



Annual Report 2023

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ASX: ENL

Enlitic, Inc.

ARBN 672 254 027

www.ir.enlitic.com

A smarter healthcare system driven by smarter imaging data

Enhancing and adding value to radiology workflow with the standardisation and de-identification of medical imaging data.

Enlitic® Workflow Solutions

At Enlitic, we believe that the power of artificial intelligence can transform healthcare by enabling effective data management and improving clinical workflows.

Our mission at Enlitic is to revolutionize healthcare by leveraging AI and data, empower evidence-based decision-making, enhancing research, and transforming healthcare delivery.



Welcome to Enlitic's Inaugural Annual Report

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Adaptability and growth

Enlitic has adapted to shifts in market demand, culminating in its current focus on standardizing imaging data. This has resulted in revenue growth and the development of commercially viable products.

10

successful contractual arrangements in 2023





2023

January

- Marubeni Japanese distribution agreement

March

- Sentara Health contractual agreement
- **Release of Curie 1.2**

April

- Multi, Inc. distribution agreement
- Vital Radiology Services contractual agreement

May

- Clairvo Technologies/JMID Japanese distribution agreement
- **Sentara Health goes live with ENCOG**

July

- Southeast Alaska Regional Health Consortium contractual agreement

September

- Blackford Analysis contractual agreement
- **Release of Enlitic Curie 1.3 with ENDEX™ and ENCOG™**

October

- Wake Radiology contractual agreement

December

- Summit Radiology contractual agreement
- Infinitt Healthcare contractual agreement
- **IPO & ASX Listing Raising ~A\$21m**

~A\$21m

Initial Public Offer ('IPO')
and listing on ASX

Chair's Report

Dear Shareholders,

On behalf of the Board of Directors and Management of Enlitic, Inc. ('Enlitic') I am pleased to present the Annual Report for the financial year ended December 31, 2023.

Enlitic is a software development company using artificial intelligence to develop products that manage medical imaging data in radiology and licences such products to healthcare providers and original equipment manufacturers. Its technology features a host of AI-powered modules that enable data standardisation, de-identification, anonymisation and workflow simplification.

The year 2023 has been one of resilience, adaptability, and growth for Enlitic. In the face of unprecedented global financial market challenges, Enlitic was able to close its A\$21m Initial Public Offer ('IPO') in mid-December 2023 and list on the Australian Securities Exchange ('ASX') on December 19, 2023.

Enlitic focused on the development of our flagship software, Enlitic Curie, releasing its ENDEX data standardisation and ENCOG data anonymisation features. These releases advanced the capabilities and performance of Enlitic Curie.

Our sales progress continued to accelerate, as we successfully entered into 10 contractual arrangements in 2023 with the following organisations:

- Healthcare providers: Sentara Health, Summit Health, Wake Radiology, Southeast Alaska Regional and Vital Radiology Services.
- OEM Healthcare Vendors: Blackford Analysis and Infinit Health.
- Distributors: Marubeni and Clairvo Technologies and Multi, Inc.

Enlitic's revenue was US\$470k compared to US\$903k in FY22, as the Company made a strategic shift towards a subscription-based revenue model. Revenue is driven by new client agreements, including those noted above, and follows an implementation process which varies from customer to customer. All 2023 signed customers are expected to contribute revenues in H1 and early H2 2024.

During the year, Enlitic also focused on bringing operational efficiencies to the organisation. LBIT was US\$15.5m in FY23 compared to US\$25m in FY22, primarily due to lower derivative finance costs in the 2022 year. In February 2023, Enlitic's convertible notes were converted into preference shares (and subsequently converted into common stock as part of the IPO process), thereby substituting the convertible note liability with shareholder equity.

Enlitic continued to develop and execute our strategy of addressing data standardisation and de-identification of medical images as outlined in the IPO prospectus. Our goal is to unlock and activate valuable data for providers to provide real-world clinical and economic benefits.

Since early 2023, Enlitic has improved our management capabilities with the appointment of a Chief Operating Officer and the recruitment of a Chief Strategy Officer (appointed early FY24). We also welcomed Riichi Yamada, Sergio Duchini and Lisa Pettigrew to the Board of Directors, bringing a wealth of healthcare and strategy experience to the Company.

Currently, Enlitic has multiple software releases scheduled for the 2024 financial year that will positively impact our delivery to contracted customers and advance the capabilities of the product and Enlitic's strategy.



Thank you for your ongoing support as Enlitic continues to execute our strategy of standardising, anonymising, and unlocking the value in healthcare data. We are excited for our new customers to experience Enlitic's product capabilities and we look forward to realising the value of our sales pipeline in the months and years ahead. We are committed to building a successful company that delivers better data quality for our healthcare customers and, in turn, maximises value for our shareholders.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'L. Gozlan'.

Lawrence Gozlan
Chairman of the Board
Enlitic, Inc.



We are excited for our new customers to experience Enlitic's product capabilities and we look forward to realising the value of our sales pipeline in the months and years ahead."

CEO's Report



Last year was a defining year for Enlitic as we transformed from a private company to a publicly listed company on the Australian Securities Exchange.

In a challenging market, we were able to raise funds to enable us to continue to execute our strategy to deliver better quality data to healthcare providers. Having met with many customers and partners over the past year, I am more convinced than ever that the Enlitic solutions are greatly needed. Customers face multiple challenges from their data and the aim is to generate better efficiencies, and clinical and economic value. Our concepts can organise and standardise data and create the potential for our customers to generate new revenue streams from their data.

One of our key focuses in 2023 was to bring efficiency to the organisation and we took a multi-faceted approach to achieve this goal. Operationally, we reassessed our staffing needs and redirected our resources into key areas, which allowed us to downsize our office space and greatly reduce lease costs. From a product perspective we reviewed and updated our testing and build processes, streamlined our release process and increased efforts to deliver products of high quality, on time and on budget. With changing customer requirements, this can be a challenge and so we also looked to recruit a Chief Strategy Officer who could help drive our market direction and capture those requirements upfront. We successfully brought on Steve Rankin, former founder and President of Client Outlook, in February of 2024.

Our sales team participated in major trade shows to boost our products' visibility and increase industry awareness of our capabilities. Attendance at the Radiological Society of North America (RSNA), the largest global medical imaging conference, saw a significant increase in visits to the Enlitic booth compared to 2022. This show contributed significantly to the pipeline opportunities for 2024.

As we progress into 2024, we continue to focus on how Enlitic can drive improvements in healthcare delivery. The need for facilities to generate greater efficiencies and new revenue streams continues to be a driver for Enlitic. Our product development team is working hard to accelerate our product pipeline, with a special focus on ENSIGHT, a data framework that enables customers to gain insights from their medical imaging archives. We look forward to being able to provide our customers with an early-stage release that will enable them to experience first hand how our concept will work in their environment. This is exciting news as feedback from our customer engagements indicate a strong potential demand for this product.

Following our accelerated growth in 2023 from one customer to eleven signed customer agreements, our implementations are on track for these new customers to commence generating recurring revenues by mid-2024. Enlitic will continue to look for ways to improve our efficiency and bring products to market that meet our customers' needs. We have begun to collaborate with our partners and are developing joint go-to-market plans, to expand our reach and sales opportunities.

This next year promises to bring lots of activity, and I am excited to be a part of this team. I would like to thank Lawrence and the Board of Directors for their ongoing support, counsel, and dedication to Enlitic's mission. On behalf of the Board and Management of Enlitic, I would like to thank our Enlitic team members for their dedication to delivering better imaging solutions for our customers. And to our shareholders, it is greatly rewarding to see your commitment to building a sustainable company that will contribute to delivering better healthcare through Enlitic.

Sincerely,

Michael Sistenich
Chief Executive Officer
Enlitic, Inc.



We have begun to collaborate with our partners and are developing joint go-to-market plans, to expand our reach and sales opportunities."



Industry Overview

COMPANY OVERVIEW

Enlitic is a software development company that uses AI to develop software products that manage medical imaging data in radiology (such as MRI, CT scans, X-ray and ultrasound images) and licences such products to healthcare providers. Enlitic's mission is to revolutionise healthcare by leveraging AI and data, empowering evidence-based decision-making, enhancing research, and transforming healthcare delivery.

The Enlitic solution is built upon a software framework, creating a network between applications. It houses an ecosystem that enables and supports the exchange of information or content between different interdependent applications. The framework facilitates communications between modalities, Enlitic applications, Electronic Medical Records and PACS.

It features a host of AI-powered applications that enable data standardisation, de-identification, anonymisation and workflow simplification.

The Company's current portfolio addresses the challenges of incomplete, inaccurate, and patient-identified medical imaging studies by standardising and de-identifying such studies, while also overcoming issues regarding the interoperability of different systems, devices and applications.

Medical vocabulary standardisation is important for improving interoperability, patient safety, and clinical outcomes.

While technical interoperability has been addressed through standards like DICOM, HL7, and Fast Health Interoperability Resources, clinical interoperability is still lacking. For example, different clinicians label similar exams differently, making it challenging to search for similar cohorts, posing a dilemma for healthcare providers and creating inefficiencies.



Industry Overview Continued

Innovative analytical tools like artificial intelligence (AI) and machine learning are important in improving the efficacy and use of the vast amounts of healthcare data generated. These tools help healthcare organisations understand patient needs, identify patterns and trends, and develop personalised and effective treatments.

INTRODUCTION

Enlitic operates in the global healthcare IT market, which is comprised of businesses that provide products and services for the healthcare sector, such as software, mobile and telehealth technology, cloud-based services, medical devices, remote monitoring devices and assistive technologies. Within this global healthcare IT market, Enlitic specifically operates within the radiology subsector. This subsector encompasses companies that create and sell products such as PACS (Picture Archiving and Communication System), radiology imaging systems, vendor neutral archives and advanced visualisation tools.

Enlitic leverages AI in its software products to solve workflow and capacity challenges experienced in radiology departments.

AI refers to the simulation of human intelligence in machines or computer systems that can perform tasks that typically require human intelligence. AI enables machines to learn from experience, adapt to new situations, and perform tasks with human-like abilities such as problem-solving, decision-making, speech recognition, language translation, and visual perception. AI systems are designed to mimic human cognitive functions.

AI techniques include machine learning, where systems learn from data and improve their performance over time, natural language processing, which enables computers to understand and respond to human language, and computer vision, which allows machines to interpret and make decisions based on visual data.

Enlitic's core software product, ENDEX, uses the techniques described above to standardise the study and series descriptions of medical images, allowing healthcare providers to realise benefits of providing improved data quality to other stakeholders within the enterprise. ENDEX uses computer vision to analyse the gross anatomy and uses natural language processing to analyse the metadata and can infer certain characteristics about the study and series (modality type, body part, presence of contrast) to create a standard nomenclature for the study and series. Through the machine learning models, Enlitic applies these inferences against medical image studies and series to create a common data model that improves searchability and display protocols. This in turn improves the quality of the medical imaging data.

THE RADIOLOGY SECTOR

Radiology is a field of medicine that involves the use of various technologies to visualise the internal structures and functions of the human body. These imaging techniques and technologies are essential tools for diagnosing and monitoring a wide range of medical conditions. Medical imaging assists healthcare professionals in gaining valuable insights into the body's anatomy, detecting abnormalities, diagnosing issues, and planning appropriate treatments.

There are several types of medical imaging techniques, each offering different perspectives and information about the body. Some common medical imaging modalities include X-ray imaging, Computed Tomography (CT), Magnetic Resonance Imaging (MRI), ultrasound imaging, nuclear medicine imaging and mammography.

As demand for medical imaging has grown over the last few decades, industry stakeholders have increasingly embraced new and innovative products and services to improve operational functions, increase efficiency and enhance patient experience and outcomes. Whilst these have undoubtedly had a net beneficial impact on the industry, the evident by-product has been a dramatic increase in radiology workflow complexity.

There are many points throughout the radiology workflow that can inhibit efficiencies. Enlitic believes that it can impact these inefficiencies and can deliver more favourable outcomes.

Another key consideration impacting radiology is the increased stress levels amongst radiologists, resulting in staff retention issues. Radiologists are experiencing high rates of burn out, with sources of job-related stress for radiologists including a steadily increasing workload alongside the advent of PACS, increasingly growing data sets to analyse, greater expectations for report turnaround times, conflicting demands on time and inadequate staffing.

In Enlitic's view, there are many challenges faced in the radiology workflow process and the adoption of AI will be important in achieving improvements in that process as set out in further detail below.



The Company's current portfolio addresses the challenges of incomplete, inaccurate, and patient-identified medical imaging studies by standardising and de-identifying such studies, while also overcoming issues regarding the interoperability of different systems, devices and applications.

Medical vocabulary standardisation is important for improving interoperability, patient safety, and clinical outcomes. While technical interoperability has been addressed through standards like DICOM, HL7, and Fast Health Interoperability Resources, clinical interoperability is still lacking. For example, different clinicians label similar exams differently, making it challenging to search for similar cohorts, posing a dilemma for healthcare providers and creating inefficiencies.

Innovative analytical tools like AI and machine learning are important in improving the efficacy and use of the vast amounts of healthcare data generated. These tools help healthcare organisations understand patient needs, identify patterns and trends, and develop personalised and effective treatments.

TARGET MARKETS

The radiology ecosystem can be broken up into two main groups, these being:

1. Healthcare institutions (Enlitic's end users); and
2. Channel partners (Enlitic's customer acquisition channels).

These groups are interdependent and integrate to form the complex systems underpinning the radiology industry we see today.

(1) Healthcare institutions

Healthcare institutions can be further broken down into health systems/hospitals and private radiology/teleradiology reading groups. These healthcare institutions are Enlitic's ultimate end users and customers of the Enlitic product offering.

(i) Health systems/hospitals

A health system, or hospital, is a complex organisational structure that encompasses various healthcare facilities, services and professionals working together to provide comprehensive medical care to a community or population. Hospitals are designed to deliver a wide range of healthcare services, including preventive, diagnostic, therapeutic and rehabilitative care, with the goal of promoting and maintaining the health and wellbeing of individuals and communities.

Hospitals play a significant role in the radiology ecosystem by centralising and coordinating various aspects of imaging services. It is common for hospitals to have numerous different radiology PACS active at one time, often resulting in a wide range of different hanging protocols and data labelling. The volume and diversity of medical imaging content generated makes health systems and hospitals an ideal customer for data standardisation technologies.

(ii) Private radiology and teleradiology reading groups

Private radiology and teleradiology reading groups are specialised medical entities that offer remote interpretation and reporting of medical imaging studies, such as CT scans, MRIs, X-rays and ultrasounds images. These groups provide radiology expertise to healthcare facilities, hospitals, clinics, and other medical institutions that may not have onsite radiologists or need additional support for reading and interpreting imaging studies.

