

Scalare Partners Pty Ltd

ACN 638 225 886

Financial Statements

For the Year Ended 30 June 2023

Scalare Partners Pty Ltd

ACN 638 225 886

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For the Year Ended 30 June 2023

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Scalare Partners Pty Ltd

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**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2023**

| | Note | 2023 \$ | 2022 \$ |
|--|------|--------------------|-------------|
| Revenue | 5 | 3,105,767 | 3,295,846 |
| Other income | | 7,526 | 1,461 |
| Direct services expenses | | (357,937) | (453,723) |
| Depreciation and amortisation expense | | - | (1,519) |
| Employee benefits expense | | (1,370,864) | (1,249,674) |
| Other expenses | | (210,330) | (106,326) |
| Profit before income tax | | 1,174,162 | 1,486,065 |
| Income tax expense | 6 | (300,382) | (369,514) |
| Profit for the year | | 873,780 | 1,116,550 |
| Other comprehensive income, net of income tax | | - | - |
| Total comprehensive income for the year | | 873,780 | 1,116,550 |

The accompanying notes form part of these financial statements.

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**Statement of Financial Position
As At 30 June 2023**

| | Note | 2023 \$ | 2022 \$ |
|---|------|------------------|------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 7 | 1,056,590 | 1,362,901 |
| Trade and other receivables | 8 | 38,423 | 79,150 |
| Other assets | | 56,103 | 10,736 |
| TOTAL CURRENT ASSETS | | 1,151,116 | 1,452,787 |
| NON-CURRENT ASSETS | | | |
| Financial assets through profit or loss | 9 | 8,291,436 | 5,113,089 |
| Intangible assets | 10 | 40,000 | - |
| TOTAL NON-CURRENT ASSETS | | 8,331,436 | 5,113,089 |
| TOTAL ASSETS | | 9,482,552 | 6,565,876 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 11 | 373,496 | 313,885 |
| TOTAL CURRENT LIABILITIES | | 373,496 | 313,885 |
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liabilities | 15 | 724,053 | 423,670 |
| TOTAL NON-CURRENT LIABILITIES | | 724,053 | 423,670 |
| TOTAL LIABILITIES | | 1,097,549 | 737,555 |
| NET ASSETS | | 8,385,003 | 5,828,321 |
| EQUITY | | | |
| Issued capital | 12 | 5,857,218 | 4,360,094 |
| Reserves | 13 | 516,985 | 331,007 |
| Retained earnings | | 2,011,000 | 1,137,220 |
| TOTAL EQUITY | | 8,385,003 | 5,828,321 |

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity
For the Year Ended 30 June 2023**2023**

| | Ordinary Shares \$ | Retained Earnings \$ | Option Reserve \$ | Total \$ |
|---|--------------------------|----------------------------|-------------------------|------------------|
| Balance at 1 July 2022 | 4,360,094 | 1,137,220 | 331,007 | 5,828,321 |
| Profit for the year | - | 873,780 | - | 873,780 |
| Transactions with owners in their capacity as owners | | | | |
| Shares issued during the year | 1,496,924 | - | - | 1,496,924 |
| Share based payments | - | - | 185,978 | 185,978 |
| Balance at 30 June 2023 | 5,857,018 | 2,011,000 | 516,985 | 8,385,003 |

2022

| | Ordinary Shares \$ | Retained Earnings \$ | Option Reserve \$ | Total \$ |
|---|--------------------------|----------------------------|-------------------------|------------------|
| Balance at 1 July 2021 | 1,793,225 | 20,669 | 131,160 | 1,945,054 |
| Profit for the year | - | 1,116,551 | - | 1,116,551 |
| Transactions with owners in their capacity as owners | | | | |
| Shares issued during the year | 2,566,869 | - | - | 2,566,869 |
| Share based payments | - | - | 199,847 | 199,847 |
| Balance at 30 June 2022 | 4,360,094 | 1,137,220 | 331,007 | 5,828,321 |

The accompanying notes form part of these financial statements.

