445,103)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue after capital raising costs	121,339	3,954,940
Payment for share buy-back	(150,000)	-
Proceeds from other contributed equity	-	3,498,636
Repayment of convertible notes	(489,689)	(815,726)
Repayment of lease liabilities	(11,699)	(140,389)
Net cash provided by financing activities	(530,049)	6,497,461
Net increase/(decrease) in cash and cash equivalents	(3,056,060)	3,189,632
Cash and cash equivalents at the beginning of period	3,542,931	353,204
Net foreign exchange difference	(407)	95
Cash and cash equivalents at the end of period	6 486,464	3,542,931

This statement should be read in conjunction with the notes to the unaudited financial statements.

DOMACOM LIMITED
ABN 69 604 384 885
NOTES FOR UNAUDITED FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

(a) Going Concern

As a developing business the Group has experienced a loss of \$3,781,255 and negative operating cash flows as set out in the Consolidated Statement of Cash Flows. The Group has negative net working capital of \$2,553,836 and a net liability position of \$885,057.

The negative net working capital and net liability position is largely driven by the Convertible Notes that have an extended maturity date of 1 February 2024.

The continuing viability of the Group and its ability to continue as a going concern is dependent upon undertaking capital raising activities as part of ongoing capital management, the Group increasing fee revenue through growing Funds under Management ("FUM") within the DomaCom Fund, the conversion, extension or refinancing of the Convertible Notes and the continued controlling of costs.

The Group has demonstrated an ability to grow FUM. During the last 12 months the FUM in the DomaCom Fund has increased from \$134 million to \$216 million at 30 June 2023 which represents a 61% increase. Revenue for the year ended 30 June 2023 includes fee revenue of \$2.4m, representing 134% increase on the prior year fee revenue of \$1.0m. Customer accounts have increased to 2,330 at 30 June 2023, up 29% from 1,800 accounts at 30 June 2022. From an investment offering perspective, 27 new sub-funds were added during the year ended 30 June 2023. A steady pipeline of business will continue to support this growth in FUM and Revenue.

As part of its ongoing capital management processes, DomaCom continues to assess the need to carry out any further capital raising activities. DomaCom will provide an update as part of ongoing disclosure requirements of any capital raise activities being undertaken.

DomaCom entered into a Deed of Settlement on 24 March 2022 with Global Meat Exports Pty Ltd ("GME") that sets out the settlement terms agreed as a result of AustAgri not being onboarded onto the DomaCom Platform. The terms include GME paying DomaCom \$2.5 million plus GST in instalments to be completed by no later than December 2023 (which may be accelerated in certain circumstances). Payments of \$700,000 plus GST were received in the prior year. A further \$250,000 (plus GST) has been received in the year ended 30 June 2023. The uncertainty relating to the ability of DomaCom to recover the remaining \$1,550,000 (plus GST) is reflected in the partial provisioning carried out by management based on the latest available information.

If these matters are not or had not been achieved, there may be material uncertainty as to whether the Group continues as a going concern and, therefore, whether it will realise its assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report. We believe that the Group will be able to continue to access sufficient sources of funds if required and will continue to grow revenue and implement cost control measures, and therefore are satisfied that the Group will continue as a going concern. Accordingly, the unaudited financial report has been prepared on a going concern basis. No adjustments have been made to the unaudited financial report relating to the recoverability and classification of the asset carrying amounts or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern.

DOMACOM LIMITED
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NOTES FOR UNAUDITED FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2023

(b) Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Assessment of recoverability of amounts due under the GME Settlement Agreement

Assessing the recoverability of amounts due under the GME Settlement Agreement requires judgement. Management has taken account of all available information to carry out analysis of the lifetime expected credit loss and has adjusted the value of the receivable accordingly.

Capitalisation of internally developed software platform and impairment indicators

Distinguishing the research and development phases of the internally developed software platform and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement.

Internally developed software platform impairment indicators

Management monitors whether the recognition requirements continue to be met for internally developed software and whether there are any indicators that capitalised costs may be impaired. Although the Group achieved the announced revenue target, growth in underlying Funds Under Management was below budget and was determined a trigger for carrying out an impairment assessment in accordance with *AASB 136 Impairment of Assets*.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures is directly linked to the Group's latest forecasts. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money.

