

Opyl

Annual Report 2023

ASX:OPL
www.opyl.ai



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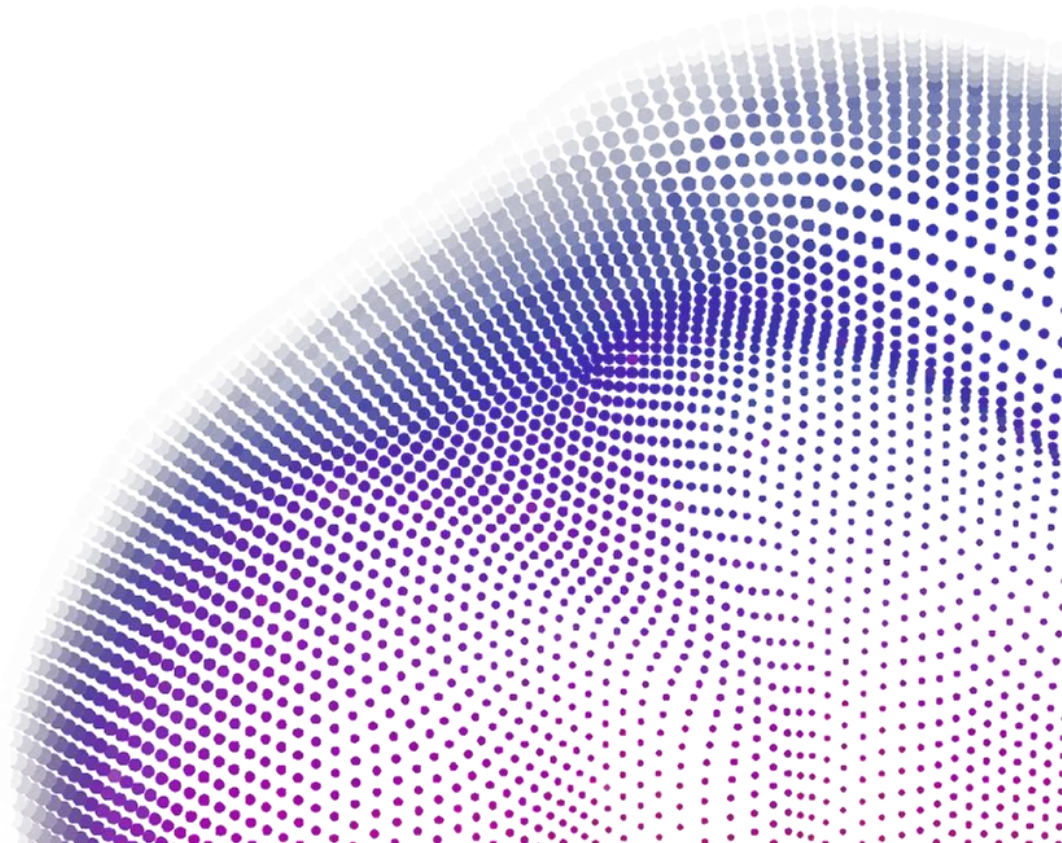


About Opyl

Opyl is a new generation AI company that applies market-leading technologies to more efficiently procure and match highly targeted patients to clinical trials, predict trial success outcomes and design smarter trials with a high probability of success.

Currently two of the largest problems leading to clinical trial failures are related to poor patient recruitment and poor protocol design - leading to billions of dollars invested into unsuccessful trials each year. Opyl's AI-assisted solutions address these two key challenges via its Opin platform – clinical trial recruitment, and TrialKey platform – predictive analytics and trial design insights.

This suite of technologies gives Opyl customers a significant competitive edge in trial recruitment, trial design and trial investment.





Chairman's Letter

Dear Shareholders,

It is my pleasure to present Opyl's FY2023 Annual Report as your newly appointed Executive Chairman.

I am honoured to have taken up this exciting role, allowing me to work with a group of ambitious and inspiring professionals committed to developing world-leading technologies to drive change in the digital health and life science sectors.

The last 12 months have seen significant progress in our core market position but have not been without challenge. Following an extensive internal review, validated by positive external feedback, we refocused growth initiatives to our two key platform technology solutions – Opin and TrialKey. This required us to move away from bespoke project, low margin revenues from our social media insights offering. Pleasingly, we now have a strong foundation across both digital assets, providing a unique and defensible platform for long-term growth and recurring revenues.

In FY2022, we announced the successful launch of Opin and, in FY2023, significantly advanced the platform's technology. While Opin revenue remained minimal, the FY2023 period reflected a range of important learnings spanning go-to-market strategy, product positioning and demand-driven technology development – all geared towards establishing the long-term foundations for scalable and recurring revenues. In the period, we broadened Opin's feature-set and focused on building relationships with significant members of the clinical trial services community, expanding our network of patients, sites, CROs and sponsors. Our shift in approach focuses on engaging with potential customers seeking to adopt Opin's solutions across a broad portfolio of clinical trials rather than one-off, just in time recruitment projects. Validated by market feedback, we are more confident than ever that Opin can significantly disrupt the clinical trial recruitment market, improve recruitment rates, cost efficiencies, and reduce timelines.

Excitingly, we also made considerable progress in the development of our new AI-driven predictive analytics and insights platform, TrialKey, having successfully achieved minimum viable product status. Our technology can now predict the success of a particular trial's stage with approximately 89% recall accuracy. We expanded our underlying training dataset to over 40,000 clinical trials and made further UX / UI enhancements to ready the platform for commercial launch.

