

ASX ANNOUNCEMENT

ASX: CDE | 31st January 2025

CDE posts lowest cash use Qtr since Q1 2023

- **Q4 2024 cash burn down 59% on Q4 2023 with increase of 48% on PCP**
- **Operating cash costs remain well under 2023 quarterly average with cost controls effective**
- **Board intends a strategic review of the Material Science division**

Brand Solution technology group **Codeifai Limited (ASX: CDE)** presents highlights of activities for the quarter ended 31 December 2024 (Q4 2024).

Net cash used in operating activities in Q4 2024 of \$240k was a 59% improvement on both Q4 2023 and Q3 2024 with an increase in cash receipts of 48% on a comparison of Q4 2023.

During the Quarter the Company held a webinar to explain to investors and shareholders the Company's "Digital First Engagement First" strategy a copy of which is in this [link](#).

In 2024 CDE launched a self-service SaaS offering into large scale QR code management with a dedicated website www.connectqr.ai the latest module of CDE's proven Connect™ SaaS platform and is replete with financial opportunity for the company due to its capacity to rapidly scale both revenue and profit. Since launch ConnectQR has marked several significant milestones such as integration with Canva, reaching 1000 subscribers, integration with several key platforms and the launch of a new URL shortener feature to name a few.

During Q4, CDE continued integration work on preparing for deployment with a major beverage container recycling initiative in Kenya which has the potential to be a significant contributor to the Company's revenues.

Q4 2024 cash receipts and lower cash spend combined show momentum

Cash receipts in Q4 2024 of \$113k bounced well from the \$76k of Q4 2023 and were in line with plan, driven by repeat customer orders. Cash receipts in 2024 were steady with less quarterly variability than seen in 2023 and an improving trend through the year bodes well for 2025 as new contracts and ConnectQR gain traction. During the Quarter the Company was pleased to report a turnaround in its China business unit where for the first time that unit showed positive cash and P&L over 2 consecutive quarters.

The high gross margin (over 95%) was maintained throughout 2024 and remains a key element in the company's profit-leveraged path to profitability, with the digital first strategy expected to be a major contributor.

Strategic Review of CDE's Material Science division

The Company started its life as an anti-counterfeit solution provider with a range of proprietary tracers combined with proprietary scanners, after which we added our own CDE developed and patented smartphone readable technology named MotifMicro and entered into an exclusive licence with

M.I.T. (Massachusetts Institute of Technology) for a serialised version of the MotifMicro smartphone readable anti-counterfeit technology known internally as MM2. As announced, the Company has informed M.I.T. of its termination of this exclusive licence. In considering a Strategic Review, the Company does not discount the possible sale of CDE's existing Division and wholly owned Patents and IP amassed over time including the following Patents which we consider to be valuable and a blocker to competitors launching smartphone readable technologies:

- o Patent covering the use of a mobile device to interact with a physical security material which comprises a phosphor (U.S. app 14/441,470 with a priority date of 2013) GRANTED October 5th 2021
- o China SIPO Patent (201310109929.3) covers two or more light energy responsive materials, GRANTED December 2021

Corporate

Further loan funds of \$380k out of a \$750k facility were made available by Executive Chairman John Houston under the terms and conditions announced to the market (ASX 02/01/2025).

As of 31 December 2024, the Company held \$386k in cash and cash equivalents.

During the quarter the Company made payments of \$10k to related parties and their associates. This comprised payments related to the CEO/Chairman's existing remuneration agreement with the Company.

CDE Executive Chairman and Group CEO John Houston said: *"In 2024 the Company has again demonstrated that costs are diligently managed and controlled. We intend to conduct a strategic review of the Material Science Division as we focus on the "Digital First Engagement First" strategy including the recently launched ConnectQR self-service SaaS business.*

My assessment of the Company's prospects is evident in my continued willingness to personally fund the company in very difficult micro cap capital markets. Our strategies are in my opinion the best in the Company's history and the potential of scaling revenue at existing high margins are the best ever."

This announcement has been authorised by the Board of Codeifai Limited.

Ends.

For further information, please contact:

Investor Relations

Email: investors@codeifai.com

About Codeifai Limited

Codeifai Limited (ASX: CDE) is a leading provider of digital and AI-powered brand solutions listed on the Australian Stock Exchange. With a strong focus on empowering brands through smart digital engagement, Codeifai's high-margin offerings are designed to deliver exceptional scalability and profitability. Our solutions allow Brands to Connect Deeper, Faster, Smarter with their consumers.