Useful economic life of internally developed software platform

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of software. During the year management determined that the useful life of the internally developed software remains unchanged from the prior year.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions. No deferred tax assets were recognized due to uncertainty of recoverability.

Derecognition and modification of Convertible Notes

Modifications were made in the current year to the exercise price and maturity date of the convertible notes issued by Group in prior periods. Management reviewed the qualitative and quantitative aspects of the changes made to consider whether they represented substantial modifications that required the extinguishment of the existing liability and recognition of a new liability.

DOMACOM LIMITED
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NOTES FOR UNAUDITED FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2023

NOTE 2: REVENUE & OTHER INCOME

	2023	2022
Revenue	\$	\$
Campaign management fees	1,549,548	523,857
Ongoing management fees	899,681	523,686
	<u>2,449,229</u>	<u>1,047,543</u>
Services recognised at a point in time	1,549,548	523,857
Services recognised over time	899,681	523,686
	<u>2,449,229</u>	<u>1,047,543</u>
Other Income		
Interest income	41,777	504
Income from settlement agreement	-	2,500,000
Other Income	28,004	210
	<u>69,781</u>	<u>2,500,714</u>
Total revenue and other income	<u>2,519,010</u>	<u>3,548,257</u>

Campaign management fees

Campaign Management Fees are recognised when DomaCom satisfies the performance obligation by transferring the promised services to its customers. The promised service is to set up and manage a campaign to create a sub-fund that the investors have agreed to through the acceptance of a supplementary product disclosure statement (SPDS).

Ongoing management fees

DomaCom provides ongoing management services to the sub-funds that form the DomaCom Fund. Management and service fees earned from the sub-funds are calculated based on an agreed percentage of the respective funds under management as disclosed in the respective supplementary product disclosure statements and are recognised as the performance obligation is satisfied over time.

Other Income

DomaCom entered into a Revenue Recognition Agreement with AustAgri Group Ltd ("AustAgri") and Global Meat Exports Pty Ltd ("GME"), under which there was a conditional agreement to onboard AustAgri into a DomaCom Sub-Fund ("Scheme") and a termination fee of \$8.5 million plus GST if the Scheme was not implemented within the deadline provided for in that agreement. As the Scheme was not implemented it was DomaCom's position that the termination fee was payable under the Revenue Recognition Agreement and there was a debt due and owing to DomaCom. It was on this basis that DomaCom issued an invoice and statutory demand to GME for \$8.5 million plus GST. GME disputed that there was a debt owing by it under the Revenue Recognition Agreement and filed an application in the Supreme Court of Victoria to set aside the statutory demand. The application to set aside the statutory demand was filed on 20 January 2022. On 25 March 2022 DomaCom announced that a settlement had been reached with GME under which a settlement fee of \$2.5m plus GST was payable to DomaCom in instalments. DomaCom withdrew the statutory demand and the Supreme Court proceedings brought by GME were dismissed by consent. During the year ended 30 June 2022, \$2,500,000 was recognised as Other Income as DomaCom has a legal entitlement to the settlement amount. \$950,000 plus GST had been received under the Settlement Agreement at 30 June 2023. The remaining amount was included as a receivable and assessed for recoverability using expected credit loss modelling.

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NOTES FOR UNAUDITED FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2023

NOTE 3: INCOME TAX EXPENSE

	2023	2022
	\$	\$
Loss before income tax	(3,781,255)	(3,422,584)
Prima facie tax on loss before income tax at 25% (2022: 25%)	(945,314)	(855,646)
	<hr/>	<hr/>
Tax effect of amounts which are taxable / (non-deductible) in calculating taxable income:		
Non-deductible research and development expenses	(71,464)	(115,050)
Other non-deductible expenses	2,558	614
Effect of different tax rate of subsidiaries operating in other jurisdiction (17%)	336	747
Unused tax losses not recognised as DTAs	1,152,319	1,027,096
Tax offsets not recognised for deferred tax	(138,435)	(57,761)
	<hr/>	<hr/>
Income tax expense	-	-
	<hr/>	<hr/>
Components of tax expense		
Temporary differences	-	-
	<hr/>	<hr/>
	-	-
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Deferred taxes arising from temporary differences and unused tax losses calculated at a tax rate of 25% (2022: 25%) disclosed in the table below have not been recognised due to uncertainty over future taxable profits in the consolidated tax group.