The addressable market opportunity for TrialKey is exciting and significant given the amount of investment into unsuccessful clinical trials globally, as well as industry-wide sub-optimal trial design driving high failure rates. Early feedback from market participants and subject matter experts has been overwhelmingly positive, validating the platform's value, defining initial use cases and informing future development opportunities. We are excited to formally commercialise this platform and add another long-term recurring revenue stream to the business.



In addition to our Opin and TrialKey developments in the period, we made a number of corporate and leadership changes to realign resources to better support and drive growth. This led to the appointment of clinical trial industry leader, Dr Hugo Stephenson, tasked with leading and scaling Opin's presence in Australia and New Zealand as a priority. Hugo brings a wealth of experience and decades of relevant networks to Opin and Opyl more broadly.

Michelle Gallaher transitioned into the position of General Manager of TrialKey, where she is now leading commercialisation of the platform. I thank Michelle for her service as CEO over the past 5 years, where her contributions were critical to the development of Opyl and its two core platforms as they stand today.

Also during the year, we successfully completed two capital raisings with substantial support from our existing shareholders as well as bringing onboard substantial new, strategic investors. We consider this a key endorsement of our strategy and a vote of confidence in our ability to grow and scale.

On behalf of the Board, I would like to extend my sincere thanks to shareholders, customers and our fantastic team for their ongoing support. Opyl is now approaching an inflection point and given the strength and progress of our solutions, we are heavily focused on driving revenue, consolidating our market position in Australia and New Zealand and otherwise establishing ourselves as a global disruptor in the market for clinical trials.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark Ziirsen".

Mark Ziirsen
Executive Chairman

Opyl Limited

ABN 71 063 144 865

Annual Report - 30 June 2023

Opyl Limited
Directors' report
30 June 2023

Corporate Directory

Directors	Julian Chick - Non-Executive Director (Resigned on 13 February 2023) Mark Ziirsen - Chair and Non-Executive Director Megan Robertson - Non-Executive Director Damon Rasheed - Executive Director
Company Secretary	David Lilja
Notice of annual general meeting	The details of the annual general meeting of Opyl Limited are: to be determined
Registered office and principal place of business	105 Wellington Street St Kilda, VIC 3182, Australia
Share register	Automic Pty Ltd Level 5, 126 Phillip Street Sydney NSW 2000, Australia Telephone: +1300 288 664 (within Australia); +61 2 9698 5414 (outside Australia) Email: hello@automic.com.au
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000, Australia
Solicitor	Cornwalls Level 4, 300 Collins Street Melbourne VIC 3000, Australia Montgomery Pacific LLP 150 Spear Street, Suite 800 San Francisco, CA 94105, USA
Bankers	Westpac Banking Corporation Level 13 109, St Georges Terrace Perth WA 6000, Australia First Republic Bank 44, Montgomery Street San Francisco, CA 94104, USA
Stock exchange listing	Opyl Limited shares are listed on the Australian Securities Exchange (ASX code: OPL)
Website	www.opyl.ai
Corporate Governance Statement	www.opyl.ai/investors

Opyl Limited
Directors' report
30 June 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Opyl Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Julian Chick - Non-Executive Director (resigned on 13 February 2023)
Mark Ziirsen - Chair and Executive Director
Megan Robertson - Non-Executive Director
Damon Rasheed - Executive Director

Principal activities

The principal activities of the company during the course of the financial year were predominantly the continued development of its digital tools that improve the healthcare experience for patients, deliver deep market insights from social media data and improve the efficiency and value of clinical research process.

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,726,335 for the year (2022: \$2,085,550). As at 30 June 2023, Opyl had a cash position of \$452,877 (2022: 786,334), accounts and other receivables of \$185,500 that will be collected in July 2023, and external borrowings of \$300,000 (2022: nil).

During the period, the company has continued to focus on executing on its strategy to expand and develop Opin, its clinical trial recruitment service, with significant advances being made on key priorities to expand its sales pipeline, secure MSAs and contracts, and grow market share in Australia and New Zealand. Despite the strong progress being made, the focus on MSAs with their longer and more complex sales cycles has presented a short-term challenge to the timing of realising sales contracts.

In the second half, the company also focused on investing in R&D to advance the development of TrialKey, Opyl's clinical trial predictive analytics technology, to minimal viable product (MVP) stage as well as progressing commercialisation of the platform.

Operational progress

The operational loss for the period of \$1,726,335 was \$359,215 (17%) lower compared to the prior period, with the improvement a result of:

- Government incentives of \$606,963 that were \$245,267 (68%) higher than the prior period.
- Excluding the beneficial effect of the government incentives, the underlying operating loss of \$2,333,298 was \$113,689 (5%) lower than the prior period, driven by factors outlined below.
- Revenue from customers of \$617,907 was \$284,506 (32%) lower than the period, reflecting the strategy shift away from social media insight projects, down \$374,398 (100%), to clinical recruitment, up strongly by \$101,116 (40%). Retainer client revenues of \$259,509 continued to remain consistent.
- Total operating expenses of \$2,951,205 were \$398,165 (12%) lower than the prior period, fully offsetting the lower revenues, as a result of cost containment initiatives. The favourable variance was driven by reduced R&D costs of \$314,587 (56%) following the completion of Opin 2.0 in the prior period, consulting costs down by \$78,318 (48%), corporate compliance and management costs down by \$52,561 (66%), being partially offset by mildly higher administration costs up by \$26,704 (3%) and employee benefits up to \$25,663 (2%).

During the period, the Group completed two successful capital raisings that raised approximately \$1.2 million (after costs), helping to strengthen the balance sheet and provide vital funds to support the company's development.