(2) Channel partners

Channel partners are the most diverse group within the radiology ecosystem and are responsible for the construction of hardware, development of software and movement of information across the industry. They have deep penetration into healthcare institutions, both large and small, and underpin the radiology ecosystem in its entirety.

These channel partners are key to companies such as Enlitic as they act as providers, vendors, retailers, or agents in the selling of services, products, or technologies, but are not direct end users of Enlitic products. Instead, they provide significant resources and act as a link between the Company and further end users who might otherwise be unavailable.

Industry Overview Continued

Key channel partners relevant to Enlitic's operations include:

- Original Equipment Manufacturers;
- Distribution partners;
- AI platform vendors;
- Data migration vendors; and
- Data vendors.

ENLITIC PRODUCT PORTFOLIO

Enlitic currently offers the following key products:

- ENDEX™ – a medical imaging solution that standardises and structures data from medical images. This is Enlitic's core product; and
- ENCOG™ – de-identifies medical imaging data.

Enlitic also has in development the following two products:

- ENCODE™ – will seek to improve data quality that impacts coding and reimbursement; and
- ENSIGHT™ – will seek to leverage interoperability with data analysis.

ENDEX and ENCOG were launched in 2022 and 2023 respectively, ENCODE and ENSIGHT are in development and we are working hard to accelerate our product pipeline. Currently, Enlitic's primary focus is driving the adoption of ENDEX and ENCOG in the United States, Europe, and Australia/New Zealand.

Descriptions of medical images are often mislabelled, incomplete or inaccurate and create poor data quality that adversely impacts workflows, display protocols and staffing resources. To address these challenges, ENDEX uses computer vision to analyse the gross anatomy of a medical image and determine the body part, presence of contrast and laterality. Using natural language processing, ENDEX analyses the metadata and determines modality, patient information, acquisition parameters and other relevant text-based data about the study and series. Fusing these analyses together, the inference engine can create a standardised study and series description whereby every study with the same characteristics is named the same.

Similarly, every series acquired with the same acquisition parameters is labelled the same. With standardised nomenclature, PACS can automatically display studies and series consistently, thereby reducing the time radiologists would otherwise waste manually manipulating that data. Administrators of PACS may also save time otherwise spent fixing displays or rerouting data.

ENDEX can also enrich data for research or monetisation strategies, and with data that is standardised and clinically relevant, the ability to analyse such data becomes much easier. ENDEX provides a comprehensive solution to radiology departments' data governance issues, allowing for more efficient workflows, improved data quality, and enhanced value for research or monetisation. Enlitic has announced that it will engage in a project with RadLex, an RSNA committee, to align the ENDEX outputs to the RadLex® standards.

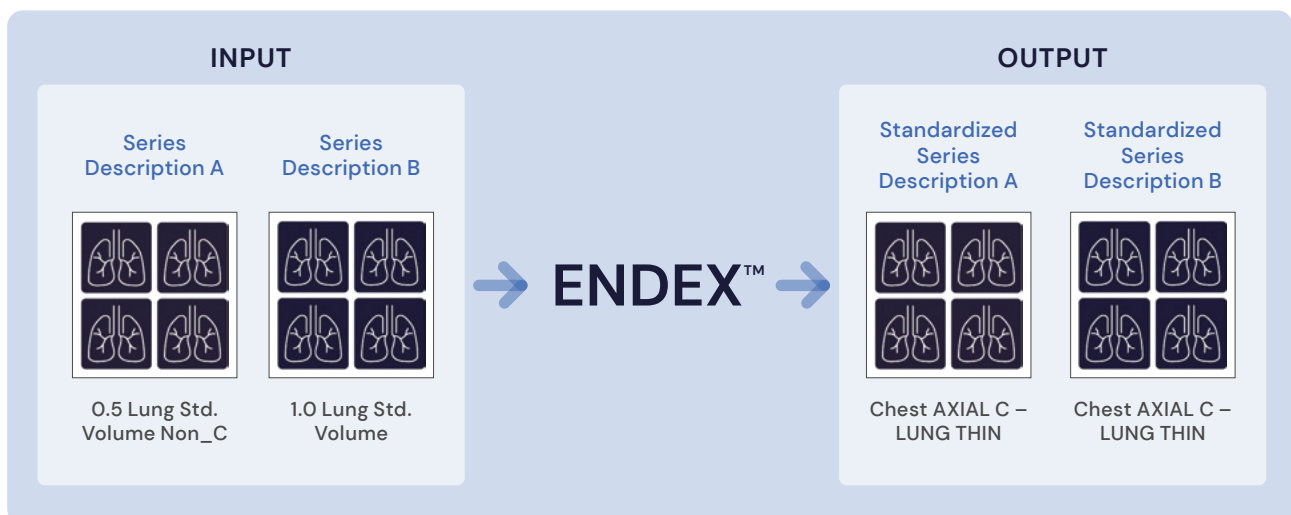


Figure 1: Data standardisation overview.



THE MARKET OPPORTUNITY

(a) Global opportunity

The emergence and growth of AI in the global healthcare IT market, and more specifically, the radiology subsector, is being driven by the application of machine learning technology in diagnostic imaging procedures, as well as the rising demand for quantitative medical imaging solutions in clinical practices.

(b) Enlitic's opportunity for ENDEX

Due to the diversity of customer segments in the global radiology market and variety of end-user markets the Company seeks to serve, Enlitic believes the most appropriate way to represent the potential market opportunity is to establish a Total Serviceable Market (TSM) of the radiology subsector of the global healthcare IT market. This TSM specifically relates to the serviceable market for Enlitic's core product, ENDEX, and does not include any other current or future Enlitic service offerings.

Enlitic believes the most appropriate way to represent the opportunity in the health systems and hospital market is to reference the number of healthcare providers and the relevant size of these facilities based on bed size. Only large and medium hospitals have been included within Enlitic's calculation of the TSM for health systems and hospitals. Small hospitals have been excluded from the TSM calculation as they are subscale relative to Enlitic's growth strategy.

Based on 12,207 large and medium hospitals and the Average ARR, Enlitic estimates a TSM for health systems and hospitals at US\$3.07 billion.

Table 2.1: Estimated serviceable health systems/hospital market size

	USA	UK	W. Europe	ANZ	Total
Medium (101499 beds)	2,959	672	4,478	596	8,705
Large (500+ beds)	429	864	2,060	149	3,502
Total	3,388	1,536	6,538	745	12,207
TSM	-	-	-	-	US\$3.076B

Table 2.2: Estimate serviceable private radiology/teleradiology reading groups market size

	Total
Private Outpatient Facilities	2,504
Teleradiology Organisations	40
Total	2,544
TSM	US\$641M

(c) Key partnerships and customer acquisition channels

In addition to sales of products made directly by Enlitic, key partnerships play a pivotal role in Enlitic's market expansion strategies and provide access to resources such as distribution channels that contribute to driving its revenue growth. For example, Enlitic's partnership with Marubeni has led to the distribution agreement

with Clairvo Technologies, a wholly owned subsidiary of Marubeni. This partnership is expected to aid the ENDEX product expansion in Japan.

Other key partnerships include healthcare technology companies (or 'Original Equipment Manufacturers') (OEMs) who develop PACS (technology used in healthcare to store, manage and transmit digital medical images

and related patient information). Enlitic collaborates with these OEMs to integrate its AI algorithms, expanding the reach of the OEM's diagnostic capabilities. PACS providers, AI platform vendors, data migration and data vendor companies are also included in this segment. This segment also represents a potential route to market indirectly while providing the OEM with competitive differentiation.

Industry Overview Continued

GROWTH STRATEGY

Enlitic expects growth opportunities for the Company will come through the five key areas described below:

1. New customers: Enlitic is targeting to grow its underlying customer base in the short term via executing on its pipeline of customer opportunities. In doing so, the Company seeks to reach a larger pool of potential customers, expanding its serviceable market and leading to increased sales opportunities and revenue potential. Further, Enlitic aims to leverage its direct and OEM sales force to reach customers across key global markets.

2. Increased volumes: Enlitic will seek to drive additional revenue growth through increasing volumes with its growing customer base. The Company will look to identify prospects where ENDEX or ENCOG can fulfil a further demand under an existing contract – namely data standardisation or deidentification. This targeted approach allows the Company to concentrate its resources and efforts on gaining a strong presence in the ENDEX and ENCOG markets.

3. New solutions: Enlitic seeks to create cross selling and upselling opportunities as the Company establishes relationships with customers, as well as offering complementary products or services, increasing overall sales and customer loyalty. Throughout this process, Enlitic will continuously collect feedback, analyse market trends, and improve its offerings to meet evolving customer needs.

4. Revenue sharing: Enlitic is working with customers to develop a data monetisation strategy in collaboration with healthcare providers. By standardising and deidentifying data on behalf of the customer, Enlitic expects to be positioned to broker the sale of data to those companies in need, namely AI vendors and pharmaceutical manufacturers. Building on the capabilities of ENSIGHT, Enlitic will seek to create a revenue sharing model with the customer and provide access to this RWE database to vendors. Revenue sharing models in this sector are not common but the market has shown indications of adoption of and growth in such arrangements but is still immature.

5. M&A opportunities: Enlitic will continue to monitor potential adjacent opportunities across new geographies, service capabilities and industry segments. As part of any expansion into these adjacencies, Enlitic may from time to time consider the merits of strategic bolt on opportunities to accelerate growth.





Leadership and Governance



Lawrence B. Gozlan

Non-executive Chairman

Lawrence, a leading biotechnology investor and advisor, is the Life Sciences Investment Manager at Jagen Pty Ltd, an international private investment organisation. Lawrence is also the Chief Investment Officer and Founder of Scientia Capital, a specialised global investment fund focused exclusively on life sciences. He currently serves as a director on several private and public company boards in Australia and the United States and holds a B.S. with Honors from the University of Melbourne.



Michael Sistenich

Chief Executive Officer & Executive Director

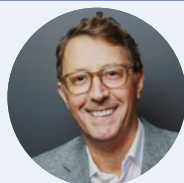
Michael Sistenich is a Partner and Founder of Aurenda Partners and has over 24 years of experience in the investment banking, corporate finance, and asset management industry. Michael was the founder and lead portfolio manager of the €6.5bn DWS Investments healthcare franchise and was also the founder of the first European healthcare hedge fund at Meditor Capital Management running more than €500mn. He has served as a board member of nonprofits, as well as private and public companies in the United States and Australia and holds a Master of Science with Honors in Biochemistry from the University of Oxford.



Riichi Yamada

Non-executive Director

Riichi Yamada has approximately 25 years' experience in sales and marketing and new business development and investment in several industries such as chemicals, plastics, and life science field at Marubeni Corporation. In the last 5 years he has been dedicated to developing new businesses to transform the industry by digital technology such as AI and Web3.0 base. He is CEO and President of Clairvo Technology, Inc. established to implement image diagnostics AI in a society as a 100% subsidiary company of Marubeni Corporation. Riichi is the Enlitic nominee director appointed by Marubeni.



Sergio Duchini

Non-executive Director

Sergio has over 30 years of professional services experience including 23 years as a Deloitte Australia Tax Partner and 8 years as a Deloitte Australia Board member. At Deloitte he held multiple senior positions, including Australian Tax Practice Chief Strategy Officer, Australian Tax Practice Chief Operating Officer, and Global Innovation and Investment Business Leader. Sergio's non-executive experience includes Risk & Audit Committee Chair, Chair of Remuneration Committee, Board Chair with a decade of board level experience with expertise in the Life Science and Biotech, Professional Services and Not for Profit sector. He has Bachelor of Commerce from the University of Melbourne, is a Chartered Accountant, a Fellow of the Tax Institute of Australia and a AICD graduate.



Lisa Pettigrew

Non executive Director

Lisa Pettigrew is a highly experienced non-executive director with more than 15 years of board and executive experience spanning Australian and US companies. Lisa is Founder and Managing Partner at CRO Syndicate. Her previous Board roles included NeuRA and MS Australia Ltd and executive roles included Global Chief Sales Officer for Avanade and Cognizant, and General Manager roles leading Healthcare at DXC Technology and Accenture. Ms Pettigrew is also a founder of senior executive nonprofit female networking forums – MS Angels in Australia and Australian Women in DC (AWDC) in US. Lisa resides in Washington DC.

Key Management



Michael Sistenich

Chief Executive Officer & Executive Director

See Leadership and Governance Section for details.



Darren Scotti

Chief Financial Officer and Company Secretary

Darren is a seasoned CFO and board member with over two decades of experience managing capital, financial modelling and mergers and acquisitions. Darren is responsible for leading the financial and strategic activities of the business across Performance Reporting, Taxation, Financial Control, Treasury, M&A and Regulatory Reporting. He is an experienced financial and corporate executive with a strong understanding of all aspects of accounting, finance, and corporate governance. He has experience across a broad range of industries but in recent times has focused on technology startup companies.



John Marshall

Chief Operating Officer

With 25 years of experience in bringing healthcare technology startups to the global marketplace, John consistently delivers enormous growth in worldwide market share, revenues, profitability, and competitive advantage. Yet, his focus is always on aligning product development with the real needs expressed by patients and providers, creating genuine demand for products that truly improve patient care along the entire experience continuum. As COO at Enlitic, John provides the strategic vision that connects the Company to our customers and empowers our teams to sincerely solve problems.



Dan Kozimor

Chief Technology Officer

Dan has spent his entire career focusing on the human aspects of software engineering, using his extensive experience developing radiology information technology to evolve the process of reading medical images. As CTO at Enlitic, Dan leads the engineering and data science teams to develop the next generation of medical imaging software and find new ways to transform the future of healthcare. In fact, Dan specialises in scaling tech companies and enabling exceptional engineers to reimagine what healthcare can become.



Steve Rankin

Chief Strategy Officer

Steve possesses a wealth of experience, dedicating more than half of his professional journey to steering strategic growth within the healthcare sector. Fuelled by his entrepreneurial drive, Steve pioneered the establishment and leadership of Client Outlook and eUnity, successfully elevating its value to the extent of its acquisition by Mach7. At Enlitic, he applies this proven approach, channelling his efforts towards the development and execution of Enlitic's product and market strategy. Steve is committed to propelling sustained growth for Enlitic in the years ahead.



Enlitic, Inc. Consolidated Financial Statements

As at 31 December 2023

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Directors' Report

31 December 2023

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Enlitic, Inc. (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2023.