	2023	2022
	\$	\$
Deferred tax assets not recognised at the reporting date:		
Unused tax losses at 25% Australia, 17% Singapore (2022: 25% & 17%)	9,729,234	9,049,200
Equity raising and company restructure costs	157,285	226,546
Accruals & Provisions	92,293	137,160
	<hr/>	<hr/>
	9,978,812	9,412,906
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Tax Losses and deductible temporary differences from which no deferred tax asset has been recognised

Unused tax losses	38,332,434	35,741,265
Equity raising and company restructure costs	629,141	906,183
Accruals & Provisions	369,173	548,640
	<hr/>	<hr/>
	39,330,748	37,196,088
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DOMACOM LIMITED
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NOTES FOR UNAUDITED FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2023

NOTE 4: CASH AND CASH EQUIVALENTS

	2023	2022
	\$	\$
Cash at bank	446,464	3,502,931
Cash on deposit	40,000	40,000
	<u>486,464</u>	<u>3,542,931</u>

Cash and cash equivalents carries a weighted average effective interest rate of 2.59% (2022: 0.23%).

NOTE 5: RECEIVABLES

CURRENT

Amount receivable under Settlement Agreement	1,200,000	1,200,000
Allowance for credit losses	(564,000)	(338,000)
Trade Debtors	16,897	7,770
Amount receivable from related party	126,015	96,259
Other debtors	-	9,759
	<u>778,912</u>	<u>975,788</u>

NON-CURRENT

Amount receivable under Settlement Agreement	350,000	600,000
Allowance for credit losses	(90,000)	(93,000)
	<u>260,000</u>	<u>507,000</u>

Receivables are non-interest bearing. The Group reviews all receivables for impairment. All receivables were assessed for expected credit losses. Any receivables which are doubtful are provided for based on the expected credit loss.

DomaCom entered into a Revenue Recognition Agreement with AustAgri Group Ltd ("AustAgri") and Global Meat Exports Pty Ltd ("GME"), under which there was a conditional agreement to onboard AustAgri into a DomaCom Sub-Fund ("Scheme") and a termination fee of \$8.5 million plus GST if the Scheme was not implemented within the deadline provided for in that agreement. As the Scheme was not implemented it was DomaCom's position that the termination fee was payable under the Revenue Recognition Agreement and there was a debt due and owing to DomaCom. It was on this basis that DomaCom issued an invoice and statutory demand to GME for \$8.5 million plus GST. GME disputed that there was a debt owing by it under the Revenue Recognition Agreement and filed an application in the Supreme Court of Victoria to set aside the statutory demand. The application to set aside the statutory demand was filed on 20 January 2022. On 25 March 2022 DomaCom announced that a settlement had been reached with GME under which a settlement fee of \$2.5m plus GST was payable to DomaCom in instalments. DomaCom withdrew the statutory demand and the Supreme Court proceedings brought by GME were dismissed by consent.

At 30 June 2023 \$1,550,000 remained receivable under the Settlement Agreement. The amount receivable is unsecured and has been subject to expected credit loss provisioning.

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NOTES FOR UNAUDITED FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2023

NOTE 6: PLANT AND EQUIPMENT

	Furniture & fittings	Plant and office equipment	Computer Equipment	Total
	\$	\$	\$	\$
Year ended 30 June 2023				
Opening net book amount	-	-	7,210	7,210
Additions	-	-	3,995	3,995
Depreciation charge	-	-	(4,342)	(4,342)
Closing net book value	-	-	6,863	6,863
At 30 June 2023				
Cost	9,677	3,633	81,424	94,734
Accumulated depreciation	(9,677)	(3,633)	(74,561)	(87,871)
Net book value	-	-	6,863	6,863
Year ended 30 June 2022				
Opening net book amount	-	-	6,671	6,671
Additions	-	-	4,336	4,336
Depreciation charge	-	-	(3,797)	(3,797)
Closing net book value	-	-	7,210	7,210
At 30 June 2022				
Cost	9,677	3,633	79,625	92,935
Accumulated depreciation	(9,677)	(3,633)	(72,415)	(85,725)
Net book value	-	-	7,210	7,210