Opin, the company's clinical trial recruitment service, implemented a number of advances to its platform and ecosystem during the period including:

- Entering a strategic partnership with Consentia, an online platform providing video-based electronic clinical trial consent (e-consent).
- Launching a new personalised research screening service.
- Achieved interim Health Insurance Portability and Accountability Act (HIPAA) compliance.
- Achieved compliance certification for security measures and requirements for Amazon Web Services (AWS).
- Optimised with ChatGPT integration to support a more accessible user experience, and to create content to drive Search Engine Optimisation.

Opin also achieved significant commercial developments during the period, most notably securing MSAs with leading global pharmaceutical companies GlaxoSmithKline (GSK) and Bristol Myers Squibb (BMS).

During the second half, important progress was made in the development and commercialisation of TrialKey, the company's clinical trial predictive analytics technology platform that included:

- Successfully advanced the development and commercialisation of our novel, groundbreaking machine learning platform that uses AI to de-risk and improve clinical trial design.
- Completed development below budget and ahead of time following broad consultation with subject matter experts that confirmed the novelty, accuracy and sensitivity of the platform and its potential to improve the efficiency, effectiveness and ultimate probability of success of clinical trials.
- Progressed commercialisation plans with identification of preferred initial target markets, primary customers and potential product solutions.

Opyl Limited
Directors' report
30 June 2023

In June, following the completion of a board-led strategic review, Dr. Hugo Stephenson joined the company to lead Opin. In this role, Dr. Stephenson will focus on accelerating recruitment for ANZ-based clinical trials and health programs; streamlining Opin's business model to align with ANZ client needs; unlocking new business opportunities in patient community growth and management; broadening Asia-Pacific partnerships with research sites, healthcare institutions, and advocacy groups; and cultivating global growth opportunities.

On 3 January 2023, 9,666,667 shares were issued at a price of \$ 0.03, totalling a value of \$290,000.

On 13 February 2023, a Rights offering led to the issuance of 11,858,945 shares at a price of \$0.03 per share, generating a total value of \$355,768.

On 4 April 2023, the company raised a further \$124,622 (before costs) via the issue of all 4,154,059 shortfall shares at an issue price of \$0.03 per share under the shortfall facility of the rights issue, which closed on 13 February 2023.

In June 2023, the company completed a placement of 7,250,000 fully paid ordinary shares (Placement) at a price of \$0.03 per share to raise \$217,500 before costs.

Full details of movements in share capital for the year are detailed in note 13 to the financial statements.

Business risks

- **Operating losses:** the consolidated entity is not currently profitable and will continue to incur operating losses until such time as its revenues grow to a level sufficient to offset its growing expenditures. There can be no assurance that expected revenue growth will be achieved, or even if it is, that it will result in the group being profitable. Consideration needs to be given to the considerable risks and challenges that are encountered by early-stage medical technology companies in their early commercialisation.
- **Adequacy of funding:** the consolidated entity is not yet in a position to generate sufficient positive operating cash flow, and nor does it have sufficient capital to fully fund the development and commercialisation of its businesses. Accordingly, in the near term, the group is reliant on securing equity, debt, or other funding (e.g. licensing) within acceptable timelines, or of a sufficient amount and on terms acceptable to it. However, there can be no assurances given that future funding will be available as and when required or on terms that are acceptable.
- **Government R&D funding and incentives:** R&D and other incentives are a critical source of funding for the consolidated entity. No assurance can be given that future funding will continue to be available from the R&D tax incentive program or that the group will continue to access it. Losing access to R&D refunds would adversely impact the group's financial performance, delay or stop the development of the group's technology platforms and business expansion, and likely require the raising of additional capital.

Share-based payments

During the year, the consolidated entity granted options over ordinary shares in the company to certain key management personnel of the consolidated entity and other employees. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee. Details for the options granted are as follows:

On 26 July 2022, 580,000 options were granted to employees at an exercise price of \$0.10 totalling a "fair" value of \$24,834 which was determined using a Black-Scholes model.

On 10 December 2022, 1,400,000 options (Incentive Options) were granted to key management personnel at exercise prices of \$0.10, \$0.15, and \$0.20 totalling a "fair" value of \$35,880 which was determined using a Black-Scholes model.

Further details of the options granted are set out on accompanying note 26 of the Annual report.

Board and leadership changes

Dr Julian Chick resigned from the Board of Directors on 13 February 2023.

Mr Mark Ziirsén replaced Dr Julian Chick as Chair on 30 August 2022 as part of a planned transition. Mr Ziirsén has also stepped in as Interim Executive Chair from 1 February 2023.

There were no other changes to the board or leadership team during the period.

Opyl Limited
Directors' report
30 June 2023

Significant changes in the state of affairs

There were no significant changes to the consolidated entity's state of affairs during the financial year.

Matters subsequent to the end of the financial year

As announced on 7 July 2023, the company issued 7,250,000 fully paid ordinary shares via a placement at a price of \$0.03 per share raising \$217,500. \$187,500 of the proceeds were received prior to 30 June 2023 with the balance of \$30,000 received on 3 July 2023.

As announced on 5 July 2023, Opyl made changes to its CEO and senior leadership with Dr Hugo Stephenson joining to lead Opin, Michelle Gallaher moving to General Manager of TrialKey, and Mark Ziirsen continuing as the interim Executive Chairman. These changes follow the Board-led strategic review focused on identifying pathways for accelerating the growth of Opin and developing ways to commercialise TrialKey. The changes were effective from 1 June 2023.

No other matter or circumstance has arisen since 30 June 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.

Likely developments and expected results of operations

Likely developments in the operations of Opyl Limited and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to Opyl Limited.

Environmental regulation

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

Opyl Limited
Directors' report
30 June 2023

Information on directors

Name: Dr Julian Chick (Resigned from the Board of Directors on 13 February 2023)
Title:
Experience and expertise: Julian is an executive with more than 25 years of experience in the biotechnology and medical technology industry as well as five years in investment banking.