DIRECTORS

The following persons were Directors of Enlitic, Inc. during the whole of the financial year and up to the date of this report, unless otherwise stated:

Lawrence Gozlan – Chair	
Michael Sistenich	
Riichi Yamada	Appointed 7 February 2023
Sergio Duchini	Appointed 13 December 2023
Lisa Pettigrew	Appointed 4 March 2024
Ben Van Roo	Ceased 27 October 2023
James Conyers	Ceased 24 February 2023
Justin Walter	Ceased 9 February 2023

PRINCIPAL ACTIVITIES

The Group's principal activity is to intelligently manage healthcare data using the power of artificial intelligence to expand capacity and improve clinical workflows and create a foundation for a real-world evidence medical image database for healthcare providers.

DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial year.

REVIEW OF OPERATIONS

The loss for the Group after providing for income tax amounted to US\$15,551,440 (31 December 2022: US\$25,040,819).

Enlitic uses AI to develop software products that manage medical imaging data in radiology (such as MRI, CT scans, x-ray and ultrasound images) and licences such products to healthcare providers. Enlitic's mission is to revolutionise healthcare by leveraging AI and data, empowering evidence-based decision-making, enhancing research, and transforming healthcare delivery. Enlitic operates in the global healthcare IT market, specifically within the radiology sub sector.

During the financial year, the Group undertook an initial public offering ('IPO') and successfully listed on the Australian Stock Exchange ('ASX') on 19 December 2023. Refer to 'Significant changes in the state of affairs' below for further details.

The Group primarily generates revenue from a subscription-based revenue model; contracts typically have a 3-year term with a renewal mechanism. Having commenced 2023 with one signed customer agreement, the Group signed ten customer license agreements during the year ended 31 December 2023, showing continued positive momentum in commercialising its products.

For the year ended 31 December 2023, the Group reported an increase in customer license agreement ('Subscription') revenue of 1400.8% to US\$250k from US\$17k. There was a decrease in consultancy revenue of 74.6% to US\$220k from US\$887k as a result of the completion of the Group's agreement in 2022 with the United States Department of Defence, Defence Innovation Unit.



Directors' Report (continued)

The Group has grown its open pipeline of opportunities to US\$66.4 million at 31 December 2023, up 25.3% from US\$53 million at 31 December 2022¹.

Operating expenses, which consist of employee expenses, marketing expenses, administration expenses, professional fees, subscriptions, travel and other expenses decreased by approximately 11.3% to US\$15.8 million in 2023 from \$17.8 million in the prior year. In addition, the operating expenses for 2023 included US\$1.1 million related to the IPO.

Enlitic is at the forefront of managing and standardising medical imaging data in radiology through AI, a path which was previously untrodden in the healthcare industry. In these early stages of commercialising our product offering, we are creating and growing this new market with each additional client or partnership. As the Group converts its opportunity pipeline into signed customers, the number of images/studies being standardised within the market is growing which, in turn, further cements Enlitic's position as the benchmark for imaging data standardisation. Enlitic continues its discussions with industry stakeholders, including OEMs, with a view to bringing them into the Enlitic ecosystem and helping ensure their products meet the needs of their customers.

The loss before income tax expense decreased to US\$15.6 million in 2023 from a loss before income tax of US\$25.0 million² in the prior year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company completed an IPO and was admitted to the ASX on 18 December 2023. US\$13,771,369 was raised in December 2023 from the issue of 25,366,165 new Chess Depositary Interests ('CDIs'). The cash raised will be used to fund Enlitic's growth strategy, including investment in sales and marketing, product development and operations.

On 7 February 2023, series 2021A and series 2022 convertible promissory notes were converted into preference shares and 28,667,903 Series C preference shares were issued as a result of the conversion. Consequently, the financial liability relating to convertible notes and the related derivative liability have been converted to equity during the financial year. Upon conversion, any warrants held by the convertible note holders have been deemed to terminate in their entirety and Group does not have any further liabilities or obligations with respect to such warrants.

In addition, during the financial year 2023, the Group raised US\$11,578,639 by way of issue of 22,148,416 Series C Preference Shares.

During the year, 10,262,912 units of options were granted to various participants under Company's equity incentive plan. There were no other significant changes in the state of affairs of the Group during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 4 March 2024, Lisa Pettigrew was appointed as a Non-Executive Director. Lisa is to be granted 100,000 options, subject to shareholder approval at the next AGM.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

1. The dollar values represent the Company's estimate (based on initial discussions and assessments with each potential customer) of TCV ((the total contracted minimum licence revenue to be charged over the term (generally 3 years of contracts entered into with customers)) of the contract plus ancillary revenue (as applicable) of each customer pipeline opportunity if every such opportunity was to result in a signed Licence Agreement (and the Company has assumed each such Licence Agreement has a term of 3 years). There is no guarantee that any of the customer pipeline opportunities will result in any contracted clients or contracted revenue, and the dollar values indicated do not in any way represent an estimate of likely future revenue arising from those. It merely provides an indication of the potential size of the revenue opportunity presented by the customer pipeline opportunities.
2. The Company included a proforma Profit and Loss in its Prospectus that showed a loss before income and tax of US\$18.7 million. This loss excluded a one-off finance cost of US\$7.2 million related to the fair value loss on convertible notes.

Directors' Report (continued)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group's growth strategy is multi-faceted and seeks to:

- continue to grow the number of underlying customers by executing on our pipeline of customer opportunities. Further, the Group aims to continue to grow the existing pipeline by leveraging our direct and OEM sales force to reach customers across key global markets;
- increase volume within the existing customer base. The Group will look to identify opportunities for its products to fulfill a further demand under an existing contract through discussion and education of clients as to the breadth of utility of the product;
- create cross-selling and up-selling opportunities as the Group expands its product offering; and
- develop data monetisation strategies in collaboration with our customers and health care providers. The Group expects to be positioned to broker the sale of data on behalf of our customers.

With the funds raised from the IPO the Group will maintain its focus on Research and Development, specifically on upgrading and improving on Endex and Encog and continuation of the development process for both Encode and Ensign. In addition, we will continue to increase our sales and marketing efforts over the next 12 months, with a specific focus on the release of Endex 2.0 planned for the second quarter of 2024.

The Group will use the cash and cash equivalents held at the time of listing, in a way consistent with its stated business objectives. This includes investing in system and process improvements to support the ongoing growth of the business and provide growth related cost efficiencies.

BUSINESS RISK

The ability to achieve the Company's business strategies will depend on the effective management and mitigation of business risks including those detailed below.

The Group has historically incurred losses and negative cash flows. If the Group is unable to generate cash inflows, raise sufficient funds on acceptable terms or access available funding alternatives to meet its longer-term future working capital requirements, there is a risk that, the Group's ability to continue as a going concern will be adversely affected.

Commercial Risk

The commercial success of Enlitic's new technology products is reliant on the acceptance and take up of those products by customers. The level of market acceptance will depend upon several factors including:

- pricing of Enlitic's products when compared to the benefits the products deliver;
- pricing of Enlitic's products when compared to competition;
- the ability of Enlitic to scale up delivery and implementation levels to meet customer demand; and
- the ability of Enlitic's products to perform to expected standards.

In addition, the acceptance of Enlitic's new products may be slower than expected or may not gain enough acceptance to reach sufficient critical mass for ongoing commercial production. Enlitic cannot guarantee that any products under development will result in the launch of a commercially viable or successful product.

Regulatory Risk

Given the nature of the Company's business, it is subject to a wide range of legal and regulatory requirements which are constantly evolving, including privacy laws and intellectual property laws in numerous jurisdictions. There is potential that the Company may become subject to additional legal or regulatory requirements if its business, operations, or geographic outreach expands in the future, or if laws and regulations change in respect of the jurisdictions in which it operates.

There is a risk that new legislation or changes to the legal and regulatory landscape may make it uneconomic for the Company to continue to operate, or expand into, those jurisdictions in accordance with its strategy. This may materially impact the Company's financial position.



Directors' Report (continued)

Integration Risk

To the extent that Enlitic's offering needs to be integrated within a customer's information technology environment, there is a risk that the incorrect or improper integration or use of Enlitic software could result in customer dissatisfaction, customer data loss or corruption, and negatively affect Enlitic's business, operations, financial results and growth prospects. There is also a risk that the incorrect or improper integration or use of Enlitic software or Enlitic's failure to provide adequate integration, maintenance or support services to its customers, may adversely affect Enlitic's reputation and result in a reduction in new sales, recurring sales by existing customers and loss of customers, or negative publicity or legal claims against the Company.

Security and data risk

Given the nature of Enlitic's business, it collects and stores sensitive customer information, including procedure-based information, personal and medical information, insurance information and other potentially personally identifiable information. Although Enlitic takes measures to protect sensitive information from unauthorised access or disclosure, there is a risk that any system failure of software or services provided could compromise Enlitic's data security and integrity. Similarly, deliberate, malicious, or otherwise unauthorised access or hacking of these systems or networks would similarly compromise Enlitic's security and integrity.

There can be no assurance that the Company's efforts to detect and prevent these events will be successful, and any of these events could materially and adversely affect the Company's business, financial condition, and results of operations. These events may also expose the Company to reputational damage, legal claims, termination of customer contracts and/or regulatory scrutiny and fines.

Additionally, any security or data issues experienced by other biotech or software companies globally could adversely impact customers' trust in providing access to sensitive data generally, which could adversely impact the Company's ability to provide its offering and generate revenue.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

INFORMATION ON DIRECTORS

Name:	Lawrence B. Gozlan
Title:	Non-Executive Chair
Qualifications:	B.S. with Honors from the University of Melbourne
Experience and expertise:	Lawrence, a leading biotechnology investor and advisor, is the Life Sciences Investment Manager at Jagen Pty Ltd, an international private investment organisation. Lawrence is also the Chief Investment Officer and Founder of Scientia Capital, a specialised global investment fund focused exclusively in life sciences. He currently serves as a Director on several private and public company boards in Australia and the US.
Other current directorships:	Alterity Therapeutics Ltd; Opthea Ltd
Former directorships (last 3 years):	None
Special responsibilities:	Chairman
Interests in shares:	None
Interests in options:	2,855,988

Directors' Report (continued)

Name:	Michael Sistenich
Title:	Chief Executive Officer and Executive Director
Qualifications:	Masters of Science with Honors in Biochemistry from the University of Oxford
Experience and expertise:	Michael is a Partner and Founder of Aureka Partners and has over 24 years of experience in the investment banking, corporate finance and asset management industry. Michael was the founder and lead portfolio manager of the €6.5 billion DWS Investments healthcare franchise and was also the founder of the first European healthcare hedge fund at Meditor Capital Management running in excess of €500 million. He has served as a board member of nonprofits, as well as private and public companies in the United States and Australia and holds a Master of Science with Honors in Biochemistry from the University of Oxford.
Other current directorships:	None
Former directorships (last 3 years):	Opthea Ltd
Special responsibilities:	Chief Executive Officer
Interests in shares:	212,293 ordinary shares
Interests in options:	5,280,136
Name:	Riichi Yamada
Title:	Non-Executive Director
Qualifications:	Bachelor degree of Economics from Hitotsubashi University
Experience and expertise:	Riichi has about 25 years' experience of sales and marketing and new business development and investment in several industries such as chemicals, plastics and life science field at Marubeni Corporation. He is dedicated to developing new business to transform the industry by digital technology such as AI and Web3.0 base. He is CEO and President of Clairvo technology, Inc. established to implement image diagnostics AI in a society as 100% subsidiary company of Marubeni Corporation.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None



Directors' Report (continued)

Name:	Sergio Duchini
Title:	Non-Executive Director
Qualifications:	BComm, CTA, FCA, GAICD
Experience and expertise:	Sergio has over 30 years of professional services experience including 23 years as a Deloitte Australia Tax Partner and 8 years as a Deloitte Australia Board member. At Deloitte he held multiple senior positions, including Australian Tax Practice Chief Strategy Officer, Australian Tax Practice Chief Operating Officer, and Global Innovation and Investment Business Leader. Sergio's non-executive experience includes Risk and Audit Committee Chair, Chair of Remuneration Committee, Board Chair with a decade of board level experience with expertise in the Life Science and Biotech, Professional Services and Not for Profit sector.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Audit and Risk Committee
Interests in shares:	None
Interests in options:	100,000
Name:	Lisa J. Pettigrew
Title:	Non-Executive Director
Experience and expertise:	Lisa is a highly experienced non-executive director with more than 15 years of board and executive experience spanning Australian and US companies. Lisa was Non-Executive Director on the Boards of Neuroscience Research Australia and Multiple Sclerosis Ltd. Lisa is Founder and Managing Partner, CRO Syndicate and her previous executive roles have included Global Chief Sales Officer at Avanade and Cognizant and Vice President and General Manager roles leading healthcare and life sciences strategy and business operations at DXC Technology and Accenture. Lisa is based in Washington D.C.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	100,000*

* These options have not yet been issued, and remain subject to shareholder approval to be sought at the Company's upcoming annual general meeting.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Directors' Report (continued)

COMPANY SECRETARY

Darren Scotti is the Company Secretary and Chief Financial Officer. Darren is a veteran CFO and board member with over two decades of experience managing capital. He uses his expertise in tax, financial, and management accounting to help Enlitic align the tactics between our US and Australia teams.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2023, and the number of meetings attended by each Director were:

	Full Board		Nomination and Remuneration Committee*		Audit and Risk Committee*	
	Attended	Held	Attended	Held	Attended	Held
Lawrence Gozlan	7	7	–	–	–	–
Michael Sistenich	7	7	–	–	–	–
Riichi Yamada	7	7	–	–	–	–
Sergio Duchini**	–	–	–	–	–	–
Ben Van Roo	4	6	–	–	–	–
James Conyers	2	2	–	–	–	–
Justin Walter	1	1	–	–	–	–

Held: represents the number of meetings held during the time the Director held office.

* Pre-listing on the ASX, the Audit and Risk Committee and Nomination and Remuneration Committee meetings were usually part of the Full Board meetings, not separate. Post listing these will be held separately. At 31 December 2023 no meetings has been held post-listing.

** Sergio attended one meeting as an observer prior to being appointed to the Board.



Directors' Report (continued)

Remuneration Report (Audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration;
- Details of remuneration;
- Service agreements;
- Share-based compensation; and
- Additional disclosures relating to key management personnel.

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/alignment of executive compensation; and
- transparency.

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Group depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

In consultation with external remuneration consultants (refer to the section 'Use of remuneration consultants' below), the Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive Director remuneration is separate.

Directors' Report (continued)

Non-Executive Directors' remuneration

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non – executive Directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-Executive Directors may receive share options or other incentives, subject to shareholder approval.

Under ASX listing rules, the total amount of directors' fees paid to the Directors (subject to certain exceptions) must not exceed in aggregate in any financial year the amount fixed by the Company's members in general meeting.