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Statement of Cash Flows
For the Year Ended 30 June 2023

| | Note | 2023 \$ | 2022 \$ |
|---|-------------|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Receipts from customers | | 748,082 | 825,623 |
| Payments to suppliers and employees | | (1,741,783) | (1,415,963) |
| Interest received | | 6,920 | 213 |
| Proceeds received on disposal of financial assets | | 11,902 | 196,048 |
| Acquisition of financial assets | | (828,356) | (1,107,669) |
| Net cash provided by/(used in) operating activities | 22 | (1,803,235) | (1,501,748) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchase of property, plant and equipment | | - | (833) |
| Net cash provided by/(used in) investing activities | | - | (833) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from issue of shares | | 1,496,924 | 2,566,869 |
| Net cash provided by/(used in) financing activities | | 1,496,924 | 2,566,869 |
| Net increase/(decrease) in cash and cash equivalents held | | (306,311) | 1,064,288 |
| Cash and cash equivalents at beginning of year | | 1,362,901 | 298,613 |
| Cash and cash equivalents at end of financial year | 7 | 1,056,590 | 1,362,901 |

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the Year Ended 30 June 2023

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

The principal activities of the Company for the year ended 30 June 2023 were partnering and collaborating with early stage companies to invest and facilitate the provision of advice.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on .

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards.

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

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

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

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Scalare Partners Pty Ltd at the end of the reporting period. Scalare controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year they were controlled. A list of controlled entities is contained in Note 1b to the financial statements. All controlled entities have a June financial year-end.

In preparing the consolidated financial statements all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries are consistent with those adopted by the parent entity.

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Notes to the Financial Statements
For the Year Ended 30 June 2023**(b) Controlled Entities**

A list of controlled entities is shown below. All controlled entities have a June financial year-end.

| Parent Entity | Country of Incorporation | | |
|-------------------------------|---------------------------------|----------------------------------|-------------|
| Scalare Partners Pty Ltd | Australia | | |
| Subsidiaries | Country of Incorporation | Percentage Owned 2023 | 2022 |
| Scalare Operations Pty Ltd | Australia | 100% | - |
| Scalare Investment Pty Ltd | Australia | 100% | - |
| Scalare Fund Services Pty Ltd | Australia | 100% | - |

2 Change in Accounting Policy

The Company has early adopted AASB 2023-2, *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates* on 1 July 2020, before the mandatory effective date of 1 July 2023. As a result, only material accounting policy information is disclosed within these financial statements.

3 Summary of Material Accounting Policies**(a) Revenue and other income****Revenue from contracts with customers**

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

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Notes to the Financial Statements

For the Year Ended 30 June 2023

3 Summary of Material Accounting Policies (continued)

(a) Revenue and other income (continued)

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Group are:

Services payable by cash

Revenue in relation to the rendering of consulting and non-executive director services payable by cash is recognised on an accrual basis once the services have been delivered, most commonly on a monthly basis, predetermined in advance with reference to the corresponding agreement with the customer.

Where the value of the services are not predetermined in advance, revenue is recognised once the services have been delivered. Due to the uncertainty in the amount (for example, where the amount of the services is contingent upon the value of a capital raise), revenue is only recognised after the services have been delivered to ensure an accurate amount is reflected.

Services payable by employee stock options

Revenue in relation to rendering of services for share options is recognised when the share option has vested to the appointed Non-Executive Director (NED) as per the signed share option letter.

Annual support plan

Revenue is recognised on a straight-line basis over the period of the support plan services provided.

Revaluation of investments not currently for sale

The carrying amount of any financial asset recognised through profit or loss are revalued on annual basis.

Indicators of the market value of the financial asset are obtained by reference to the value per share from the investee entities most recent capital raise, and in the absence of a recent capital raise, by reference to other observable market indicators.

On disposal or sale of these financial assets, the difference between the carrying amount and the disposal amount, net of expenses, is recognised in profit and loss.

Interest income

Interest income is recognised when it is received.