	2023	2022
	\$	\$
NOTE 7: LEASES		
Right of Use Asset		
Year ended 30 June		
Opening net book amount	11,282	10,832
Additions	-	135,386
Amortisation	(11,282)	(134,936)
Closing net book value	-	11,282
At 30 June		
Cost	-	135,386
Accumulated depreciation	-	(124,104)
Net book value	-	11,282

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Right of Use Asset relates to the non-cancellable Melbourne office lease that completed on 31 July 2022.

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NOTE 7: LEASES (CONTINUED)

The Group was prohibited from selling or pledging the underlying leased asset as security. The Group kept the property in a good state of repair. The depreciation of Right of Use Asset was expensed to profit and loss.

	2023	2022
Lease Liability	\$	\$
Opening lease liability	11,622	11,622
Recognition of lease liability	-	135,386
Interest charge	77	5,002
Repayment of lease	(11,699)	(140,388)
Closing lease liability	<u>-</u>	<u>11,622</u>

At 30 June

Current	-	11,622
Non-Current	-	-

The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of a lease liability is \$72,330 (2022: \$49,149) for the Sydney Office and \$120,262 (2022: \$nil) for the Melbourne office.

NOTE 8: INTANGIBLE ASSETS

	Software platform	Computer software	Total
	\$	\$	\$
Year ended 30 June 2023			
Opening net book amount at 1 July 2022	1,740,019	-	1,740,019
Amounts capitalised and additions	285,857	-	285,857
Amortisation	(500,105)	-	(500,105)
Closing net book value at 30 June 2023	<u>1,525,771</u>	<u>-</u>	<u>1,525,771</u>

At 30 June 2023

Cost	5,942,087	100,057	6,042,144
Accumulated depreciation	(4,416,316)	(100,057)	(4,516,373)
Net book value	<u>1,525,771</u>	<u>-</u>	<u>1,525,771</u>

Year ended 30 June 2022

Opening net book amount at 1 July 2021	1,685,914	23,250	1,709,164
Amounts capitalised and additions	460,199	-	460,199
Disposals	-	(22,625)	(22,625)
Amortisation	(406,094)	(625)	(406,719)
Closing net book value at 30 June 2022	<u>1,740,019</u>	<u>-</u>	<u>1,740,019</u>

At 30 June 2022

Cost	5,656,230	100,057	5,756,287
Accumulated depreciation	(3,916,211)	(100,057)	(4,016,268)
Net book value	<u>1,740,019</u>	<u>-</u>	<u>1,740,019</u>

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NOTE 8: INTANGIBLE ASSETS (CONTINUED)

Amortisation methods and useful lives

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Software platform costs (all internally generated): 5 years
- Computer software 5 years

	2023	2022
	\$	\$
NOTE 9: PAYABLES		
CURRENT		
Trade creditors	589,523	432,059
Equity raising costs	-	274,257
Equity raising receipts repayable	-	305,062
Equity raised subject to shareholder approval	-	40,000
Sundry creditors and other accruals	31,004	44,594
	<u>620,527</u>	<u>1,095,972</u>

Payables are non-interest bearing. There are no payables where the fair value would be materially different from the current carrying value.

Equity raising receipts repayable are for monies received under a Private Placement from investors who did not meet the criteria for investing in the Placement. The monies were returned to investor after 30 June 2022. Equity raised subject to shareholder approval relates to amounts received for a Private Placement from a related party that requires shareholder approval.