Initially, and until a different amount is approved by shareholders, the maximum aggregate Non-Executive Directors' remuneration for the purposes of the ASX Listing Rules is US\$650,000 per annum. This amount excludes, among other things, amounts payable to any Executive Director under any executive services agreement with the Group or any special remuneration which the Board may grant to the Directors for special exertions or additional services performed by a Director for or at the request of the Group.

Other than in respect of Mr Riichi Yamada (who will receive no fees), and with effect from listing, the following annual base fees will be payable to Non-Executive Directors of the Company:

Directors' fees	US\$
Chair	\$100,000
Non-Executive Director	\$60,000

Directors will not receive additional fees for being a member of a Board committee.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders' value relative to the entire market and the increase compared to the Group's direct competitors. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 31 December 2023.



Directors' Report (continued)

Share option plans

2014 Equity Incentive Plan

The Company adopted the 2014 Equity Incentive Plan on 12 June 2014 ('2014 Plan') to secure and retain the services of employees, Directors, consultants and affiliates of the Company, to provide incentives for such persons to exert maximum efforts for the success of the Company and any affiliate, and to provide a means by which such eligible recipients may be given an opportunity to benefit from increases in value of the shares through the grant of stock awards primarily in the form of options.

Under the 2014 Plan, the Company reserved 13,698,637 shares for issuance under the 2014 Plan and, as at 31 December 2023, the Board has granted the following securities that are issued and outstanding under the 2014 Plan: 13,660,058 options (of which, 320,726 options have been exercised and converted to shares).

The 2014 Plan was superseded upon the adoption of the 2023 Equity Incentive Plan ('2023 Plan') by the Company, although the terms of the 2014 Plan continue to apply to awards already granted under the 2014 Plan, as noted above.

2023 Equity Incentive Plan

The 2023 Plan was adopted on 9 November 2023 and provides for the grant of options to employees of the Company and certain affiliates, and for the grant of non-statutory stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights, and other awards (together, the 'Awards') to the employees and consultants of the Company and certain affiliates and Directors. The 2023 Plan is the successor to, and continuation of, the 2014 Plan, and became effective upon the Company's admission to the Official List of ASX.

The maximum aggregate number of awards that have been reserved for issuance under the 2023 Plan and issued under the 2023 Plan is 11,300,000 plus up to an additional 13,100,000 shares currently subject to outstanding awards under the 2014 Plan that may become available for issuance under the 2023 Plan if such awards terminate or expire (in whole or in part) without shares being issued or are settled in cash; if the shares, or shares underlying such awards, are forfeited to or repurchased by the Company because of a failure to vest; or are withheld or reacquired to satisfy the exercise, strike or purchase price of such award or to satisfy a tax withholding obligation.

In addition, the Board or its Nomination and Remuneration Committee may act, prior to 1 January of a given year, starting from (and including) 1 January 2024 and ending on (and including) 1 January 2033, to provide that the share reserve will increase on 1 January of that year, in an amount equal to the lesser of (i) 10% of the total number of shares of capital stock outstanding on 31 December of the preceding calendar year, and (ii) such number of shares of capital stock as may be determined by the Board or the Nomination and Remuneration Committee; provided, that the total share reserve (in (i) and (ii)) shall not exceed the number of shares equal to 15% of the total number of shares of capital stock (including all outstanding convertible or exchangeable securities on a fully-diluted, as-converted-to-common-stock basis and including the remaining shares available for issuance under the Share reserve) on 31 December of the preceding calendar year.

The 2023 Plan is administered by the Board or its Nomination and Remuneration Committee, which has the power to determine:

- who will receive awards under the 2023 Plan;
- the type of Awards granted under the 2023 Plan;
- the terms and conditions of Awards, not inconsistent with the terms of the 2023 Plan, including, without limitation, the exercise or purchase price (if any) applicable to the Award, the time or times when Awards may vest and/or be exercised, and any restriction or limitation regarding any Award or the Shares underlying any award;

Directors' Report (continued)

- specifically in the case of options:
 - the exercise price of any Options granted, which will generally not be less than the fair market value of the Company's shares on the date the Option is granted;
 - the number of Shares into which an Option is exercisable, provided that such Options may not be exercisable over a percentage of the Company's share capital;
 - the terms on which the Options will be exercisable;
 - the termination or cancellation provisions applicable to the Options which are granted, provided that the expiry date shall, in most cases, not be more than 10 years from the date the Option was granted; and
 - whether such Option is intended to be tax qualified under the laws of any jurisdiction;
- to construe and interpret the terms of the 2023 Plan and any Award agreement.

In the event of:

- a sale of all or substantially all of the Company's assets;
- a sale or other disposition of more than 50% of the outstanding securities of the Company;
- a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or
- a merger, consolidation or similar transaction following which the Company is the surviving corporation but the Shares outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise;

then the Board or the Nomination and Remuneration Committee may take one or more of the following actions with respect to outstanding Awards (which such action(s) need not be the same with respect to each Award), contingent upon the closing or completion of such transaction, and subject to any provision to the contrary in the instrument evidencing the Award or any other written agreement with the holder of such Award:

- providing for the assumption or substitution of the outstanding Award;
- accelerating the vesting, in whole or in part, of any Award (including arranging for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company);
- assigning any reacquisition or repurchase rights held by the Company with respect to an Award to the surviving or acquiring entity or its parent; or
- cancelling the outstanding Award on such terms and conditions as it deems appropriate, including providing for the cancellation of such outstanding Award for any or no consideration as the Board or Remuneration Committee determines, which such payments may be delayed to the same extent that payment of consideration to the holders of the Shares in connection with the transaction is delayed as a result of escrows, earn outs, holdbacks or any other contingencies.

Subject to compliance with applicable law, the Board has the authority to amend or terminate the 2023 Plan provided no amendment or termination (other than an adjustment pursuant to a reorganisation, which will be conducted in accordance with the Listing Rules) shall be made that would materially and adversely affect the rights of any participant under any outstanding Award, without such participant's consent. Certain amendments will require the approval of the Shareholders.

The 2023 Plan will automatically terminate in 2033, unless terminated prior.

Use of remuneration consultants

During the financial year ended 31 December 2023, the Group did not engage remuneration consultants to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs.



Directors' Report (continued)

DETAILS OF REMUNERATION

The key management personnel of the Group consisted of the following Directors of Enlitic, Inc.:

- Lawrence Gozlan – Non-Executive Chair
- Michael Sistenich – Chief Executive Officer and Executive Director
- Riichi Yamada – Non-Executive Director (appointed 7 February 2023)
- Sergio Duchini – Non-Executive Director (appointed 13 December 2023)
- Ben Van Roo – Former Non-Executive Director (ceased 27 October 2023)
- James Conyers – Former Executive Director (ceased 24 February 2023)
- Justin Walter – Former Non-Executive Director (ceased 9 February 2023)

And the following persons:

- John Marshall – Chief Operating Officer
- Darren Scotti – Chief Financial Officer and Company Secretary
- Dan Kozimor – Chief Technology Officer

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

2023	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total US\$
	Cash salary and fees US\$	Cash bonus US\$	Non-monetary US\$	Retirement benefits US\$	Long service leave US\$	Equity-settled US\$	
Non-Executive Directors:							
L Gozlan	83,333	–	–	–	–	115,167	198,500
R Yamada	–	–	–	–	–	–	–
S Duchini*	10,000	–	–	–	–	303	10,303
B Van Roo**	–	–	–	–	–	–	–
J Walter**	–	–	–	–	–	–	–
Executive Directors:							
M Sistenich	282,825	–	–	16,444	–	150,248	449,517
J Conyers**	57,454	–	3,864	3,447	–	469,494	534,259
Other Key Management Personnel:							
J Marshall	272,500	–	5,338	16,387	–	5,495	299,720
D Scotti	199,662	–	–	10,963	–	7,023	217,648
D Kozimor	221,436	–	1,278	–	–	22,621	245,335
	1,127,210	–	10,480	47,241	–	770,351	1,955,282

* Payments made to Sergio were as an advisor, not a Director.

** Remuneration is for period from 1 January 2023 to date of cessation as a Director or Key Management Personnel.

Directors' Report (continued)

2022	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total US\$
	Cash salary and fees US\$	Cash bonus US\$	Non-monetary US\$	Retirement benefits US\$	Long service leave US\$	Equity-settled US\$	
Non-Executive Directors:							
L Gozlan	60,000	–	–	–	–	9,637	69,637
B Van Roo	60,000	–	–	–	–	–	60,000
J Walter	60,000	–	–	–	–	–	60,000
Executive Directors:							
M Sistenich	100,000	–	–	–	–	36,766	136,766
J Conyers	349,792	150,000	24,592	24,333	–	49,361	598,078
Other Key Management Personnel:							
J Marshall	226,042	–	45,542	20,500	–	18,119	310,203
D Scotti	100,037	–	–	–	–	10,111	110,148
D Kozimor	231,169	5,412	–	–	–	7,786	244,367
	1,187,040	155,412	70,134	44,833	–	131,780	1,589,199

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk – STI		At risk – LTI	
	2023	2022	2023	2022	2023	2022
Non-Executive Directors:						
L Gozlan	42%	86%	–	–	58%	14%
R Yamada	–	–	–	–	–	–
S Duchini	97%	–	–	–	3%	–
B Van Roo	–	100%	–	–	–	–
J Walter	–	100%	–	–	–	–
Executive Directors:						
M Sistenich	67%	73%	–	–	33%	27%
J Conyers	12%	92%	–	–	88%	8%
Other Key Management Personnel:						
J Marshall	98%	94%	–	–	2%	6%
D Scotti	97%	91%	–	–	3%	9%
D Kozimor	91%	97%	–	–	9%	3%



Directors' Report (continued)

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2023	2022	2023	2022
Executive Directors:				
M Sistenich	–	–	–	–
J Conyers	–	100%	–	–
Other Key Management Personnel:				
J Marshall	–	–	–	–
D Scotti	–	–	–	–
D Kozimor	–	100%	–	–

SERVICE AGREEMENTS

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Michael Sistenich
Title:	Chief Executive Officer and Executive Director
Fixed annual remuneration:	A\$450,000 plus superannuation
Incentives:	Mr Sistenich is entitled to receive incentives under the Company's plan(s), as determined by the Board from time to time. Mr Sistenich has the right to receive a discretionary bonus of up to 30% of his fixed annual remuneration.
Other benefits:	Mr Sistenich is paid superannuation by Enlitic Australia in accordance with Australian superannuation laws. Mr Sistenich may also be eligible to participate in any benefit plans relating to health, wellness and dental benefits as may be determined by the Board at its discretion as well as reimbursement of all reasonable and documented expenses actually incurred or paid by Mr Sistenich in the performance of his duties.
Notice period, termination and termination payments:	Either party may terminate by giving six (6) months' prior notice in writing, or immediately in the case of serious misconduct. The Company may elect to provide continued base salary in lieu of notice. Upon termination of employment, except in the case of serious misconduct, any unvested equity rights shall automatically vest. The Company may also terminate by reason of a disability by giving six (6) months' prior notice in writing in which case Mr Sistenich will receive any accrued but unpaid remuneration, leave entitlements and/or other entitlements. Subject to the ASX Listing Rules, if Mr Sistenich is terminated in connection with a change in control, all outstanding equity shall vest.
Non-solicitation/restrictions of future activities:	Unless Enlitic consents in writing (which may be withheld at the Company's absolute discretion), during the term of employment and upon termination for a period of 12 months from the termination date, Mr Sistenich is bound by a non-solicitation and non-compete restraint. The enforceability of the restraint clause is subject to all usual legal requirements.

Directors' Report (continued)

Name:	John Marshall
Title:	Chief Operating Officer
Fixed annual remuneration:	US\$275,000
Incentives:	Mr Marshall is entitled to receive incentives under the Company's plan, as determined by the Board from time to time. Mr Marshall is also entitled to receive a discretionary bonus of up to 25% of his fixed annual remuneration and sales commission.
Other benefits:	Mr Marshall is entitled to receive health care benefits and up to 6% match for Enlitic's 401k.
Notice period, termination and termination payments:	Mr Marshall may resign from Enlitic and is obligated to provide 60 days' notice. If Enlitic terminates Mr Marshall without cause or good reason, Enlitic will provide 30 days' written notice and agree to the "accrued obligations". Accrued obligations are contingent upon signing a release agreement and include 9 months payment of base salary, payment of all booked commissions that were signed prior to the termination, and 6 months of COBRA payments. For termination for cause or misconduct, Enlitic may end employment immediately in writing and will still be obligated to honour the "accrued obligations".
Non-solicitation/restrictions of future activities:	For a period of 12 months following Mr Marshall's termination date with Enlitic, Mr Marshall is prohibited from soliciting employees and customers. Mr Marshall is also subject to a non-compete for the same period.
Name:	Darren Scotti
Title:	Chief Financial Officer and Company Secretary
Fixed annual remuneration:	A\$300,000 plus superannuation
Incentives:	Mr Scotti is entitled to receive incentives under the Company's plan(s), as determined by the Board from time to time. Mr Scotti has the right to receive a discretionary bonus of up to 30% of his fixed annual remuneration.
Other benefits:	Mr Scotti is paid superannuation by Enlitic Australia in accordance with Australian superannuation laws. Mr Scotti may also be eligible to participate in any benefit plans relating to health, wellness and dental benefits as may be determined by the Board at its discretion as well as reimbursement of all reasonable and documented expenses actually incurred or paid by Mr Scotti in the performance of his duties.
Notice period, termination and termination payments:	Either party may terminate by giving six (6) months' prior notice in writing, or immediately in the case of serious misconduct. The Company may elect to provide continued base salary in lieu of notice. Upon termination of employment, except in the case of serious misconduct, any unvested equity rights shall automatically vest. The Company may also terminate by reason of a disability by giving six (6) months' prior notice in writing in which case Mr Scotti will receive any accrued but unpaid remuneration, leave entitlements and/or other entitlements. Subject to the ASX Listing Rules, if Mr Scotti is terminated in connection with a change in control, all outstanding equity shall vest.
Non-solicitation/restrictions of future activities:	Unless Enlitic consents in writing (which may be withheld at the Company's absolute discretion), during the term of employment and upon termination for a period of 12 months from the termination date, Mr Scotti is bound by a non-solicitation and non-compete restraint. The enforceability of the restraint clause is subject to all usual legal requirements.