(b) Financial instruments

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

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

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Notes to the Financial Statements

For the Year Ended 30 June 2023

3 Summary of Material Accounting Policies (continued)

(b) Financial instruments (continued)

Financial assets

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

Classification

On initial recognition, the Group classifies its financial assets at either amortised cost or fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

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

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

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

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for assets at amortised cost.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

Financial assets measured at amortised cost

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

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Notes to the Financial Statements
For the Year Ended 30 June 2023**3 Summary of Material Accounting Policies (continued)****(c) Going concern**

The Group recorded a profit before tax of \$1,174,163 (2022: profit before tax of \$1,486,065) and incurred cash outflows from operating activities of \$1,803,236 (2022: \$1,501,748). Of the \$3,105,767 in revenue recorded in 2023, 77% comprised revenue generated through gains on financial assets and non-cash consideration for services performed. As these financial assets are held long-term, the ability of the Group to continue to operate as a going concern is dependent on cash receipts from revenues as well as capital contributions from shareholders.

In the Directors' opinion, the going concern assumption is considered appropriate based on an expectation of generating sufficient cash to enable the Company to pay its debts as and when they are due and payable through both cash receipts from operations and from raising additional capital.

4 Critical Accounting Estimates and Judgements

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - fair value of financial instruments

The Group has certain financial assets and liabilities which are measured at fair value. Where fair value is not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

5 Revenue and Other Income

| | 2023 | 2022 |
|--|------------------|-------------|
| | \$ | \$ |
| Revenue from contracts with customers | | |
| - consultancy fees | 340,245 | 492,612 |
| - director fees | 361,482 | 284,926 |
| - capital raise fees | 78,180 | 109,002 |
| - annual support plan | 106,667 | 28,333 |
| - sponsorship and ticket revenue (ATC) | 181,182 | - |
| | 1,067,756 | 914,873 |
| Revenue from other sources | | |
| - unrealised gain in value - shares | 2,039,560 | 2,436,267 |
| - unrealised gain in value - ESOP | 29,784 | 39,094 |
| - realised gain/(loss) on sale of financial assets | (31,333) | (94,388) |
| | 2,038,011 | 2,380,973 |
| Total Revenue | 3,105,767 | 3,295,846 |

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Notes to the Financial Statements
For the Year Ended 30 June 2023**6 Income Tax Expense**

Reconciliation of income tax to accounting profit:

| | 2023 | 2022 |
|--------------------------------------|------------------|-------------|
| | \$ | \$ |
| Profit (loss) | 1,174,162 | 1,486,065 |
| Tax | 25.00% | 25.00% |
| | 293,541 | 371,516 |
| Add: | | |
| Tax effect of: | | |
| - share options expensed during year | 46,495 | 50,188 |
| - other reconciling items | (39,654) | (52,190) |
| Income tax expense | 300,382 | 369,514 |

7 Cash and Cash Equivalents

| | 2023 | 2022 |
|--------------------------|------------------|-------------|
| | \$ | \$ |
| Cash at bank and in hand | 1,056,590 | 1,362,901 |
| | 1,056,590 | 1,362,901 |

8 Trade and Other Receivables

| | 2023 | 2022 |
|-------------------|---------------|-------------|
| | \$ | \$ |
| CURRENT | | |
| Trade receivables | 38,423 | 79,150 |
| | 38,423 | 79,150 |

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

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Notes to the Financial Statements
For the Year Ended 30 June 2023**9 Financial Assets**

| | 2023 | 2022 |
|--------------------------------------|------------------|------------------|
| | \$ | \$ |
| NON-CURRENT | | |
| Financial assets - options | 561,604 | 251,172 |
| Financial assets - shares | 7,398,239 | 4,861,917 |
| Financial assets - convertible notes | 331,593 | - |
| | 8,291,436 | 5,113,089 |

10 Intangible Assets

| | 2023 | 2022 |
|-------------|---------------|-------------|
| | \$ | \$ |
| NON-CURRENT | | |
| Goodwill | 40,000 | - |
| | 40,000 | - |

In March 2023, Scalare Partners Pty Ltd acquired the intellectual property for the Australian Technologies Competition (ATC). This allows us to conduct and organise ATC events as a revenue generating stand-alone business and the goodwill amount shown above reflects the total consideration paid.

Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Following initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. They are amortised on a straight-line basis over their estimated useful lives.

Intangible assets with indefinite useful lives are not amortised. Instead, they are tested for impairment annually or more frequently if events or changes in circumstances indicate they may be impaired.

Licenses have been assessed as having indefinite lives on the basis that licenses are expected to be renewed in line with business continuity requirements.

Goodwill is considered to have an indefinite useful economic life. It is therefore not amortised but is instead tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired.

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Notes to the Financial Statements
For the Year Ended 30 June 2023**11 Trade and Other Payables**

| | 2023 | 2022 |
|--|----------------|-------------|
| | \$ | \$ |
| CURRENT | | |
| Trade payables | 59,653 | 29,103 |
| GST & PAYG payable | 55,001 | 44,295 |
| Accrued expenses | 68,400 | 36,409 |
| Provision for Annual Leave | 114,028 | 100,493 |
| Deferred Revenue – Annual Support Plan | 40,000 | 71,667 |
| Other payables | 36,414 | 31,918 |
| | 373,496 | 313,885 |

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

12 Issued Capital

| | 2023 | 2022 |
|---|------------------|-------------|
| | \$ | \$ |
| 11,587,057 (2022: 10,281,741) Ordinary shares | 5,857,018 | 4,360,094 |
| | 5,857,018 | 4,360,094 |

(a) Ordinary shares

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

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

(b) Capital management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

There has been no change to capital risk management policies during the year.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk.

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Notes to the Financial Statements**For the Year Ended 30 June 2023****13 Reserves****Share option reserve**

This reserve records the cumulative value of employee service received for the issue of share options. When the option is exercised the amount in the share option reserve is transferred to share capital.

| | 2023 \$ | 2022 \$ |
|-----------------------|----------------|----------------|
| Option reserve | | |
| Share based payments | 516,985 | 331,007 |
| | 516,985 | 331,007 |

14 Share-Based Payments

A summary of the Company options issued is as follows:

| 2021-2023 Grant Date | Expiry Date | Exercise price | Start of the year | Granted during the year | Exercised during the year | Forfeited/ Expired during the year | Balance at the end of the year | Vested at the end of the year |
|-------------------------|------------------|-------------------|-------------------------|-------------------------------|---------------------------------|---|---|--|
| 1 September 2020 | 1 September 2030 | 0.20 | - | - | - | - | 162,150 | 162,150 |
| 1 October 2020 | 1 October 2023 | 0.20 | - | - | - | - | 12,473 | 12,473 |
| 1 February 2021 | 1 February 2031 | 0.20 | - | - | - | - | 22,452 | 22,452 |
| 1 August 2021 | 1 August 2031 | 0.26 | - | - | - | - | 71,134 | 71,134 |
| 1 September 2021 | 1 September 2031 | 0.38 | - | - | - | - | 137,976 | 137,976 |
| 18 October 2021 | 18 October 2031 | 0.49 | - | - | - | - | 82,310 | 82,310 |
| 1 July 2022 | 1 July 2032 | 0.61 | - | 24,600 | - | - | 24,600 | 24,600 |
| 1 August 2022 | 1 August 2032 | 0.61 | - | 122,423 | - | - | 122,423 | 61,212 |
| 1 September 2022 | 1 September 2032 | 0.61 | - | 101,229 | - | - | 101,229 | 75,921 |
| 18 October 2022 | 18 October 2032 | 0.61 | - | 101,229 | - | - | 101,229 | 50,614 |