	2023	2022
	\$	\$
NOTE 10: PROVISIONS		
CURRENT:		
Employee entitlements	<u>134,963</u>	<u>269,487</u>
NON-CURRENT		
Employee entitlements	<u>137,001</u>	<u>218,354</u>

NOTE 11: EMPLOYEE REMUNERATION

Salaries and wages	1,678,073	1,789,222
Pensions - defined contribution plans	195,843	277,579
Other employment benefits	84,134	55,619
	<u>1,958,050</u>	<u>2,122,420</u>

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	2023	2022
	\$	\$
NOTE 12: BORROWINGS		
CURRENT		
Unsecured Convertible Notes	588,985	588,985
Secured Convertible Notes	2,643,964	2,643,964
	3,232,949	3,232,949

	Unsecured Convertible Notes subject to derecognition(\$)	Unsecured Convertible Notes (\$)	Secured Convertible Notes (\$)	Total (\$)
Opening balance at 1 July 2022	588,985	-	2,643,964	3,232,949
Derecognition of convertible security	(650,000)	-	-	(650,000)
Loss on derecognition of convertible notes	21,899	-	-	21,899
Issue of notes	-	650,000	-	650,000
Equity component of convertible notes issued	-	(115,172)	-	(115,172)
Payments made to modify convertible notes	-	-	(335,689)	(335,689)
Cost of modifying convertible notes	-	-	(119,525)	(119,525)
Interest expense and payments	39,116	54,157	455,214	548,487
Closing balance as at 30 June 2023	-	588,985	2,643,964	3,232,949

	Unsecured Convertible Notes subject to derecognition(\$)	Unsecured Convertible Notes (\$)	Secured Convertible Notes (\$)	Total (\$)
Opening balance at 1 July 2021	566,174	-	2,658,474	3,224,648
Derecognition of convertible security	(650,000)	-	-	(650,000)
Loss on derecognition of convertible notes	83,826	-	-	83,826
Issue of notes	-	650,000	-	650,000
Equity component of convertible notes issued	-	(146,207)	-	(146,207)
Payments made to modify convertible notes	-	-	(733,226)	(733,226)
Cost of modifying convertible notes	-	-	258,651	258,651
Interest expense and payments	-	85,192	460,065	545,257
Closing balance as at 30 June 2022	-	588,985	2,643,964	3,232,949

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NOTE 12: BORROWINGS (CONTINUED)

Unsecured Convertible Notes

650,000 Unsecured Convertible Notes were recognised on 18 May 2020 with an annual coupon of 10% payable quarterly in arrears. The holder of each note had the right to convert into one share at a conversion price of \$0.10 up to 25 January 2022. The notes were accounted for partly as debt and partly as equity.

Unsecured Convertible Notes (Derecognition July 2021)

The 650,000 Unsecured Convertible Notes were subject to a significant amendment and as a result were derecognised on 22 July 2021 resulting in a loss on derecognition of \$83,826. The Unsecured Noteholders have entered into a sub-ordination agreement such that they will not be repaid before the Secured Convertible Noteholders. As a result of the amendment to the maturity date of the Secure Convertible Notes, the effective maturity date of the Unsecured Convertible Notes was also extended to 1 February 2023.

650,000 Unsecured Convertible Notes were re-recognised on 22 July 2021 with the same annual coupon of 10% payable quarterly in arrears. The holder of each note has the right to convert into one share at the same conversion price of \$0.10 up 1 February 2023. The notes were accounted for partly as debt and partly as equity.

The loss on derecognition of \$83,826 separately disclosed in the Consolidated Statement of Profit and Loss and Other Comprehensive Income is the difference between the \$566,174 value of the existing Unsecured Convertible Notes calculated at the date of the modification and the \$650,000 contracted value of the modified Unsecured Convertible Notes. The \$650,000 modified Unsecured Convertible Notes were recognised as compound financial instruments resulting in the allocation of an equity component of \$146,207 to the Convertible Note Equity Reserve. The equity component was calculated as the difference between the contracted net cash flows discounted at the market rate of interest and the contracted value of the modified Unsecured Convertible Notes.

Unsecured Convertible Notes (Derecognition November 2022)

The 650,000 Unsecured Convertible Notes were subject to a further significant amendment and as a result were derecognised on 4 November 2022 resulting in a loss on derecognition of \$21,899. The Unsecured Noteholders have entered into a sub-ordination agreement such that they will not be repaid before the Secured Convertible Noteholders. As a result of the amendment to the maturity date of the Secure Convertible Notes, the effective maturity date of the Unsecured Convertible Notes was also extended to 1 February 2024.