Leading public and private companies, Julian's previous roles include investment adviser, healthcare analyst for private equity investors, portfolio manager, investment banker and venture capitalist.

Julian has advanced a number of technologies from discovery through to market as well as leading numerous capital raisings, M&A transactions, company restructuring, business development and licensing transactions.

Other current directorships: N/A
Former directorships (last 3 years): N/A
Interests in shares: 942,996 ordinary shares
Interests in options: 1,029,998

Name: Mark Ziirsen
Title: Executive Chair
Experience and expertise: Mark is an experienced ASX listed, non-executive director, and CFO. He served as non-executive director and chair of Respiro Limited, an eHealth SaaS company supporting respiratory health management, and as non-executive director and chair of the Audit and Risk Committee of Orcoda Limited, a SaaS-based technology company. His executive career includes senior finance leadership roles with major ASX listed companies including Cochlear Limited, Aristocrat Leisure Limited, Coca-Cola Amatil Limited and Goldman Fielder Limited.

He commenced his career with EY in business advisory, tax and management consulting. Most recently, he was CFO and company secretary for Nasdaq-listed Cenntro Electric Group. Prior to that he was CFO of ASX listed Wiseway Group Limited and global Medtech company Anteris Technologies Limited and before that, Director of Finance and IT for Asia Pacific at hearing implant maker Cochlear Limited.

Mark's qualifications include a Bachelor of Commerce, CPA designation, and an MBA majoring in international business. He is also a member of the Australian Institute of Company Directors.

Other current directorships: N/A
Former directorships (last 3 years): N/A
Special responsibilities: Chair - Nomination and Remuneration Committee
Interests in shares: 84,375 ordinary shares
Interests in options: 1,100,000

Opyl Limited
Directors' report
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Name: Dr Megan Robertson
Title: Non-Executive Director
Experience and expertise: Megan is an alumna of the University of Melbourne where she completed a Bachelor of Medicine, Bachelor of Surgery (MBBS). She is the current Group Chief Research Officer at St Vincent's Health Australia and Director of Research at St Vincent's Hospital, Melbourne. She also works as a Senior Intensive Care Consultant at Epworth Healthcare (Richmond and Freemasons). She is on the boards of the Digital Health CRC, FearLess (PTSD-ANZ), Queen's College (University of Melbourne) and the Tuckwell Scholarship Selection Panel at ANU. She also works with national bodies including the Australian Commission on Safety and Quality in Healthcare, AusBiotech and the National Health and Medical Research Council. Previously, she held positions as the Director of Professional Affairs, CICM, as the Executive Director of Research at Epworth HealthCare and as the Co-Director of the Intensive Care Unit at Epworth Freemasons.

She has successfully led major initiatives in the St Vincent's Research Directorate including the establishment of the St Vincent's Research Valet Service, development of the Victorian Clinical Trial Gateway portal, Clinical Trials Business Development model, facilitated research activities of the research Governance Unit, and built linkages between clinicians/researchers and industry, as well as linkages between clinicians/researchers and community.

Megan is a fellow of the Royal Australian College of Physicians (FRACP), the Australian and New Zealand College of Anaesthetists (FANZCA) and the College of Intensive Care Medicine (FCICM).

Other current directorships: N/A
Former directorships (last 3 years): N/A
Special responsibilities: Chair - Audit and Risk Committee
Interests in shares: 46,901 ordinary shares
Interests in options: 600,000

Name: Damon Rasheed
Title: Executive Director
Experience and expertise: Damon has more than 20 years' experience in the tech sector, including founding several successful start-ups. He is the founder of Rate Detective Group, one of Australia's largest financial comparison websites. He is also the co-founder of Advantage Data, a leading machine learning and AI consultancy business. His most recent venture is Aurum Data which has built a propriety AI model to value data and discover commercialisation strategies for data sets. He has sat on the boards of several private technology companies both in Australia and overseas.

Damon's former roles include CEO of iBus Media Limited, one of the world's largest online media companies and as an economist assessing mergers at the Australian Competition and Consumer Commission (ACCC).

Damon holds a Masters Degree in Commerce (Hons) and a Degree in Economics (Hons) majoring in statistics.

Other current directorships: N/A
Former directorships (last 3 years): N/A
Interests in shares: 328,334 ordinary shares
Interests in options: 1,029,998

'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.

Opyl Limited
Directors' report
30 June 2023

Company secretary

David Lilja

David Lilja is a qualified accountant and experienced company secretary with over 20 years' within the professional services industry working across a wide range of industries. David will supply his services through his firm, DLK Advisory, which provides a breadth of support to its clients including outsourced CFO and company secretarial services.

Meetings of directors

The number of meetings of the company's board of directors ('the Board') held during the year ended 30 June 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
Julian Chick*	5	7	1	1	1	1
Mark Ziirsen	11	11	1	1	2	2
Megan Robertson	10	11	1	1	2	2
Damon Rasheed	11	11	-	-	1	1

* Julian Chick resigned effective 13 February 2023.

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

There were 11 meetings of directors held during the year ended 30 June 2023

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:

- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity'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 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
- Transparency
- Capital management

The company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' and program participants' interests:

- Focuses on sustained growth in shareholder wealth
- Attracts and retains high calibre executives
- Rewards capability and experience
- Provides a clear structure for earning rewards

Opyl Limited
Directors' report
30 June 2023

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate.

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 Board. The Board may, from time to time receive advice from independent remuneration consultants to ensure non-executive director's fees and payments are appropriate and in line with the market.