Directors' Report (continued)

Name:	Dan Kozimor
Title:	Chief Technology Officer
Fixed annual remuneration:	CAD\$385,000
Incentives:	Mr Kozimor is entitled to receive incentives under the Company's plan, as determined by the Board from time to time. Mr Kozimor is also entitled to receive a discretionary bonus of up to 30% of his fixed annual remuneration.
Other benefits:	Mr Kozimor is also entitled to receive health care and up to 6% match for Enlitic Canada's registered retirement savings plan.
Notice period, termination and termination payments:	Enlitic AI Canada, Inc. may terminate Mr Kozimor's employment at any time. Mr Kozimor must provide 60 days' notice to terminate. Upon termination of employment without just cause, Mr Kozimor is entitled to the greater of (i) minimum pay in lieu of notice of termination in accordance with the provision of the Employment Standards Act, 2000, S.O. 2000, c. 41 and, if applicable, the minimum statutory severance pay as required by applicable Canadian law or (ii) six months base salary, less applicable deductions and subject to any additional payments mandated by applicable Canadian law.
Non-solicitation/restrictions of future activities:	For a period of 8 months after termination, Mr Kozimor may not solicit employees from Enlitic, induce customers or suppliers from Enlitic, or be employed by or associated with any business that is directly competitive with Enlitic.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

SHARE-BASED COMPENSATION

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 31 December 2023.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
L Gozlan	2,500,000	30 May 2023	Various	30 May 2033	US\$0.11	US\$0.03598
M Sistenich	4,000,000	30 May 2023	Various	30 May 2033	US\$0.11	US\$0.03598
D Scotti	750,000	30 May 2023	Various	30 May 2033	US\$0.11	US\$0.03598
J Marshall	750,000	30 May 2023	Various	30 May 2033	US\$0.11	US\$0.03598
D Kozimor	400,000	27 June 2023	Various	27 June 2033	US\$0.11	US\$0.03598
L Gozlan	177,994	31 August 2023	Various	31 August 2033	US\$0.35	US\$0.11449
M Sistenich	640,068	31 August 2023	Various	31 August 2033	US\$0.35	US\$0.11449
D Scotti	86,924	31 August 2023	Various	31 August 2033	US\$0.35	US\$0.11449
S Duchini	100,000	3 November 2023	Various	3 November 2033	US\$0.35	US\$0.11449

Options granted carry no dividend or voting rights.

Directors' Report (continued)

The number of options over ordinary shares granted to and vested by Directors and other key management personnel as part of compensation during the year ended 31 December 2023 are set out below:

Name	Number of options granted during the year 2023	Number of options vested during the year 2023
L Gozlan	2,677,994	1,762,255
M Sistenich	4,640,068	3,168,885
S Duchini	100,000	2,777
J Marshall	750,000	156,875
D Scotti	836,924	569,703
D Kozimor	400,000	50,000

Values of options over ordinary shares granted, exercised and lapsed for Directors and other key management personnel as part of compensation during the year ended 31 December 2023 are set out below:

Name	Fair value of options granted during the year US\$	Fair value of options exercised during the year US\$	Fair value of options lapsed during the year US\$	Remuneration consisting of options for the year %
L Gozlan	110,331	–	–	57%
S Duchini	11,449	–	–	53%
M Sistenich	217,204	–	–	42%
J Marshall	26,986	–	–	8%
D Scotti	36,938	–	–	15%
D Kozimor	14,393	–	–	6%

Details of options over ordinary shares granted, vested and lapsed for Directors and other key management personnel as part of compensation during the year ended 31 December 2023 are set out below:

Name	Grant date	Vesting date	Number of options granted	Fair value of options granted US\$	Fair value of options vested US\$	Number of options lapsed	Fair value of options lapsed US\$
L Gozlan	30 May 2023	Various	2,500,000	89,956	56,644	–	–
M Sistenich	30 May 2023	Various	4,000,000	143,925	90,630	–	–
D Scotti	30 May 2023	Various	750,000	26,986	16,993	–	–
J Marshall	30 May 2023	Various	750,000	26,986	3,935	–	–
D Kozimor	27 June 2023	Various	400,000	14,393	1,799	–	–
L Gozlan	31 August 2023	Various	177,994	20,378	20,378	–	–
M Sistenich	31 August 2023	Various	640,068	73,279	73,279	–	–
D Scotti	31 August 2023	Various	86,924	9,952	9,952	–	–
S Duchini	3 November 2023	Various	100,000	11,449	318	–	–



Directors' Report (continued)

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year*	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Lawrence Gozlan	–	–	60,241	–	60,241
Michael Sistenich	9,230	–	203,063	–	212,293
Riichi Yamada	–	–	–	–	–
Sergio Duchini	–	–	–	–	–
Ben Van Roo	–	–	–	–	–
James Conyers	–	–	–	–	–
Justin Walter	–	–	–	–	–
	9,230	–	263,304	–	272,534

* Balance at start of year represents existing holding of shares pre-quotations on Australian Securities Exchange.

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year*	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Lawrence Gozlan	177,994	2,677,994	–	–	2,855,988
Michael Sistenich	640,068	4,640,068	–	–	5,280,136
Riichi Yamada	–	–	–	–	–
Sergio Duchini	–	100,000	–	–	100,000
Ben Van Roo**	21,667	–	–	(21,667)	–
James Conyers	683,267	–	–	(683,267)	–
Justin Walter	–	–	–	–	–
	1,522,996	7,418,062	–	(704,934)	8,236,124

* Balance at start of year represents existing holding of options pre-quotations on Australian Securities Exchange.

** Expired/forfeited/other for Ben Van Roo relates to Ben no longer being a Director at 31 December 2023, not an expiry or forfeiture of options.

Loans to key management personnel and their related parties

There were no loans to key management personnel and their related parties during the year to 31 December 2023.

This concludes the remuneration report, which has been audited.

Directors' Report (continued)

SHARES UNDER OPTION

Unissued ordinary shares of Enlitic, Inc. under option at the date of this report are as follows:

Expiry date	Exercise price	Number under option
Various expiry dates in 2026	US\$1.15	31,636
Various expiry dates in 2027	US\$0.84	300,664
6 June 2029	US\$1.16	979,397
11 November 2029	US\$2.84	30,000
30 July 2023	US\$2.32	136,146
Various expiry dates in 2031 and 2032	US\$2.75	211,973
Various expiry dates in 2027 and 2033	US\$0.35	1,585,663
29 May 2033	US\$0.11	9,906,146
		13,181,625

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Enlitic, Inc. were issued during the year ended 31 December 2023 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
8 October 2016	US\$1.15	782
11 October 2017	US\$0.84	2,500
3 February 2021	US\$2.32	8,621
28 June 2021	US\$2.66	3,750
18 November 2021	US\$2.75	458
30 May 2023	US\$0.11	6,353
		22,464

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.



Directors' Report (continued)

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 26 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in note 26 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS

There are no officers of the Company who are former partners of RSM Australia Partners.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'L. Gozlan'.

Lawrence Gozlan
Director

A handwritten signature in black ink, appearing to read 'M. Sistenich'.

Michael Sistenich
Director

28 March 2024

Auditor's Independence Declaration



RSM Australia Partners

Level 27, 120 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

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F +61(0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Enlitic, Inc. and its controlled entities for the year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to read 'M Parameswaran'.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read 'M Parameswaran'.

M PARAMESWARAN
Partner

Dated: 22 March 2024
Melbourne, VIC

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.
RSM Australia Partners ABN 36 965 185 036

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

		Group	
	Note	2023 US\$	2022 US\$
Revenue	5	470,288	903,224
Other income	6	31,050	119,387
Interest revenue calculated using the effective interest method		61,759	456
Expenses			
Employee benefits expense	7	(8,913,541)	(11,508,303)
Marketing		(261,229)	(319,236)
Depreciation and amortisation expense	7	(395,944)	(819,570)
Professional fees		(3,916,814)	(2,869,914)
Administration expenses		(15,167)	(3,574)
Subscriptions		(806,447)	(930,391)
Exchange loss		(4,836)	(181)
Travel		(472,909)	(502,831)
Fair value loss on derivatives		(53,109)	(243,098)
Other expenses		(1,271,669)	(1,630,045)
Finance costs	7	(2,872)	(7,236,743)
Loss before income tax expense		(15,551,440)	(25,040,819)
Income tax expense	8	–	–
Loss after income tax expense for the year attributable to the owners of Enlitic, Inc.	21	(15,551,440)	(25,040,819)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		33,371	(74,639)
Other comprehensive income for the year, net of tax		33,371	(74,639)
Total comprehensive income for the year attributable to the owners of Enlitic, Inc.		(15,518,069)	(25,115,458)

		Cents	Cents
Basic earnings per ordinary share	33	(324.81)	(8,269.15)
Diluted earnings per ordinary share	33	(324.81)	(8,269.15)

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

Consolidated Statement of Financial Position

As at 31 December 2023

		Group	
	Note	2023 US\$	2022 US\$
Assets			
Current assets			
Cash and cash equivalents	9	11,091,059	2,215,777
Trade and other receivables	10	66,074	38,491
Contract assets	11	10,473	–
Prepayments		272,269	320,115
Total current assets		11,439,875	2,574,383
Non-current assets			
Property, plant and equipment	12	126,739	241,022
Right-of-use assets	13	–	272,023
Intangibles	14	7,175	12,241
Total non-current assets		133,914	525,286
Total assets		11,573,789	3,099,669
Liabilities			
Current liabilities			
Trade and other payables	15	633,426	548,343
Borrowings	16	–	23,925,879
Lease liabilities	17	–	308,338
Derivative financial instruments	18	–	5,981,470
Total current liabilities		633,426	30,764,030
Total liabilities		633,426	30,764,030
Net assets/(liabilities)		10,940,363	(27,664,361)
Equity			
Issued capital	19	112,750,132	58,759,786
Reserves	20	3,320,821	3,155,003
Accumulated losses	21	(105,130,590)	(89,579,150)
Total equity/(deficiency)		10,940,363	(27,664,361)

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



Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

Group	Issued capital US\$	Reserves US\$	Accumulated losses US\$	Total deficiency in equity US\$
Balance at 1 January 2022	58,750,902	2,957,695	(64,538,331)	(2,829,734)
Loss after income tax expense for the year	–	–	(25,040,819)	(25,040,819)
Other comprehensive income for the year, net of tax	–	(74,639)	–	(74,639)
Total comprehensive income for the year	–	(74,639)	(25,040,819)	(25,115,458)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares (note 19)	8,884	–	–	8,884
Share-based payments (note 34)	–	271,947	–	271,947
Balance at 31 December 2022	58,759,786	3,155,003	(89,579,150)	(27,664,361)

Group	Issued capital US\$	Reserves US\$	Accumulated losses US\$	Total deficiency in equity US\$
Balance at 1 January 2023	58,759,786	3,155,003	(89,579,150)	(27,664,361)
Loss after income tax expense for the year	–	–	(15,551,440)	(15,551,440)
Other comprehensive income for the year, net of tax	–	33,371	–	33,371
Total comprehensive income for the year	–	33,371	(15,551,440)	(15,518,069)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares (note 19)	25,384,941	–	–	25,384,941
Share issue transaction costs (note 19)	(1,355,053)	–	–	(1,355,053)
Conversion of Convertible Notes (note 19)	29,960,458	–	–	29,960,458
Share-based payments (note 34)	–	132,447	–	132,447
Balance at 31 December 2023	112,750,132	3,320,821	(105,130,590)	10,940,363

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

		Group	
	Note	2023 US\$	2022 US\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		458,162	1,008,445
Receipts from R&D incentive		–	546,345
Payments to suppliers and employees (inclusive of GST)		(15,397,236)	(18,110,372)
		(14,939,074)	(16,555,582)
Interest received		61,759	–
Interest and other finance costs paid		(2,872)	(19,079)
Net cash used in operating activities	32	(14,880,187)	(16,574,661)
Cash flows from investing activities			
Payments for property, plant and equipment	12	(4,575)	(160,416)
Payments for intangibles	14	–	(15,041)
Proceeds from disposal of property, plant and equipment		5,120	–
Net cash from/(used in) investing activities		545	(175,457)
Cash flows from financing activities			
Proceeds from issue of shares	19	13,806,302	8,884
Proceeds from issue of preference shares	19	11,578,639	–
Share issue transaction costs	19	(1,355,053)	–
Proceeds from issue of convertible notes (net of transaction costs)		–	7,797,313
Repayment of lease liabilities		(308,338)	(648,842)
Net cash from financing activities		23,721,550	7,157,355
Net increase/(decrease) in cash and cash equivalents		8,841,908	(9,592,763)
Cash and cash equivalents at the beginning of the financial year		2,215,777	11,883,179
Effects of exchange rate changes on cash and cash equivalents		33,374	(74,639)
Cash and cash equivalents at the end of the financial year	9	11,091,059	2,215,777

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



Notes to the Consolidated Financial Statements

31 December 2023

NOTE 1. GENERAL INFORMATION

The financial statements cover Enlitic, Inc. as a Group consisting of Enlitic, Inc. and the entities it controlled at the end of, or during, the year. The financial statements are presented in US Dollars, which is Enlitic, Inc.'s functional and presentation currency.

Enlitic, Inc. is a listed public company limited by shares, incorporated and domiciled in United States of America. Its registered office and principal place of business are:

Registered office
1209 Orange Street
City of Wilmington
County of New Castle
Delaware, USA 19801

Principal place of business
3420 East Harmony Road
Suite 125
Fort Collins
Colorado, USA 80528

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 28 March 2024. The Directors have the power to amend and reissue the financial statements.

NOTE 2. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a net loss after tax of \$15,551,440 (31 December 2022: \$25,040,819) and had net cash outflows from operating activities of \$14,880,187 (31 December 2022: \$16,574,661) for the year ended 31 December 2023.

These factors indicate a material uncertainty which may cast significant doubt over the ability of the Group to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern as the Directors believe the Group will have the ability to raise funds from existing shareholders and new investors to support working capital and execute its strategic growth initiatives.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

Notes to the Consolidated Financial Statements (continued)

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, derivative financial instruments measured at fair value through profit or loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 30.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Enlitic, Inc. ('Company' or 'parent entity') as at 31 December 2023 and the results of all subsidiaries for the year then ended. Enlitic, Inc. and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.



Notes to the Consolidated Financial Statements (continued)

Foreign currency translation

The financial statements are presented in US Dollars, which is Enlitic, Inc.'s functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into US Dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into US Dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into US Dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Notes to the Consolidated Financial Statements (continued)

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.



Notes to the Consolidated Financial Statements (continued)

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3 years
Furniture and fixtures	2-5 years
Computer equipment	3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Notes to the Consolidated Financial Statements (continued)

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Convertible notes

Convertible notes are treated as a compound financial instrument, wherein the debt component and the conversion option are accounted for separately. The debt component is initially recognised at its fair value, net of transaction costs and is amortised over its life using the effective interest method. The conversion option may be treated as either equity or as a financial liability, depending on whether it meets the "fixed-for-fixed" test. In order to be classified as equity, a conversion option must involve a fixed amount of cash being exchanged for a fixed number of equity instruments. If it does not meet this test, it will be classified as a financial liability.