650,000 Unsecured Convertible Notes were re-recognised on 4 November 2022 with the same annual coupon of 10% payable quarterly in arrears. The holder of each note has the right to convert into one share at the same conversion price of \$0.10 up 1 February 2024. The notes have been accounted for partly as debt and partly as equity.

The loss on derecognition of \$21,899 separately disclosed in the Consolidated Statement of Profit and Loss and Other Comprehensive Income is the difference between the \$628,101 value of the existing Unsecured Convertible Notes calculated at the date of the modification and the \$650,000 contracted value of the modified Unsecured Convertible Notes. The \$650,000 modified Unsecured Convertible Notes were recognised as compound financial instruments resulting in the allocation of an equity component of \$115,172 to the Convertible Note Equity Reserve. The equity component was calculated as the difference between the contracted net cash flows discounted at the market rate of interest and the contracted value of the modified Unsecured Convertible Notes.

Secured Convertible Notes

2,950,000 Secured Convertible Notes were recognised on 18 May 2020 with an annual coupon of 15% payable quarterly in arrears. The holder of each note had the right to convert into one share at a conversion price of \$0.10 up to 7 December 2021. The notes were accounted for partly as debt and partly as equity.

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NOTE 12: BORROWINGS (CONTINUED)

Secured Convertible Notes (Modifications)

Modifications were made on 22 July 2021 to the Secured Convertible Notes to extend the maturity date to 1 July 2022 and amend the exercise price to \$0.06551. An additional modification was made effective 22 December 2021 to further extend the maturity date to 1 February 2023. A further modification was made on 4 November 2022 to further extend the maturity date to 1 February 2024.

In accordance with *AASB 9 Financial Instruments*, quantitative and qualitative tests concluded that the modifications were not substantial for accounting purposes and, as a result, the carrying value of the Secured Notes were subject to modification rather than derecognition and rerecognition. In the year ended 30 June 2023, payments were made for \$335,689 for the modifications. The revised future payments were discounted at the existing effective interest rate to calculate the revised carrying value of the Secured Convertible Notes, with the change to the carrying value of \$119,525 recognised to Profit and Loss. In the year ended 30 June 2022, payments were made for \$733,226 for the modifications. The revised future payments were discounted at the existing effective interest rate to calculate the revised carrying value of the Secured Convertible Notes, with the change to the carrying value of \$258,651 recognised to Profit and Loss.

The Secured Convertible Notes are classified as Current at 30 June 2023.

	2023	2022
	\$	\$
NOTE 13: ISSUED CAPITAL		
Ordinary shares fully paid (a)	44,987,083	40,897,789
Other contributed equity (b)	-	3,498,636
	<u>44,987,083</u>	<u>44,396,425</u>

(a) Ordinary shares	No.	\$
2023		
Opening balance	372,786,578	40,897,789
Ordinary shares fully paid issued during the period	64,987,922	4,289,203
Ordinary shares fully paid bought back during the period	(2,272,727)	(150,000)
Share issue cost	-	(49,909)
Closing balance as at 30 June 2023	<u>435,501,773</u>	<u>44,987,083</u>
2022		
Opening balance	305,793,814	37,562,168
Ordinary shares fully paid issued during the period	66,992,764	3,844,074
Share issue cost	-	(508,453)
Closing balance as at 30 June 2022	<u>372,786,578</u>	<u>40,897,789</u>

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NOTE 13: ISSUED CAPITAL (CONTINUED)

(b) Other contributed equity

2023	\$
Opening balance	3,498,636
Other contributed equity issued as Ordinary Shares	(3,498,636)
Closing balance as at 30 June 2023	<u>-</u>
2022	\$
Opening balance	-
Other contributed equity	3,498,636
Closing balance as at 30 June 2022	<u>3,498,636</u>

On 10 November 2021 the Company issued 30,506,852 Ordinary Shares at a price of \$0.06551 representing \$1,998,504 (before costs) raised through a Private Placement to sophisticated and professional investors. \$562,500 was received in the year ended 30 June 2021, with the remaining \$1,436,004 received in the year ended 30 June 2022.