ASX listing rules require the aggregate non-executive director's remuneration be determined periodically by a general meeting. The most recent determinations was at the Annual General Meeting held on 27 November 2015, where the shareholders approved a maximum annual aggregate remuneration of \$300,000.

Executive remuneration

The consolidated entity 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
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

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 consolidated entity, and comparable market remunerations.

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 ('KPIs') being achieved. KPIs 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 consolidated entity's direct competitors. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2023.

Voting and comments made at the Company's 2022 Annual General Meeting ('AGM')

At the 2022 AGM, more than 91% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Opyl Limited
Directors' report
30 June 2023

Details of remuneration

Amounts of remuneration

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

The key management personnel of the company consisted of the following directors and other personnel of the company:

- Julian Chick - Chair - Non-Executive Director - Resigned 13 February 2023
- Mark Ziirsen - Chair and Executive Director
- Megan Robertson - Non-Executive Director
- Damon Rasheed - Executive Director
- Michelle Gallaher - Chief Executive Officer

	Short-term benefits		Post-employment benefits	Short-term benefits non-monetary	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash Bonus	Super-annuation	and Annual leave	and Long service leave	Equity-settled option	
30 June 2023	\$	\$	\$	\$	\$	\$	\$
<i>Non-executive directors:</i>							
Julian Chick*	24,881	-	2,613	-	-	2,662	30,156
Megan Robertson	40,000	-	4,200	-	-	2,662	46,862
<i>Executive Directors:</i>							
Damon Rasheed	40,000	-	4,200	-	-	2,662	46,862
Mark Ziirsen	85,000	-	8,925	-	-	5,561	99,486
<i>Other Key Management Personnel:</i>							
Michelle Gallaher**	231,050	-	24,260	(5,065)	13,493	-	263,738
	<u>420,931</u>	<u>-</u>	<u>44,198</u>	<u>(5,065)</u>	<u>13,493</u>	<u>13,547</u>	<u>487,104</u>

* Julian Chick resigned effective 13 February 2023.

**Negative amount represents amount above annual leave accrued for the year. Remuneration received for the period 1 June 2023 to 30 June 2023 did not relate to responsibilities as a KMP person given her new role as General manager Trial Key.

Opyl Limited
Directors' report
30 June 2023

	Short-term benefits		Post-employment benefits	Short-term benefits non-monetary	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash Bonus	Super-annuation	and Annual leave	and Long service leave	Equity-settled option	
30 June 2022	\$	\$	\$	\$	\$	\$	\$
<i>Non-executive directors:</i>							
Julian Chick*	40,000	-	4,000	-	-	9,662	53,662
Mark Ziirsen	40,000	-	4,000	-	-	9,662	53,662
Megan Robertson	40,000	-	4,000	-	-	9,662	53,662
<i>Executive Directors:</i>							
Damon Rasheed	40,000	-	4,000	-	-	9,662	53,662
<i>Other Key Management Personnel:</i>							
Michelle Gallaher**	230,831	119,884	23,199	16,370	3,010	108,976	502,270
	<u>390,831</u>	<u>119,884</u>	<u>39,199</u>	<u>16,370</u>	<u>3,010</u>	<u>147,624</u>	<u>716,918</u>

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

Name	Fixed remuneration		At risk - LTI	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
<i>Non-Executive Directors:</i>				
Julian Chick*	91%	82%	9%	18%
Mark Ziirsen	94%	82%	6%	18%
Megan Robertson	94%	82%	6%	18%
<i>Executive Directors:</i>				
Damon Rasheed	94%	82%	6%	18%
<i>Other Key Management Personnel:</i>				
Michelle Gallaher	95%	78%	5%	22%

* Julian Chick resigned effective 13 February 2023.

**The payment of a cash bonus to Michelle of \$120,000 inclusive of any superannuation guarantee in recognition of her performance during the financial year ended 30 June 2021 was paid pursuant to the release of the company 2021 Financial Results to the market .

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:	Michelle Gallaher
Title:	Chief Executive Officer
Agreement commenced:	3 September 2021
Term of agreement:	(a) Remuneration: Fixed annual salary \$231,050 plus 10.5% employer superannuation contribution;
	(b) Short-term incentives: the Board may, at its discretion, determine that Ms Gallaher may be eligible for short-term incentives in the form of a cash bonus;

i) A bonus incentive of \$400,000 will be paid to the executive in the event of the Opyl share price trading at \$1 for 10 or more consecutive days within the first 24 months of executing the agreement so long as the Executive is employed at the company. The board has the option to pay the bonus in a combination of shares and cash to the value of \$400,000. The bonus is payable to the executive within 90 days if the bonus conditions being met or in the event of the business being acquired.

ii) The \$400,000 incentive bonus is paid to the executive in the event of a complete takeover of the company.

(c) Non-cash benefits: the Board may, at its discretion, determine that Ms Gallaher may participate in the company's share plan, subject to shareholder and regulatory approval;

(d) Termination: the company and Ms Gallaher may terminate the Executive Services Agreement without cause giving the other party six months' notice.

On 1 June 2023, stepped down from her role as CEO of Opyl and commenced a new role as General Manager TrialKey. The LTI for the \$400,000 bonus had no change following the change of role on 1 June 2023.

Name:	Damon Rashed
Title:	Executive Director
Agreement commenced:	20 September 2020
Term of agreement:	(a) Remuneration: Fixed annual salary \$40,000 plus statutory employer superannuation contribution;

(b) Short-term incentives: No short-term incentives applicable.

All other Terms of Agreement are as set out in the "*Details of remuneration*" of this Directors' report.

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

As at 30 June 2023, no other key management personnel have any service agreement with the consolidated entity.

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 30 June 2023.