The conversion option that meets the definition of equity is treated as an equity instrument and valued at inception and is not subsequently revalued. The conversion options that meets the definition of a financial liability is considered a derivative and is therefore measured at fair value through profit or loss.

Any changes in the carrying amount of the liability component due to amortisation or recognition of interest expense are recorded in the consolidated statement of profit or loss.

Upon conversion, the debt component is de-recognised as a financial liability and recognised as equity. The conversion option that had been treated as a financial liability, and therefore held at fair value, is also transferred to equity. No gain or loss is recognised on the conversion itself. The Conversion option that had been treated as equity instrument is transferred to contributed capital.



Notes to the Consolidated Financial Statements (continued)

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period; and
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Notes to the Consolidated Financial Statements (continued)

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares

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

Preference shares

Preference shares are classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at the Company's option. Dividends on preference shares classified as equity are recognised as distributions within equity.



Notes to the Consolidated Financial Statements (continued)

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Enlitic, Inc., excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Notes to the Consolidated Financial Statements (continued)

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) 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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

NOTE 4. OPERATING SEGMENTS

Identification of reportable operating segments

The Group is organised into one operating segment as the Group operated mainly in the United States of America and in one industry being to intelligently manage healthcare data using the power of artificial intelligence to expand capacity and improve clinical workflows and create a foundation for a real-world evidence medical image database for healthcare providers. This assessment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. Accordingly, the information provided reflects the one operating segment.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Major customers

During the year ended 31 December 2023 approximately 53.2% (31 December 2022: 95.3%) of the Group's external revenue was derived from sales to one customer (31 December 2022: one customer).



Notes to the Consolidated Financial Statements (continued)

NOTE 5. REVENUE

	Group	
	2023 US\$	2022 US\$
Subscription	250,137	16,667
Consultancy fees	220,151	886,557
Revenue	470,288	903,224

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Group	
	2023 US\$	2022 US\$
Geographical regions		
United States of America	62,549	877,031
Europe	157,546	26,193
Japan	250,193	–
	470,288	903,224
Timing of revenue recognition		
Services transferred over time	470,288	903,224

NOTE 6. OTHER INCOME

	Group	
	2023 US\$	2022 US\$
Net gain on disposal of assets	5,120	–
Rental income	300	119,331
Other income	25,630	56
Other income	31,050	119,387

Notes to the Consolidated Financial Statements (continued)

NOTE 7. EXPENSES

	Group	
	2023 US\$	2022 US\$
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	–	6,858
Fixtures and fittings	10,037	8,600
Office equipment	108,818	190,678
Buildings – right-of-use assets	272,023	583,009
Total depreciation	390,878	789,145
Amortisation		
Software	5,066	30,425
Total depreciation and amortisation	395,944	819,570
Employee benefits		
Wages and salaries	7,392,853	9,119,252
Employee benefits	878,477	1,518,676
Share-based payment expense	132,447	271,947
Payroll taxes	509,764	598,428
Employee benefits expensed	8,913,541	11,508,303
Finance costs		
Interest and finance charges paid/payable on lease liabilities	2,872	19,079
Interest accrued on convertible notes calculated under effective interest method	–	7,216,734
Other interest	–	930
Finance costs expensed	2,872	7,236,743



Notes to the Consolidated Financial Statements (continued)

NOTE 8. INCOME TAX EXPENSE

	Group	
	2023 US\$	2022 US\$
Income tax expense		
Current tax	–	–
Deferred tax – origination and reversal of temporary differences	–	–
Aggregate income tax expense	–	–
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(15,551,440)	(25,040,819)
Tax at the statutory tax rate of 21%	(3,265,802)	(5,258,572)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Sundry items	35,691	–
	(3,230,111)	(5,258,572)
Current year tax losses not recognised	3,349,380	5,258,572
Difference in overseas tax rates	(119,269)	–
Income tax expense	–	–

	Group	
	2023 US\$	2022 US\$
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	78,760,157	65,533,820
Potential tax benefit @ 21%	16,539,633	13,762,102

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Notes to the Consolidated Financial Statements (continued)

NOTE 9. CASH AND CASH EQUIVALENTS

	Group	
	2023 US\$	2022 US\$
Current assets		
Cash at bank	10,971,059	2,015,777
Cash on deposit	120,000	200,000
	11,091,059	2,215,777

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	Group	
	2023 US\$	2022 US\$
Balances as above	11,091,059	2,215,777
Balance as per statement of cash flows	11,091,059	2,215,777

NOTE 10. TRADE AND OTHER RECEIVABLES

	Group	
	2023 US\$	2022 US\$
Current assets		
Trade receivables	66,074	38,491
Less: Allowance for expected credit losses	–	–
	66,074	38,491

Allowance for expected credit losses

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Group	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2023 \$	2022 %	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Not overdue	–	–	66,074	38,491	–	–



Notes to the Consolidated Financial Statements (continued)

NOTE 11. CONTRACT ASSETS

	Group	
	2023 US\$	2022 US\$
Current assets		
Contract assets	10,473	–

Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

	Group	
	2023 US\$	2022 US\$
Opening balance	–	–
Additions	10,473	–
Closing balance	10,473	–

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

	Group	
	2023 US\$	2022 US\$
Non-current assets		
Leasehold improvements – at cost	65,010	65,010
Less: Accumulated depreciation	(65,010)	(65,010)
	–	–
Furniture and fixtures – at cost	101,849	101,849
Less: Accumulated depreciation	(83,055)	(73,018)
	18,794	28,831
Computer equipment – at cost	2,407,230	2,402,553
Less: Accumulated depreciation	(2,299,285)	(2,190,362)
	107,945	212,191
	126,739	241,022

Notes to the Consolidated Financial Statements (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Group	Leasehold improvements US\$	Furniture and fixtures US\$	Computer Equipment US\$	Total US\$
Balance at 1 January 2022	6,858	20,436	259,448	286,742
Additions	–	16,995	143,421	160,416
Exchange differences	–	–	–	–
Depreciation expense	(6,858)	(8,600)	(190,678)	(206,136)
Balance at 31 December 2022	–	28,831	212,191	241,022
Additions	–	–	4,575	4,575
Exchange differences	–	–	(3)	(3)
Depreciation expense	–	(10,037)	(108,818)	(118,855)
Balance at 31 December 2023	–	18,794	107,945	126,739

NOTE 13. RIGHT-OF-USE ASSETS

	Group	
	2023 US\$	2022 US\$
Non-current assets		
Land and buildings – right-of-use	–	695,169
Less: Accumulated depreciation	–	(423,146)
	–	272,023

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Group	Land and buildings – right-of-use US\$
Balance at 1 January 2022	855,032
Depreciation expense	(583,009)
Balance at 31 December 2022	272,023
Depreciation expense	(272,023)
Balance at 31 December 2023	–

For other lease related disclosures refer to the following:

- note 7 for details of depreciation on right-of-use assets, interest on lease liabilities and other lease payments;
- note 17 for lease liabilities at 31 December 2023; and
- the consolidated statement of cash flows for repayment of lease liabilities.



Notes to the Consolidated Financial Statements (continued)

NOTE 14. INTANGIBLES

	Group	
	2023 US\$	2022 US\$
Non-current assets		
Software – at cost	114,490	114,490
Less: Accumulated amortisation	(107,315)	(102,249)
	7,175	12,241

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Group	Software US\$
Balance at 1 January 2022	27,625
Additions	15,041
Amortisation expense	(30,425)
Balance at 31 December 2022	12,241
Amortisation expense	(5,066)
Balance at 31 December 2023	7,175

NOTE 15. TRADE AND OTHER PAYABLES

	Group	
	2023 US\$	2022 US\$
Current liabilities		
Trade payables	257,845	171,373
Accrued expenses	248,980	212,933
Other payables	126,601	164,037
	633,426	548,343

Refer to note 23 for further information on financial instruments.

NOTE 16. BORROWINGS

	Group	
	2023 US\$	2022 US\$
Current liabilities		
Convertible notes	–	23,925,879

Notes to the Consolidated Financial Statements (continued)

Refer to note 23 for further information on financial instruments.

In October 2021, the Company raised \$14.45 million via series 2021A convertible promissory notes. In May 2022, the Company raised a further \$8.37 million via series 2022A convertible promissory notes. Each convertible note holder was also issued a warrant to acquire a number of shares of the next equity round securities, at a per share exercise price equal to the conversion price of the related convertible note.

On 7 February 2023, series 2021A and series 2022A convertible promissory notes were converted into preference shares and 28,667,903 Series C preference shares were issued as a result of the conversion.

Consequently, the financial liability relating to convertible notes and the related derivative liability have been converted into equity during the financial year.

Upon conversion, any warrants held by the convertible note holders have been deemed to terminate in their entirety and the Group does not have any further liabilities or obligations with respect to such warrants.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

NOTE 17. LEASE LIABILITIES

	Group	
	2023 US\$	2022 US\$
Current liabilities		
Lease liability	–	308,338

Refer to note 23 for further information on financial instruments.

NOTE 18. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2023 US\$	2022 US\$
Current liabilities		
Derivative liability – Convertible Promissory Note – Series 2021A	–	3,825,390
Derivative liability – Convertible Promissory Note – Series 2022A	–	2,156,080
	–	5,981,470

Refer to note 23 for further information on financial instruments.

Refer to note 24 for further information on fair value measurement.

On 7 February 2023, series 2021A and series 2022A convertible promissory notes were converted into preference shares and 28,667,903 Series C preference shares were issued as a result of the conversion.

Consequently, the financial liability relating to convertible notes and the related derivative liability have been converted into equity during the financial year.



Notes to the Consolidated Financial Statements (continued)

NOTE 19. ISSUED CAPITAL

Class of shares	Group			
	2023 Shares	2022 Shares	2023 US\$	2022 US\$
Ordinary shares ('common stock') – fully paid	86,279,385	304,615	112,750,132	270,798
Preference shares ('preferred stock') – fully paid	–	9,769,822	–	58,488,988
	86,279,385	10,074,437	112,750,132	58,759,786

Reconciliations

Reconciliations of the movements at the beginning and end of the current and previous financial year are set out below:

Group	Common stock Shares	Preferred stock Shares	Total Shares	Common stock US\$	Preferred stock US\$	Total US\$
Balance at 1 January 2022	300,807	9,769,822	10,070,629	261,914	58,488,988	58,750,902
Issue of stock*	3,808	–	3,808	8,884	–	8,884
Balance at 31 December 2022	304,615	9,769,822	10,074,437	270,798	58,488,988	58,759,786
Issue of stock*	25,388,629	22,148,416	47,537,045	13,806,302	11,578,639	25,384,941
Share issue transaction costs*	–	–	–	(1,355,053)	–	(1,355,053)
Conversion of Convertible Notes*	–	28,667,903	28,667,903	–	29,960,458	29,960,458
Conversion to common stock*	60,586,141	(60,586,141)	–	100,028,085	(100,028,085)	–
Balance at 31 December 2023	86,279,385	–	86,279,385	112,750,132	–	112,750,132

* Refer to tables below for detailed movements.

Notes to the Consolidated Financial Statements (continued)

Ordinary shares

Movements in ordinary share capital

Common stock	Date	Shares**	Issue price	US\$
Balance	1 January 2022	300,807		261,914
Issued on exercise of options	3 January 2022	100	US\$2.32	232
Issued on exercise of options	27 January 2022	500	US\$2.84	1,420
Issued on exercise of options	17 February 2022	1,000	US\$1.16	1,160
Issued on exercise of options	2 May 2022	625	US\$2.75	1,719
Issued on exercise of options	14 July 2022	125	US\$2.75	344
Issued on exercise of options	6 December 2022	1,458	US\$2.75	4,009
Balance	31 December 2022	304,615		270,798
Issued on exercise of options	18 January 2023	3,750	US\$2.66	9,975
Issued on exercise of options	18 January 2023	458	US\$2.75	1,260
Issued on exercise of options	7 August 2023	8,621	US\$2.32	20,000
Issued on exercise of options	24 August 2023	782	US\$1.15	899
Issued on exercise of options	24 August 2023	2,500	US\$0.84	2,100
Issued on exercise of options	22 November 2023	1,041	US\$0.11	115
Issued on completion of Initial Public Offer	13 December 2023	25,366,165	US\$0.54	13,771,369
Conversion of Series A preference stock*	13 December 2023	1,774,922	US\$8.05	14,288,080
Conversion of Series A1 preference stock*	13 December 2023	982,930	US\$2.18	7,914,278
Conversion of Series B preference stock*	13 December 2023	3,886,970	US\$3.90	15,141,551
Conversion of Series B1 preference stock	13 December 2023	3,125,000	US\$8.00	25,000,000
Conversion of Series C preference stock*	13 December 2023	50,816,319	US\$1.05	41,539,097
Transfer of share issue and related costs from preference stock on conversion of all preference stock	13 December 2023			(3,854,921)
Issued on exercise of options	19 December 2023	2,604	US\$0.11	286
Issued on exercise of options	21 December 2023	2,708	US\$0.11	298
Less: Share issue and related costs		–		(1,355,053)
Balance	31 December 2023	86,279,385		112,750,132

* The dollar amounts include fair value adjustments in accordance with AASB 9 *Financial Instruments*.

** All common stock has the right to be converted to a Chess Depositary Interest ('CDI') on a 1:1 basis.



Notes to the Consolidated Financial Statements (continued)

Preference shares

Preferred stock classes	Group			
	2023 Shares	2022 Shares	2023 US\$	2022 US\$
Series A Preferred Stock (1,774,922 Authorised)*	–	1,774,922	–	14,288,080
Series A-1 Preferred stock (982,930 Authorised)*	–	982,930	–	7,914,278
Series B Preferred Stock (4,207,127 Authorised)*	–	3,886,970	–	15,141,551
Series B-1 Preferred Stock (3,125,000 Authorised)*	–	3,125,000	–	25,000,000
Series C Preferred Stock (64,534,154 Authorised)	–	–	–	–
	–	9,769,822	–	62,343,909
Less: Share issue and related costs**	–	–	–	(3,854,921)
	–	9,769,822	–	58,488,988

* Preference shares were converted to common stock on 13 December 2023.

** Share issue and related costs were transferred to common stock on 13 December 2023.

Movements in preference share capital

Series C Preferred Stock	Date	Shares	Issue price	US\$
Balance	1 January 2022	–	–	–
Balance	31 December 2022	–	–	–
Issued upon conversion of 2021A and 2022A series Convertible Notes*	7 February 2023	28,667,903	US\$1.05	29,960,458
Issue of shares*	7 February 2023	17,594,818	US\$1.05	11,198,134
Issue of shares*	18 April 2023	4,553,598	US\$1.05	380,505
Converted to common stock	13 December 2023	(50,816,319)	(41,539,097)	–
Balance	31 December 2023	–	–	–

* The dollar amounts include fair value adjustments in accordance with AASB 9 *Financial Instruments*.