A further \$1,673,070 (before costs) was raised via an Entitlement Offer with Shortfall Offer at \$0.066 per share. 2,806,870 Ordinary Shares were issued under the Entitlement Offer on 8 September 2021 and 22,542,679 Ordinary Shares were issued under Shortfall Offer on 2 December 2021.

DomaCom carried out an additional Private Placement capital raising to sophisticated and professional investors in three tranches.

Tranche 1: 11,136,363 Ordinary Shares were issued at \$0.066 per Share on 27 May 2022 raising \$735,000 (before costs).

Tranche 2: At 30 June 2022 the shares had not been issued under Tranche 2. Monies and completed applications had been received for \$3,498,636 and were recognised as Other contributed equity at 30 June 2022. A further \$590,567 was received in the year ended 30 June 2023.

Tranche 3: At 30 June 2022 an application had been received and accepted to raise a further \$200,000 from the issue of 3,030,303 Ordinary Shares at \$0.066 to a Director of DomaCom (Tranche 3). As the share issue was to a related party, prior shareholder approval was required under ASX Listing Rules. At 30 June 2022 \$40,000 of the \$200,000 had been received. The remaining \$160,000 was received during the year ended 30 June 2023. 3,030,303 Ordinary Shares were issued on 7 October 2022 once Shareholder approval had been obtained.

On 30 November 2022, 2,272,727 shares were subject to a share buy-back for \$150,000.

NOTE 14: RESERVES	2023	2022
	\$	\$
Share based payment reserve	-	249,600
Convertible Note Reserve	1,484,253	1,369,081
Equity Option Reserve	-	482,295
Foreign Currency Translation Reserve	1,915	8,406
	<u>1,486,168</u>	<u>2,109,382</u>

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NOTE 14: RESERVES (CONTINUED)

	Share based payment reserve (\$)	Convertible Note Equity Reserve (\$)	Equity Option Reserve (\$)	Foreign Currency Translation Reserve (\$)	Total (\$)
2023					
Opening balance	249,600	1,369,081	482,295	8,406	2,109,382
Recognition of convertible notes	-	115,172	-	-	115,172
Translation of foreign operation net assets and results	-	-	-	(6,491)	(6,491)
Transfer of reserves to retained earnings	(249,600)	-	(482,295)	-	(731,895)
Closing balance	-	1,484,253	-	1,915	1,486,168

	Share based payment reserve (\$)	Convertible Note Equity Reserve (\$)	Equity Option Reserve (\$)	Foreign Currency Translation Reserve (\$)	Total (\$)
2022					
Opening balance	249,600	1,222,874	482,295	8,798	1,963,567
Recognition of convertible notes	-	146,207	-	-	146,207
Translation of foreign operation net assets and results	-	-	-	(392)	(392)
Closing balance	249,600	1,369,081	482,295	8,406	2,109,382

The convertible note equity reserve is used to recognise the equity portion of compound instruments. The share based payment reserve is used to recognise the grant date fair value of shares issued to employees by the Group or Shareholders. As there are no outstanding share based payments, the balance of the reserve has been transferred to retained earnings during the year ended 30 June 2023. The equity option reserve is used to record the equity element of options issued. As there are no outstanding options, the balance of the reserve has been transferred to retained earnings during the year ended 30 June 2023. Exchange differences relating to the translation of results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognised in other comprehensive income and accumulated in the foreign currency reserve.

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NOTE 15: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2023	2022
	\$	\$
Loss for the period	(3,781,255)	(3,422,584)
Adjustments for:		
Depreciation and amortisation	515,728	545,453
Loss on disposal of asset	-	22,625
Loss/(gain) on revaluation of investment	13,670	6,162
Net interest (received)/paid included in investing and financing	(41,700)	4,499
Financing costs	648,859	1,283,733
Net foreign exchange (gain)/loss	(6,084)	(487)
Changes in assets and liabilities:		
Decrease/(increase) in trade and other receivables	474,602	(1,355,013)
Increase/(decrease) in trade payable and accruals	133,877	(50,415)
Increase/(decrease) in employee provisions	(215,877)	103,301
Net cash used by operating activities	<u>(2,258,180)</u>	<u>(2,862,726)</u>