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30 June 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
Julian Chick	100,000	10/12/2022	10/12/2023	10/12/2027	\$0.100	\$0.027
	100,000	10/12/2022	10/12/2024	10/12/2027	\$0.150	\$0.025
	100,000	10/12/2022	10/12/2025	10/12/2027	\$0.200	\$0.024
	-	-	-	-	\$0.000	\$0.000
Mark Ziirsen	300,000	10/12/2022	10/12/2023	10/12/2027	\$0.100	\$0.027
	100,000	10/12/2022	10/12/2024	10/12/2027	\$0.150	\$0.025
	100,000	10/12/2022	10/12/2025	10/12/2027	\$0.200	\$0.024
	-	-	-	-	\$0.000	\$0.000
Megan Robertson	100,000	10/12/2022	10/12/2023	10/12/2027	\$0.100	\$0.027
	100,000	10/12/2022	10/12/2024	10/12/2027	\$0.150	\$0.025
	100,000	10/12/2022	10/12/2025	10/12/2027	\$0.200	\$0.024
	-	-	-	-	\$0.000	\$0.000
Damon Rasheed	100,000	10/12/2022	10/12/2023	10/12/2027	\$0.100	\$0.027
	100,000	10/12/2022	10/12/2024	10/12/2027	\$0.150	\$0.025
	100,000	10/12/2022	10/12/2025	10/12/2027	\$0.200	\$0.024
	-	-	-	-	\$0.000	\$0.000

Options granted carry no dividend or voting rights.

Performance Rights

There were no performance rights issued to directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Additional information

The earnings of the Group for the five years to 30 June 2023 are summarised below:

	2023	2022	2021	2020	2019
	\$	\$	\$	\$	\$
Sales revenue	617,907	902,413	767,719	620,783	927,041
Loss after income tax	(1,726,335)	(2,085,550)	(1,143,432)	(934,904)	(3,105,138)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2023	2022	2021	2020	2019
Share price at financial year end (\$)	0.022	0.047	0.180	0.087	0.001
Basic earnings per share (cents per share)	(2.156)	(3.835)	(2.831)	(6.785)	(0.180)
Diluted earnings per share (cents per share)	(2.156)	(3.835)	(2.831)	(6.785)	(0.180)

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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 company, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>				
Julian Chick*	1,426,329	116,667	(600,000)	942,996
Mark Ziirsen	67,500	16,875	-	84,375
Megan Robertson	46,901	-	-	46,901
Damon Rasheed	262,667	65,667	-	328,334
Michelle Gallaher	215,776	-	-	215,776
	<u>2,019,173</u>	<u>199,209</u>	<u>(600,000)</u>	<u>1,618,382</u>

*Resigned on 13 February 2023.

The additions of ordinary shares to key management personnel arose from the purchase of on-market shares at market value.

Opyl Limited
Directors' report
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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 company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>				
Julian Chick*	784,998	300,000	(55,000)	1,029,998
Mark Ziirsen	600,000	500,000	-	1,100,000
Megan Robertson	300,000	300,000	-	600,000
Damon Rasheed	729,998	300,000	-	1,029,998
Michelle Gallaher	1,590,000	-	(90,000)	1,500,000
	<u>4,004,996</u>	<u>1,400,000</u>	<u>(145,000)</u>	<u>5,259,996</u>

	Vested options	Unvested options	Balance at the end of the year
<i>Options over ordinary shares</i>			
Julian Chick*	529,998	500,000	1,029,998
Mark Ziirsen	400,000	700,000	1,100,000
Megan Robertson	100,000	500,000	600,000
Damon Rasheed	529,998	500,000	1,029,998
Michelle Gallaher	500,000	1,000,000	1,500,000
	<u>2,059,996</u>	<u>3,200,000</u>	<u>5,259,996</u>

* resigned 13 February 2023.

During the financial year ended 30 June 2023, the consolidated entity did not employ or use the services of remuneration consultants.

Other transactions with key management personnel and their related parties

During the financial year ended 30 June 2023, RDI Consulting Pty Ltd and Zappli Pty Ltd have been engaged to develop software for a machine learning/artificial intelligence algorithm that can predict the likelihood of clinical trial passing its primary objective. A total of \$343,864 has been incurred.

	30 June 2023
	\$
RDI Consulting	194,775
Zappli Pty Ltd	149,089
	<u>343,864</u>

As Damon Rasheed is a shareholder of RDI Consulting, as such RDI is considered a related party. RDI Consulting is a major shareholder of Zappli Pty Ltd, Zappli Pty is considered a related party.

Performance rights over ordinary shares

There were no other performance rights issued over ordinary shares during the financial year.

This concludes the remuneration report, which has been audited.

Shares under option and performance rights

Unissued ordinary shares of Opyl Limited under option at the date of this report are as follows:

Shares under option

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30 June 2023

Grant date	Expiry date	Exercise price	Number under option
15/12/2016	05/12/2026	\$1.200	42,480
06/02/2017	06/02/2027	\$0.800	6,000
20/03/2017	20/03/2027	\$2.500	14,916
01/04/2017	01/04/2027	\$0.600	60,000
24/07/2018	24/07/2023	\$0.100	250,000
15/10/2018	18/09/2023	\$0.400	3,000
08/02/2019	08/02/2024	\$0.500	109,998
21/03/2019	21/03/2024	\$0.500	109,998
13/05/2019	13/05/2024	\$0.500	109,998
27/11/2019	27/11/2024	\$0.300	20,000
27/11/2019	27/11/2024	\$0.300	20,000
27/11/2019	27/11/2024	\$0.300	20,000
10/12/2019	29/01/2024	\$0.800	2,335,000
07/11/2020	07/11/2025	\$0.300	400,000
07/11/2020	07/11/2025	\$0.500	400,000
07/11/2020	07/11/2025	\$0.750	400,000
26/07/2021	26/07/2024	\$0.250	90,000
10/09/2021	10/06/2027	\$0.300	500,000
10/09/2021	10/09/2028	\$0.500	500,000
10/09/2021	10/09/2029	\$0.750	500,000
10/12/2021	10/12/2026	\$0.300	400,000
10/12/2021	10/12/2026	\$0.500	400,000
10/12/2021	10/12/2026	\$0.750	400,000
26/07/2022	26/07/2025	\$0.043	580,000
10/12/2022	10/12/2027	\$0.027	600,000
10/12/2022	10/12/2027	\$0.025	400,000
10/12/2022	10/12/2027	\$0.024	400,000
03/01/2023	30/12/2026	\$0.022	666,663
			9,738,053