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Notes to the Consolidated Financial Statements (continued)

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

NOTE 20. RESERVES

	Group	
	2023 US\$	2022 US\$
Foreign currency reserve	247,927	214,556
Share-based payments reserve	3,072,894	2,940,447
	3,320,821	3,155,003

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to US Dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.



Notes to the Consolidated Financial Statements (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Group	Foreign currency reserve US\$	Share-based payments reserve US\$	Total US\$
Balance at 1 January 2022	289,195	2,668,500	2,957,695
Foreign currency translation	(74,639)	–	(74,639)
Share-based payments	–	271,947	271,947
Balance at 31 December 2022	214,556	2,940,447	3,155,003
Foreign currency translation	33,371	–	33,371
Share-based payments	–	132,447	132,447
Balance at 31 December 2023	247,927	3,072,894	3,320,821

NOTE 21. ACCUMULATED LOSSES

	Group	
	2023 US\$	2022 US\$
Accumulated losses at the beginning of the financial year	(89,579,150)	(64,538,331)
Loss after income tax expense for the year	(15,551,440)	(25,040,819)
Accumulated losses at the end of the financial year	(105,130,590)	(89,579,150)

NOTE 22. DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial year.

NOTE 23. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Notes to the Consolidated Financial Statements (continued)

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group is not exposed to any significant foreign currency risk.

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

The Group is not exposed to any significant interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The Group is not exposed to any significant credit risk.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.



Notes to the Consolidated Financial Statements (continued)

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Group – 2023	Weighted average interest rate %	1 year or less US\$	Between 1 and 2 years US\$	Between 2 and 5 years US\$	Over 5 years US\$	Remaining contractual maturities US\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	–	257,845	–	–	–	257,845
Other payables	–	126,601	–	–	–	126,601
Total non-derivatives	–	384,446	–	–	–	384,446

Group – 2022	Weighted average interest rate %	1 year or less US\$	Between 1 and 2 years US\$	Between 2 and 5 years US\$	Over 5 years US\$	Remaining contractual maturities US\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	–	171,373	–	–	–	171,373
Other payables	–	164,037	–	–	–	164,037
<i>Interest-bearing – variable</i>						
Lease liability	4.39%	308,338	–	–	–	308,338
<i>Interest-bearing – fixed rate</i>						
Convertible notes payable	66.00%	23,925,879	–	–	–	23,925,879
Total non-derivatives		24,569,627	–	–	–	24,569,627
Derivatives						
Convertible Promissory Note – Series 2021A	–	3,825,390	–	–	–	3,825,390
Convertible Promissory Note – Series 2022A	–	2,156,080	–	–	–	2,156,080
Total derivatives		5,981,470	–	–	–	5,981,470

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Notes to the Consolidated Financial Statements (continued)

NOTE 24. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) 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.

Group – 2023	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Liabilities				
Derivative financial instruments	–	–	–	–
Convertible notes	–	–	–	–
Total liabilities	–	–	–	–

Group – 2022	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Liabilities				
Derivative financial instruments	–	–	5,981,470	5,981,470
Convertible notes	–	–	23,925,879	23,925,879
Total liabilities	–	–	29,907,349	29,907,349

There were no transfers between levels during the financial year.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Group	Derivative financial instruments US\$	Convertible notes US\$	Total US\$
Balance at 1 January 2022	3,644,807	11,005,397	14,650,204
Additions	–	7,797,313	7,797,313
Interest	–	7,216,734	7,216,734
Fair value adjustment	2,093,565	(2,093,565)	–
Fair value change in derivative	243,098	–	243,098
Balance at 31 December 2022	5,981,470	23,925,879	29,907,349
Fair value change in derivative	53,145	–	53,145
Conversion of notes	(6,034,615)	(23,925,879)	(29,960,494)
Balance at 31 December 2023	–	–	–



Notes to the Consolidated Financial Statements (continued)

NOTE 25. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Group	
	2023 US\$	2022 US\$
Short-term employee benefits	1,137,690	1,412,586
Post-employment benefits	47,241	44,833
Share-based payments	770,351	131,780
	1,955,282	1,589,199

NOTE 26. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company:

	Group	
	2023 US\$	2022 US\$
Audit services – RSM Australia Partners		
Audit or review of the financial statements	30,502	–
Audit or review of the historical financial statements	64,889	–
	95,391	–
Other services – RSM Australia Partners		
Due diligence	92,407	–
Taxation services	19,821	–
	112,228	–
	207,619	–

NOTE 27. CONTINGENT LIABILITIES

During the prior periods, the Company filed amended payroll tax returns to rectify tax offsets relating to prior years. As at 31 December 2023, the Company may be liable for a payroll tax payment of approximately \$101,000 (excluding interest and penalties) relating to prior years, if the outcome of the assessment of the amended payroll tax returns are not in the Company's favor.

NOTE 28. COMMITMENTS

The Group had no material capital commitments as at 31 December 2023 and 31 December 2022.

Notes to the Consolidated Financial Statements (continued)

NOTE 29. RELATED PARTY TRANSACTIONS

Parent entity

Enlitic, Inc. is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 31.

Key management personnel

Disclosures relating to key management personnel are set out in note 25 and the remuneration report included in the Directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Group	
	2023 US\$	2022 US\$
Sale of goods and services:		
Services to other related party, Marubeni Corporation	240,000	–

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Group	
	2023 US\$	2022 US\$
Current receivables:		
Trade receivables with other related party, Marubeni Corporation	13,612	–

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.



Notes to the Consolidated Financial Statements (continued)

NOTE 30. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2023 US\$	2022 US\$
Loss after income tax	(26,407,407)	(23,478,808)
Total comprehensive income	(26,407,407)	(23,478,808)

Statement of financial position

	Parent	
	2023 US\$	2022 US\$
Total current assets	10,931,303	2,067,654
Total assets	11,065,218	12,652,354
Total current liabilities	486,343	31,095,973
Total liabilities	486,343	31,095,973
Equity		
Issued capital	115,947,961	60,650,507
Share-based payments reserve	3,072,894	2,940,447
Accumulated losses	(108,441,980)	(82,034,573)
Total equity/(deficiency)	10,578,875	(18,443,619)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2023 and 31 December 2022.

Contingent liabilities

During the prior periods, the Company filed amended payroll tax returns to rectify tax offsets relating to prior years. As at 31 December 2023, the Company may be liable for a payroll tax payment of approximately \$101,000 (excluding interest and penalties) relating to prior years, if the outcome of the assessment of the amended payroll tax returns are not in the Company's favor.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2023 and 31 December 2022.

Notes to the Consolidated Financial Statements (continued)

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity;
- investments in associates are accounted for at cost, less any impairment, in the parent entity; and
- dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTE 31. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business/ Country of incorporation	Ownership interest	
		2023 %	2022 %
Enlitic Canada Inc.	Canada	100.00%	100.00%
Enlitic Australia Pty Ltd	Australia	100.00%	100.00%

NOTE 32. CASH FLOW INFORMATION

Reconciliation of loss after income tax to net cash used in operating activities

	Group	
	2023 US\$	2022 US\$
Loss after income tax expense for the year	(15,551,440)	(25,040,819)
Adjustments for:		
Depreciation and amortisation	395,944	819,570
Net gain on disposal of property, plant and equipment	(5,120)	–
Net fair value loss on derivatives	53,109	243,098
Share-based payments	132,447	271,947
Interest expense on convertible notes	–	7,216,734
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(27,583)	531,723
Increase in contract assets	(10,473)	–
Decrease/(increase) in prepayments	47,846	(159,689)
Increase/(decrease) in trade and other payables	85,083	(457,225)
Net cash used in operating activities	(14,880,187)	(16,574,661)



Notes to the Consolidated Financial Statements (continued)

Changes in liabilities arising from financing activities

Group	Lease liabilities US\$	Convertible notes US\$	Derivative financial instruments US\$	Total US\$
Balance at 1 January 2022	957,180	11,005,397	3,644,807	15,607,384
Net cash (used in)/from financing activities	(648,842)	7,797,313	–	7,148,471
Interest	–	7,216,734	–	7,216,734
Fair value adjustment	–	(2,093,565)	2,093,565	–
Fair value change in derivative	–	–	243,098	243,098
Balance at 31 December 2022	308,338	23,925,879	5,981,470	30,215,687
Net cash used in financing activities	(308,338)	–	–	(308,338)
Fair value change in derivative	–	–	53,109	53,109
Conversions	–	(23,925,879)	(6,034,579)	(29,960,458)
Balance at 31 December 2023	–	–	–	–

NOTE 33. EARNINGS PER ORDINARY SHARE

	Group	
	2023 US\$	2022 US\$
Loss after income tax attributable to the owners of Enlitic, Inc.	(15,551,440)	(25,040,819)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	4,787,787	302,822
Weighted average number of ordinary shares used in calculating diluted earnings per share	4,787,787	302,822
	Cents	Cents
Basic earnings per ordinary share	(324.81)	(8,269.15)
Diluted earnings per ordinary share	(324.81)	(8,269.15)

Options have not been included in the calculation of diluted earnings per share as their inclusion would be anti-dilutive to the Group as at 31 December 2023 and 31 December 2022.

Notes to the Consolidated Financial Statements (continued)

NOTE 34. SHARE-BASED PAYMENTS

2014 Equity Incentive Plan

The Company adopted the 2014 Equity Incentive Plan on 12 June 2014 ('2014 Plan') to secure and retain the services of employees, Directors, consultants and affiliates of the Company, to provide incentives for such persons to exert maximum efforts for the success of the Company and any affiliate, and to provide a means by which such eligible recipients may be given an opportunity to benefit from increases in value of the shares through the grant of stock awards primarily in the form of options.

Under the 2014 Plan, the Company reserved 13,698,637 shares for issuance under the 2014 Plan and, as at 31 December 2023, the Board has granted the following securities that are issued and outstanding under the 2014 Plan: 13,660,058 options (of which, 320,726 options have been exercised and converted to shares).

The 2014 Plan was superseded upon the adoption of the 2023 Equity Incentive Plan ('2023 Plan') by the Company, although the terms of the 2014 Plan continue to apply to awards already granted under the 2014 Plan, as noted above.

2023 Equity Incentive Plan

The 2023 Plan was adopted on 9 November 2023 and provides for the grant of options to employees of the Company and certain affiliates, and for the grant of non-statutory stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights, and other awards (together, the 'Awards') to the employees and consultants of the Company and certain affiliates and Directors. The 2023 Plan is the successor to, and continuation of, the 2014 Plan, and became effective upon the Company's admission to the Official List of ASX.

The maximum aggregate number of awards that have been reserved for issuance under the 2023 Plan and issued under the 2023 Plan is 11,300,000 plus up to an additional 13,100,000 shares currently subject to outstanding awards under the 2014 Plan that may become available for issuance under the 2023 Plan if such awards terminate or expire (in whole or in part) without shares being issued or are settled in cash; if the shares, or shares underlying such awards, are forfeited to or repurchased by the Company because of a failure to vest; or are withheld or reacquired to satisfy the exercise, strike or purchase price of such award or to satisfy a tax withholding obligation.

In addition, the Board or its Nomination and Remuneration Committee may act, prior to 1 January of a given year, starting from (and including) 1 January 2024 and ending on (and including) 1 January 2033, to provide that the share reserve will increase on 1 January of that year, in an amount equal to the lesser of (i) 10% of the total number of shares of capital stock outstanding on 31 December of the preceding calendar year, and (ii) such number of shares of capital stock as may be determined by the Board or the Nomination and Remuneration Committee; provided, that the total share reserve (in (i) and (ii)) shall not exceed the number of shares equal to 15% of the total number of shares of capital stock (including all outstanding convertible or exchangeable securities on a fully-diluted, as-converted-to-common-stock basis and including the remaining shares available for issuance under the Share reserve) on 31 December of the preceding calendar year.

The 2023 Plan is administered by the Board or its Nomination and Remuneration Committee, which has the power to determine:

- who will receive awards under the 2023 Plan;
- the type of Awards granted under the 2023 Plan;
- the terms and conditions of Awards, not inconsistent with the terms of the 2023 Plan, including, without limitation, the exercise or purchase price (if any) applicable to the Award, the time or times when Awards may vest and/or be exercised, and any restriction or limitation regarding any Award or the Shares underlying any award;



Notes to the Consolidated Financial Statements (continued)

- specifically in the case of options:
 - the exercise price of any Options granted, which will generally not be less than the fair market value of the Company's shares on the date the Option is granted;
 - the number of Shares into which an Option is exercisable, provided that such Options may not be exercisable over a percentage of the Company's share capital;
 - the terms on which the Options will be exercisable;
 - the termination or cancellation provisions applicable to the Options which are granted, provided that the expiry date shall, in most cases, not be more than 10 years from the date the Option was granted; and
 - whether such Option is intended to be tax qualified under the laws of any jurisdiction jurisdictions.
- to construe and interpret the terms of the 2023 Plan and any Award agreement;

In the event of:

- a sale of all or substantially all of the Company's assets;
- a sale or other disposition of more than 50% of the outstanding securities of the Company;
- a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or
- a merger, consolidation or similar transaction following which the Company is the surviving corporation but the Shares outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise;

then the Board or the Nomination and Remuneration Committee may take one or more of the following actions with respect to outstanding Awards (which such action(s) need not be the same with respect to each Award), contingent upon the closing or completion of such transaction, and subject to any provision to the contrary in the instrument evidencing the Award or any other written agreement with the holder of such Award:

- providing for the assumption or substitution of the outstanding Award;
- accelerating the vesting, in whole or in part, of any Award (including arranging for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company);
- assigning any reacquisition or repurchase rights held by the Company with respect to an Award to the surviving or acquiring entity or its parent; or
- cancelling the outstanding Award on such terms and conditions as it deems appropriate, including providing for the cancellation of such outstanding Award for any or no consideration as the Board or Remuneration Committee determines, which such payments may be delayed to the same extent that payment of consideration to the holders of the Shares in connection with the transaction is delayed as a result of escrows, earn outs, holdbacks or any other contingencies.

Subject to compliance with applicable law, the Board has the authority to amend or terminate the 2023 Plan provided no amendment or termination (other than an adjustment pursuant to a reorganisation, which will be conducted in accordance with the Listing Rules) shall be made that would materially and adversely affect the rights of any participant under any outstanding Award, without such participant's consent. Certain amendments will require the approval of the Shareholders.

The 2023 Plan will automatically terminate in 2033, unless terminated prior.