The weighted average fair value of the options granted during the year was \$ 0.51 (2022: \$ 0.72). These values were calculated by using a Black-Scholes option pricing model applying the following inputs:

| | | | | |
|---|-------------|---------------|------------------|-----------------|
| Grant date: | 1 July 2022 | 1 August 2022 | 1 September 2022 | 18 October 2022 |
| Expiry date: | 1 July 2032 | 1 August 2032 | 1 September 2032 | 18 October 2032 |
| Share price at grant date (\$): | 1.10 | 1.10 | 1.10 | 1.10 |
| Exercise price (\$): | 0.61 | 0.61 | 0.61 | 0.61 |
| Weighted average life of the option (months): | 12 | 12 | 12 | 12 |
| Expected share price volatility: | 39.50% | 39.50% | 39.50% | 39.50% |
| Risk-free interest rate: | 1.02% | 1.02% | 1.02% | 1.02% |
| Fair value at grant date (\$): | 12,376 | 61,843 | 51,483 | 51,483 |

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future movements.

Total expenses recognised in profit or loss for the year relating to share-based payment arrangements are \$185,978 (2022: \$199,847).

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Notes to the Financial Statements
For the Year Ended 30 June 2023**15 Tax Assets and Liabilities**

| | Opening Balance \$ | Charged to Income \$ | Closing Balance \$ |
|---------------------------------|--------------------------|----------------------------|--------------------------|
| Deferred tax liabilities | | | |
| Fair value gain | 719,173 | 486,399 | 1,205,572 |
| Other | (39,418) | (25,267) | (64,685) |
| Prepayments | 2,684 | 11,342 | 14,026 |
| Tax losses | (258,769) | (172,091) | (430,860) |
| Balance at 30 June 2023 | 423,670 | 300,383 | 724,053 |

16 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Group is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - with the most significant exposure being to price risk

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Notes to the Financial Statements
For the Year Ended 30 June 2023**16 Financial Risk Management (continued)****Financial instruments used**

The principal categories of financial instrument used by the Group are as follows:

| | 2023 | 2022 |
|---|------------------|-------------|
| | \$ | \$ |
| Financial assets | | |
| Held at amortised cost | | |
| Cash and cash equivalents | 1,056,590 | 1,362,901 |
| Trade and other receivables | 38,423 | 79,150 |
| Fair value through profit or loss (FVTPL) | | |
| Equity securities - designated at fair value through Profit or Loss | 8,291,436 | 5,113,089 |
| Total financial assets | 9,386,449 | 6,555,140 |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | 373,496 | 313,885 |
| Total financial liabilities | 373,496 | 313,885 |

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

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Notes to the Financial Statements**For the Year Ended 30 June 2023****16 Financial Risk Management (continued)****Liquidity risk (continued)**

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

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 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 and contract assets

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

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group review includes external ratings, if they are available, financial statements, credit agency information and industry information. Credit limits are established for each customer and the utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

The Group's exposure to credit risk is influenced mainly by the 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 customers operate.

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 counterparty or group of counterparties.

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

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Notes to the Financial Statements
For the Year Ended 30 June 2023**16 Financial Risk Management (continued)****Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held being available-for-sale or fair value through profit and loss.

Such risk is managed through diversification of investments across industries and geographic locations.

The Group's investments are held early stage start-up companies.

17 Key Management Personnel Remuneration

Key management personnel remuneration included within employee expenses for the year is shown below:

| | 2023 | 2022 |
|------------------------------|------------------|-------------|
| | \$ | \$ |
| Short-term employee benefits | 1,045,570 | 1,040,546 |
| Post-employment benefits | 109,785 | 104,054 |
| Share-based payments | 185,977 | 196,831 |
| | 1,341,332 | 1,341,431 |

18 Auditors' Remuneration

| | 2023 | 2022 |
|---|---------------|-------------|
| | \$ | \$ |
| Remuneration of the auditor Rothsay Audit & Assurance Pty Ltd, for: | | |
| - auditing the financial statements | 12,500 | 12,500 |
| Total | 12,500 | 12,500 |

Scalare Partners Pty Ltd

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Notes to the Financial Statements
For the Year Ended 30 June 2023**19 Fair Value Measurement****Fair value hierarchy**