Performance rights

Grant date	Expiry date	Exercise price	Number under performance rights
10/09/2021	10/09/2024	N/A	500,000
10/09/2021	10/09/2024	N/A	333,333
10/09/2021	10/09/2024	N/A	250,000
			1,083,333

Shares issued on the exercise of options

There were no ordinary shares of Opyl Limited issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

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.

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Directors' report
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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.

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

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of William Buck

There are no officers of the company who are former partners of William Buck.

Auditor

William Buck continues in office in accordance with section 327 of the Corporations Act 2001.

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




Mark Ziirsen
Director

30 August 2023

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF OPYL LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2023 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



R. P. Burt
Director
Melbourne, 30 August 2023

Opyl Limited
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30 June 2023

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General information

The financial statements cover Opyl Limited as a consolidated entity. The financial statements are presented in Australian dollars, which is Opyl Limited's functional and presentation currency.

Opyl Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

105 Wellington Street
St Kilda, VIC 3182, Australia

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 30 August 2023. The directors have the power to amend and reissue the financial statements.

Opyl Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	30 June 2023	30 June 2022
		\$	\$
Revenue from contracts with customers	4	617,907	902,413
Other income	5	606,963	361,437
Expenses			
Employee benefits expense	6	(1,548,268)	(1,522,605)
Depreciation and amortisation expense		(26,056)	(25,778)
Corporate compliance and management		(26,912)	(79,473)
Finance costs	6	(2,101)	(2,059)
Occupancy costs		(55,266)	(60,682)
Administration		(957,878)	(931,174)
Consultancy costs		(85,336)	(163,654)
Research & development costs		(249,388)	(563,975)
Loss before income tax expense		(1,726,335)	(2,085,550)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of Opyl Limited		(1,726,335)	(2,085,550)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of Opyl Limited		<u>(1,726,335)</u>	<u>(2,085,550)</u>
		Cents	Cents
Basic earnings per share	25	(2.156)	(3.835)
Diluted earnings per share	25	(2.156)	(3.835)

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

Opyl Limited
Consolidated statement of financial position
As at 30 June 2023

	Note	30 June 2023 \$	30 June 2022 \$
Assets			
Current assets			
Cash and cash equivalents	7	452,877	786,334
Trade and other receivables	8	219,136	123,858
Prepayments and other deposits		-	7,621
Total current assets		<u>672,013</u>	<u>917,813</u>
Non-current assets			
Property, plant and equipment		14,347	20,766
Capitalised software development		23,222	40,638
Total non-current assets		<u>37,569</u>	<u>61,404</u>
Total assets		<u>709,582</u>	<u>979,217</u>
Liabilities			
Current liabilities			
Trade and other payables	9	614,552	430,850
Borrowings	10	300,000	-
Employee benefits	11	155,002	114,674
Contract liabilities	12	30,476	131,863
Total current liabilities		<u>1,100,030</u>	<u>677,387</u>
Non-current liabilities			
Employee benefits	11	13,138	34,822
Total non-current liabilities		<u>13,138</u>	<u>34,822</u>
Total liabilities		<u>1,113,168</u>	<u>712,209</u>
Net assets/(liabilities)		<u>(403,586)</u>	<u>267,008</u>
Equity			
Issued capital	13	19,918,235	19,271,401
Reserves	14	643,767	366,683
Accumulated losses		(20,965,588)	(19,371,076)
Total equity/(deficiency)		<u>(403,586)</u>	<u>267,008</u>

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

Opyl Limited
Consolidated statement of changes in equity
For the year ended 30 June 2023

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	19,271,401	327,560	(17,411,342)	2,187,619
Loss after income tax expense for the year	-	-	(2,085,550)	(2,085,550)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(2,085,550)	(2,085,550)
<i>Transactions with owners in their capacity as owners:</i>				
Option expense	-	164,939	-	164,939
Lapse of expired options	-	(125,816)	125,816	-
Balance at 30 June 2022	<u>19,271,401</u>	<u>366,683</u>	<u>(19,371,076)</u>	<u>267,008</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2022	19,271,401	366,683	(19,371,076)	267,008
Loss after income tax expense for the year	-	-	(1,726,335)	(1,726,335)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(1,726,335)	(1,726,335)
<i>Transactions with owners in their capacity as owners:</i>				
Proceeds for share capital issued during the year	770,391	-	-	770,391
Proceeds for share capital issued after report date (see note 14)	-	217,500	-	217,500
Cost of capital raise	(123,557)	-	-	(123,557)
Lapse of expired options	-	(131,823)	131,823	-
Option expense	-	191,407	-	191,407
Balance at 30 June 2023	<u>19,918,235</u>	<u>643,767</u>	<u>(20,965,588)</u>	<u>(403,586)</u>

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

Opyl Limited
Consolidated statement of cash flows
For the year ended 30 June 2023