Notes to the Consolidated Financial Statements (continued)

Set out below are summaries of options granted under the plans:

	Number of options 2023	Weighted average exercise price 2023	Number of options 2022	Weighted average exercise price 2022
Outstanding at the beginning of the financial year	4,363,355	US\$1.74	5,379,462	US\$1.66
Granted	11,673,663	US\$0.14	361,667	US\$2.75
Exercised	(22,464)	US\$1.56	(3,808)	US\$2.33
Forfeited	(2,832,929)	US\$1.83	(1,373,966)	US\$1.70
Outstanding at the end of the financial year	13,181,625	US\$0.31	4,363,355	US\$1.74

2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
Various 2016	Various 2026	US\$1.15	131,593	–	(782)	(99,175)	31,636
11 Oct 2017	11 Oct 2027	US\$0.84	510,529	–	(2,500)	(207,365)	300,664
7 June 2019	7 June 2029	US\$1.16	1,921,309	–	–	(941,912)	979,397
12 Dec 2019	12 Dec 2029	US\$2.84	60,747	–	–	(30,747)	30,000
Various 2020/21	Various 2030/31	US\$2.32	311,146	–	(8,621)	(166,379)	136,146
Various 2021	Various 2031	US\$2.66	326,875	–	(3,750)	(323,125)	–
Various 2021/22	Various 2031/32	US\$2.75	1,101,156	–	(458)	(888,725)	211,973
Various 2023	Various 2033	US\$0.11	–	10,075,500	(6,353)	(163,001)	9,906,146
Various 2023	Various 2033	US\$0.35	–	1,598,163	–	(12,500)	1,585,663
			4,363,355	11,673,663	(22,464)	(2,832,929)	13,181,625
Weighted average exercise price			US\$1.74	US\$0.14	US\$1.56	US\$1.83	US\$0.31

2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
Various 2016	Various 2026	US\$1.15	174,867	–	–	(43,274)	131,593
11 Oct 2017	11 Oct 2027	US\$0.84	520,529	–	–	(10,000)	510,529
7 June 2019	7 June 2029	US\$1.16	2,719,379	–	(1,000)	(797,070)	1,921,309
12 Dec 2019	12 Dec 2029	US\$2.84	143,397	–	(500)	(82,150)	60,747
Various 2020/21	Various 2030/31	US\$2.32	512,717	–	(100)	(201,471)	311,146
Various 2021	Various 2031	US\$2.66	407,500	–	–	(80,625)	326,875
Various 2021/22	Various 2031/32	US\$2.75	901,073	361,667	(2,208)	(159,376)	1,101,156
			5,379,462	361,667	(3,808)	(1,373,966)	4,363,355
Weighted average exercise price			US\$1.66	US\$2.75	US\$2.33	US\$1.70	US\$1.74



Notes to the Consolidated Financial Statements (continued)

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2023 Number	2022 Number
Various 2016	Various 2026	31,636	131,593
11 Oct 2017	11 Oct 2027	284,664	510,529
7 June 2019	7 June 2029	979,397	1,918,552
12 Dec 2019	12 Dec 2029	–	25,622
Various 2020/21	Various 2030/31	133,853	222,289
Various 2021	Various 2031	–	129,165
Various 2021/22	Various 2031/32	180,597	312,621
Various 2023	Various 2033	4,972,221	–
Various 2023	Various 2033	1,132,102	–
		7,714,470	3,250,371

The weighted average remaining contractual life of options outstanding at the end of the financial year was 8.9 years (31 December 2022: 7.1 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
Various 2023	Various 2033	US\$1.04555	US\$0.11	60.00%	–	4.19%	US\$0.04
Various 2023	Various 2033	US\$1.04555	US\$0.35	60.00%	–	4.19%	US\$0.11

NOTE 35. EVENTS AFTER THE REPORTING PERIOD

On 4 March 2024, Lisa Pettigrew was appointed as a Non-Executive Director. Lisa is to be granted 100,000 options, subject to shareholder approval at the next AGM.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' Declaration

31 December 2023

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

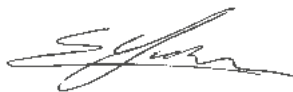
Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Lawrence Gozlan
Director

28 March 2024



Michael Sistenich
Director



Independent Auditor's Report

To the Members of Enlitic, Inc.



RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT

To the Members of Enlitic, Inc.

Opinion

We have audited the financial report of Enlitic, Inc. (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial report, which indicates that the Group incurred a net loss after tax of \$15,551,440 and had net cash outflows from operating activities of \$14,880,187 for the year ended 31 December 2023. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Independent Auditor's Report (continued)



Key Audit Matters

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.



Independent Auditor's Report (continued)



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of Enlitic, Inc., for the year ended 31 December 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in blue ink, appearing to read 'M Parameswaran'.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read 'M Parameswaran'.

M PARAMESWARAN

Dated: 22 March 2024
Melbourne, VIC

Securityholder Information

The securityholder information set out below was applicable as at 11 March 2024.

ISSUED SECURITIES

Security	Quoted	Number	No. of holders
Common stock	No	19,979,762	78*
CHESS Depositary Interests ('CDIs')	Yes	66,293,270	322
CDIs which assumes common stock noted above are held as CDIs	–	86,273,032	388
Unlisted options	No	13,181,625	67
Unlisted warrants	No	11,236,975	61

* Some common stockholders are also holders of CDIs.

No single person holds 20% or more of equity securities in an unquoted class that were not issued or acquired under an employee incentive scheme.

DISTRIBUTION OF EQUITABLE SECURITIES

CDIs

Analysis of number of equitable security holders by size of holding. This table assumes that all common stock is held as CDIs:

	Securities	%	No. of holders	%
100,001 and Over	81,512,263	94.48%	67	17.27%
10,001 to 100,000	4,148,251	4.81%	134	34.54%
5,001 to 10,000	294,452	0.34%	42	10.82%
1,001 to 5,000	295,805	0.34%	111	28.61%
1 to 1,000	22,261	0.03%	34	8.76%
	86,273,032	100.00%	388	100.00%

Warrants

	Securities	%	No. of holders	%
100,001 and Over	10,086,892	89.8%	14	23.0%
10,001 to 100,000	949,211	8.4%	26	42.6%
5,001 to 10,000	200,872	1.8%	21	34.4%
1,001 to 5,000	–	0.0%	–	0.0%
1 to 1,000	–	0.0%	–	0.0%
	11,236,975	100.0%	61	100.0%



Securityholder Information (continued)

Options

	Securities	%	No. of holders	%
100,001 and Over	12,232,348	92.80%	16	23.88%
10,001 to 100,000	736,111	5.58%	23	34.33%
5,001 to 10,000	153,000	1.16%	16	23.88%
1,001 to 5,000	60,166	0.46%	12	17.91%
1 to 1,000	0	0.00%	0	0.00%
	13,181,625	100.00%	67	100.00%

CDI HOLDERS

Twenty largest quoted security holders of quoted securities in the Company

The names of the twenty largest security holders of quoted equity securities (assuming all common stock is held as CDIs) in the Company are listed below.

Name of Registered Holder	CDIs	
	Number held	% of total CDIs issued
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,579,293	13.42
MARUBENI CORPORATION	10,650,316	12.34
UBS NOMINEES PTY LTD	9,937,295	11.52
NAAM GROUP PTY LTD	8,167,547	9.47
CITICORP NOMINEES PTY LIMITED	3,002,805	3.48
TALENTO HOLDINGS PTY LTD	2,908,992	3.37
BUTTONWOOD NOMINEES PTY LTD	2,400,000	2.78
HSBC Bank USA NA	2,175,400	2.52
MS MARGARET POH GEOK KHOO	1,945,894	2.26
MR DAVID JOHN SOUTHON	1,863,365	2.16
VULCANCREST PTY LTD	1,446,587	1.68
BIPHARM INVESTMENTS PTY LTD	1,422,111	1.65
MST FINANCIAL SERVICES PTY LTD	1,374,919	1.59
WARBONT NOMINEES PTY LTD	1,352,225	1.57
FIRST SAMUEL LTD ACN 086243567	1,285,323	1.49
AMPLIFY PARTNERS LP	1,194,144	1.38
NEWECONOMY COM AU NOMINEES PTY LIMITED	995,025	1.15
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – GSI EDA	950,000	1.10
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	888,579	1.03
IAN WATSON HOLDING COMPANY PTY LTD	888,353	1.03
	66,428,173	76.99

Securityholder Information (continued)

SUBSTANTIAL HOLDERS

To the best of the Company's knowledge, substantial holders of common stock in the Company (being those persons having a voting power of 5% or more in the Company) are set out below. This table assumes that all CDIs are held as common stock.

Name of holder	Number held	% of total common stock held
HSBC Custody Nominees (Australia) Limited	11,579,293	13.42%
Marubeni Corporation	10,650,316	12.34%
UBS Nominees Pty Ltd	9,937,295	11.52%
Naam Group Pty Ltd	8,167,547	9.47%
Thorney Technologies Ltd and its associates	6,235,250	7.23%*
Tiga Trading Pty Ltd and its associates	6,235,250	7.23%*

* See respective ASIC Form 603 dated 22 December 2023.



Securityholder Information (continued)

VOTING RIGHTS

The voting rights attached to common stock are set out below.

Common Stock

At a meeting of Enlitic, every holder of common stock present in person or by proxy is entitled to one vote for each common stock held on the record date for the meeting on all matters submitted to a vote of shareholders.

Under Enlitic's bylaws, the presence at the meeting (in person, by remote communication or represented by proxy) of the holders of a majority of the outstanding common stock entitled to vote will constitute a quorum for the transaction of business. Except as otherwise provided by statute or by applicable stock exchange rules, the affirmative vote of the majority of common stock present in person, by remote communication or represented by proxy at the meeting and entitled to vote generally on the subject matter will be the act of the shareholders.

Under the ASX Listing Rules, in order for CDI holders to vote at shareholder meetings, CDI holders may:

- instruct CHES Depository Nominees Pty Ltd ("CDN"), a wholly owned subsidiary of the ASX, as the legal owner of the common stock, to vote the common stock underlying their CDIs in a particular manner. A voting instruction form will be sent to CDI holders with the notice of meeting or proxy statement for the meeting and this must be completed and returned to the CDI Registry prior to the meeting; or
- transmute their CDIs into a holding of common stock and vote these at the meeting (although if the former CDI holder later wishes to sell their investment on ASX, it would be necessary to transmute the common stock back to CDIs). In order to vote in person, the transmutation must be completed prior to the record date for the meeting.

Since CDI holders will not appear on the Company's principal register of members as the legal holders of the common stock, they will not be entitled to vote at shareholder meetings other than in the manner set out above. CDI voting instruction forms will be included in each notice of meeting sent to CDI holders by the Company. These voting rights of CDI holders exist only under the ASX Settlement Operating Rules, rather than under the Delaware General Corporate Law and CDI holders do not have any directly enforceable rights under the Company's bylaws.

Enlitic also has on issue certain unlisted options and warrants (set out above) which do not have any voting rights.

Restricted Securities

Security	Number	Expiry date
Common Stock	395,490	18-Apr-24
Common Stock	95,180	05-May-24
Common Stock	7,558,404	17-Dec-25
Warrants	11,074,208	31-Dec-24

Securities Subject to Voluntary Escrow

Security	Number	Expiry date
Common Stock	4,782,172	17-Dec-25

Corporate Directory

31 December 2023

COMPANY

Enlitic, Inc.

3420 East Harmony Road
Suite 125
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Colorado USA 80528

Telephone: (+1) 970 657 9218 and (+1) 877 365 4842

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Lawrence Gozlan – Chair
Michael Sistenich
Riichi Yamada
Sergio Duchini
Lisa Pettigrew

COMPANY SECRETARY

Darren Scotti

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REGISTER OF SECURITIES

Equiniti

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New York USA 11219

Telephone: (+1) 929 388 6178

AUDITOR

RSM Australia Partners

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Melbourne VIC 3000

STOCK EXCHANGE LISTING

Enlitic, Inc. CDIs are listed on the Australian Securities Exchange (ASX: ENL). The Company’s securities are not traded on any other exchange other than the ASX.

WEBSITES

www.ir.enlitic.com
www.enlitic.com

BUSINESS OBJECTIVES

Enlitic, Inc. will focus on intelligently managing healthcare data using the power of artificial intelligence to expand capacity and improve clinical workflows and create a foundation for a real-world evidence medical image database for healthcare providers.

In accordance with the requirements of ASX Listing Rule 4.10.19, the Directors confirm that the Group has used cash and cash equivalents that are held at the time of listing in a way consistent with its stated business objectives. This includes investing in system and process improvements to support the ongoing growth of the business and provide growth related cost efficiencies.

CORPORATE GOVERNANCE STATEMENT

The Company’s Directors and Management are committed to conducting the Group’s business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (4th Edition) (‘Recommendations’) to the extent appropriate to the size and nature of the Group’s operations.

The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation throughout the financial year, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations.

The Company’s Corporate Governance Statement and policies, which is approved at the same time as the Annual Report, can be found on its website: <https://ir.enlitic.com/governance/>



Corporate Directory (continued)

The Company is incorporated in the state of Delaware in the United States of America. The Company is not subject to Chapters 6, 6A, 6B and 6C of the *Corporations Act 2001* (Cth) dealing with the acquisition of shares (ie, substantial holdings and takeovers).

Under the Delaware General Corporation Law, shares are generally freely transferable subject to restrictions imposed by US federal or state securities laws, by the Company's certificate of incorporation or bylaws, or by an agreement signed with the holders of the shares at issue. The Company's amended and restated certificate of incorporation and bylaws do not impose any specific restrictions on transfer, other than as described below with respect to compliance with the US Securities Act of 1933 ('US Securities Act'). The Company's CDIs were issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act for offers or sales which are made outside the US. Accordingly, the CDIs have not been, and will not be, registered under the Securities Act or the laws of any state or other jurisdiction in the US. The holders of the Company's CDIs are unable to sell the CDIs into the US or to a US person (as defined in Regulation S of the US Securities Act) unless the re-sale of the CDIs is registered under the US Securities Act or an exemption from the registration requirement of the US Securities Act is available. To enforce the above transfer restrictions, the Company's bylaws provide that the Company may refuse to acknowledge or register any transfer of its capital stock (including CDIs) which does not comply with the US Securities Act and all CDIs issued bear a 'FOR US' designation on the ASX. This designation restricts any CDIs from being sold on the ASX to US persons. However, you still may freely transfer your CDIs on the ASX to any person other than a US person. In addition, hedging transactions with regard to the CDIs may only be conducted in accordance with the US Securities Act.

A detailed review of operations and activities is reported in Directors' Report.

There is no current on-market share buy-back.

No securities were purchased on-market during the period from listing to 31 December 2023 under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.



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