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

| | |
|---------|--|
| Level 1 | Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. |
| Level 2 | Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. |
| Level 3 | Unobservable inputs for the asset or liability. |

The table below shows the assigned level for each asset and liability held at fair value by the Group:

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------------|---------|-----------|---------|-----------|
| 30 June 2023 | \$ | \$ | \$ | \$ |
| Financial assets | | | | |
| Unlisted Shares | - | 7,398,239 | - | 7,398,239 |
| Derivatives | - | 561,604 | - | 561,604 |
| Convertible notes | - | 331,593 | - | 331,593 |

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------------|---------|-----------|---------|-----------|
| 30 June 2022 | \$ | \$ | \$ | \$ |
| Financial assets | | | | |
| Unlisted Shares | - | 4,861,917 | - | 4,861,917 |
| Derivatives | - | 251,172 | - | 251,172 |

Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

20 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2023 (30 June 2022: None).

21 Related Parties**(a) The Group's main related parties are as follows:**

Key management personnel - refer to Note 17.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Scalare Partners Pty Ltd

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Notes to the Financial Statements
For the Year Ended 30 June 2023**21 Related Parties (continued)****(b) Transactions with related parties**

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

The following transactions occurred with related parties:

| | Purchases | Balance outstanding |
|-------------------------|------------------|----------------------------|
| | \$ | Owed by the company |
| | | \$ |
| Related entities | | |
| StarSeeds Pty Ltd | 136,454 | - |

22 Cash Flow Information**Reconciliation of result for the year to cashflows from operating activities**

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

| | 2023 | 2022 |
|--|--------------------|-------------|
| | \$ | \$ |
| Profit (loss) for the year | 873,780 | 1,116,551 |
| Cash flows excluded from profit attributable to operating activities | | |
| Non-cash flows in profit: | | |
| - depreciation | - | 1,519 |
| - fair value movements on investments | (2,038,011) | (2,380,973) |
| - share options expensed | 185,978 | 199,847 |
| Changes in assets and liabilities: | | |
| - (increase)/decrease in trade and other receivables | 40,727 | (35,687) |
| - (increase)/decrease in financial assets | (1,180,336) | (1,020,548) |
| - (increase)/decrease in other assets | (45,367) | (4,503) |
| - increase/(decrease) in trade and other payables | 59,611 | 252,532 |
| - increase/(decrease) in income taxes | 300,383 | 369,514 |
| Cashflows from operations | (1,803,235) | (1,501,748) |

Scalare Partners Pty Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2023

23 Events Occurring After the Reporting Date

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

24 Statutory Information

The registered office of the company is:

Scalare Partners Pty Ltd
114 Belmont Road
MOSMAN NSW 2088

The principal place of business is:

Suite 4, Level 2
35 Clarence Street
SYDNEY NSW 2000

Scalare Partners Pty Ltd

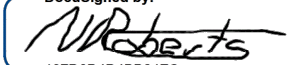
ACN 638 225 886

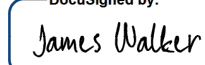
Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2023:
 - a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the consolidated group;
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

DocuSigned by:

Director107D6D4D4BB24FC.....
nick roberts

DocuSigned by:

Director83A26F15157C439.....
James Walker

Dated 14 November 2023

SCALARE PARTNERS PTY LTD

INDEPENDENT AUDITOR'S REPORT

To the members of Scalare Partners Pty Ltd

Opinion

We have audited the financial report of Scalare Partners Pty Ltd ("the Company") and controlled entities ("the Group"), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies, and the director's declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Group as at 30 June 2023, and its performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

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 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.

Responsibility of Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and to the extent described in Note 1 to the financial statements and for such internal control as the directors determine is necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

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



SCALARE PARTNERS PTY LTD

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 director.
- 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, 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.



SCALARE PARTNERS PTY LTD

INDEPENDENT AUDITOR'S REPORT (continued)

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 our audit.

Rothsay Audit & Assurance Pty Ltd

Daniel Dalla
Director

Sydney, 14 November 2023