Codeifai's digital Brand Solutions provide a code for everybody and everything.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Codeifai Limited

ABN

68 108 649 421

Quarter ended ("current quarter")

31 December 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	113	563
1.2	Payments for		
	(a) research and development	(107)	(602)
	(b) product manufacturing and operating costs	(2)	(8)
	(c) advertising and marketing	(25)	(257)
	(d) leased assets	(14)	(132)
	(e) staff costs	(116)	(615)
	(f) administration and corporate costs	(93)	(576)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	2
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Return of deposits from office rentals	16	16
1.9	Other (Refund from legal deposit)	-	-
1.10	Other (GST/VAT refund)	(11)	(4)
1.11	Net cash from / (used in) operating activities	(240)	(1,614)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Deposit into an escrow account	-	-
2.6	Other (provide details if material)	-	-
2.7	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	235	768
3.2	Proceeds from issue of convertible debt securities	-	45
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(44)
3.5	Proceeds from borrowings	464	973
3.6	Repayment of borrowings	(161)	(274)
3.7	Transaction costs related to loans and borrowings	-	(10)
3.8	Dividends paid	-	-
3.9	Other (Corporate Advisory, Research, investor relations, etc.)	-	(23)
3.10	Net cash from / (used in) financing activities	538	1,435

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	85	568
4.2	Net cash from / (used in) operating activities (item 1.11 above)	(240)	(1,614)
4.3	Net cash from / (used in) investing activities (item 2.7 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	538	1,435
4.5	Effect of movement in exchange rates on cash held	3	(3)
4.6	Cash and cash equivalents at end of period	386	386

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	386	31
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	54
5.4	Other – Undeposited	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	386	85

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	10
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Capital raise	-	-
7.2	Loan facilities (including bank overdraft)	750	370
7.3	Other (ATM facility)	130	
7.4	Total financing facilities	880	370
7.5	Unused financing facilities available at quarter end		510
76	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<div>Answer: Note to item 7.2 (above) Codeifai has signed a Loan Facility Agreement to provide up to \$2 million in additional working capital with Harbour Capital Opportunities Fund Pty Limited ("HCOF"). Under the Loan Facility Agreement (which is subject to shareholder approval at an upcoming EGM), Codeifai will be able to draw down \$250,000 per month. The funding facility provides the Company with additional financial flexibility to focus on growing revenues from its Self-services SaaS AI analytic driven ConnectQR business. For the purpose of this 4C report, the Company does not intend to include the \$2m HCOF Loan Facility in calculating available loan facilities until shareholder approval has been secured. The company entered into a loan facility with J F Houston Holdings Pty Limited (JFH) for A\$750,000. Interest is payable on amounts advanced under the facility at a reference NAB facility rate plus 19%. The loan and interest are repayable by CDE in 12 months unless repaid earlier. The loan facility is convertible and secured, both subject to shareholder approval or a waiver for the grant of the security. During the Quarter \$380k was drawn under the facility. to Items 7.3 (above) The Company established an "At-The-Market" (ATM) equity-based facility with Dolphin Corporate Investments (DCI) on 2 November 2023, currently capped at 130m shares (just under 5% of the shares on issue). The facility's capacity depends on share price and available capacity during the request and option exercise period, fluctuating over time. The Company cannot sell shares above the number of shares issued to DCI at any time which is currently 130m, or request DCI to exercise options above the nominated floor price. DCI may choose to decline or partially exercise options to buy shares. The ATM is considered a "sold contingent option," activated by the Company and subject to DCI's discretion. Reporting under Appendix 4C does not fully account for cash flows from options or potential future placements that may require shareholder approval. To align with Australian Accounting Standards and ensure transparency, the Company has reported ATM facility usage in item 7.3, reflecting conditions precedent for the funding</div>			

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.11)	(240)
8.2 Cash and cash equivalents at quarter end (item 4.6)	386
8.3 Unused finance facilities available at quarter end (item 7.5)	510
8.4 Total available funding (item 8.2 + item 8.3)	896
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.73
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2025

Authorised by: The board of Directors

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on

its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g., *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.