	Note	30 June 2023 \$	30 June 2022 \$
Cash flows from operating activities			
Receipts from customers		601,242	997,871
Government grants and incentives		606,677	361,437
Payments to suppliers and employees		(2,572,518)	(2,860,185)
Interest received		287	-
		<u>(1,364,312)</u>	<u>(1,500,877)</u>
Income taxes paid		-	(18,735)
Net cash used in operating activities	24	<u>(1,364,312)</u>	<u>(1,519,612)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		<u>(2,221)</u>	<u>(10,394)</u>
Net cash used in investing activities		<u>(2,221)</u>	<u>(10,394)</u>
Cash flows from financing activities			
Proceeds from issue of shares	13	957,891	-
Share issue transaction costs		(74,815)	-
Proceeds from borrowings	10	<u>150,000</u>	<u>-</u>
Net cash from financing activities		<u>1,033,076</u>	<u>-</u>
Net decrease in cash and cash equivalents		(333,457)	(1,530,006)
Cash and cash equivalents at the beginning of the financial year	7	<u>786,334</u>	<u>2,316,340</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>452,877</u></u>	<u><u>786,334</u></u>

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

Opyl Limited
Notes to the consolidated financial statements
30 June 2023

Note 1. Significant accounting policies

The principle accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity 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.

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

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.

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 consolidated entity'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 2.

Going concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets, and the settlement of liabilities in the ordinary course of business.

The consolidated entity has incurred a net loss after tax of \$1,726,335 and net cash outflows from operations of \$1,364,312 for the year ended 30 June 2023, and had working capital deficits of \$428,017 at 30 June 2023. The cash balance at 30 June 2023 was \$452,877 and in addition, other receivables of \$180,000 were held, representing committed funds from the June capital raise, that were collected in early July. There were \$300,000 borrowings as at 30 June 2023.

Note 1. Significant accounting policies (continued)

These conditions give rise to a material uncertainty that casts significant doubt upon the consolidated entity's ability to continue as a going concern and the company may be unable to realise its asset and discharge its liabilities in the normal course of business.

The directors believe that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of a range of factors including, but not limited to, the following:

- The company's reasonable expectation that, based on its past track record and completion of its R&D claim for the year ended 30 June 2023, it will receive a refund of approximately \$500,000 early in the coming financial year;
- Lenders providing the bridging loan of \$300,000 have confirmed their intent to elect to convert the loans to equity;
- Improving the performance of Opin, the global clinical trial recruitment platform and service; since the completion of the board-led strategic review in June and the appointment of Dr Hugo Stephenson to lead the Opin business to focus on accelerating recruitment for ANZ based clinical trials and health programmes and streamlining Opin's business model to better align with ANZ client needs;
- Unlocking new market opportunities for Opin in patient community growth and management, as well as cultivating global growth opportunities;
- Broadening Asia Pacific partnerships and alliances with research sites, healthcare institutions and advocacy groups;
- Unlocking new revenue from commercialisation of Opyl's other technologies such as the Trial Key platform;
- Accessing government grants and incentives available to technology innovation companies like Opyl, beyond the R&D tax concession;
- Consistent year-on-year retainer client revenues;
- Accessing government grants and incentives available to technology innovation companies like Opyl, beyond the R&D tax concession;
- The cash flow forecasts model that incorporates some but not all of the above factors, thus providing some upside sensitivity;
- Monitoring, management and containment of discretionary costs, particularly for non-core parts of the business and streamlining operations; and
- The Directors further believe that, as has been demonstrated by its successful past track record, the consolidated entity has the capacity to raise additional capital or debt finance should it be required in the future.

Should the consolidated entity be unable to implement the above strategies or source alternative funding, it may be necessary to realise some or all assets and discharge liabilities at amounts different from those stated in the financial statements.

No adjustments have been made to the recoverability and classification of assets and the amount and classification of liabilities that might be necessary should the consolidated entity be unable to continue as a going concern and meet its debts as and when they fall due.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 21.

The parent entity disclosure related to the legal parent entity, Opyl Limited.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Opyl Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Opyl Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvements 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 consolidated entity. They are de-consolidated from the date that control ceases.

Note 1. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity 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 consolidated entity.

The acquisitions 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 consolidated entity 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 consolidated entity 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.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Opyl Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian 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 Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian 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

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

The consolidated entity primarily generates revenue from sale of its annual subscription services, which enable its customer to access an online platform that allows them to search and source user generated content. The consolidated entity also sells advertising and content services that are sold in a one-off basis rather than a subscription model.

The consolidated entity recognises subscription revenue over the subscription period (generally 1 year) on a straight-line basis. For contracts where the consolidated entity is able to provide advertising services for a specific contract period, advertising revenue is recognised ratably over the advertising term.

Note 1. Significant accounting policies (continued)

In relation to the revenue streams of the consolidated entity, the main revenue streams are recognised as follows:

SaaS revenue - This refers to SaaS platform that customers pay for in order to be compliant in how they market to consumers, gather data and respect consumer privacy. Revenue from the sale of annual subscription services, which enable customers to access an online platform that allows them to search and source user generated content, is recognised over the subscription period (generally 1 year) on a straight line basis. The performance obligation is satisfied over time. As at 30 June 2023, there is no deferred SaaS revenue as the consolidated group does not have any outstanding performance obligations.

Retainer revenue - For retainer contracts, revenue from its social media marketing agency arm is recognised when the performance obligations are satisfied at a point in time.

Project revenue - Project revenue is from ad-hoc projects. For project contracts, revenue is recognised when the performance obligations are satisfied over time.

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.

Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Government grants

Government grants are recognised in the profit or loss on a systematic basis over the periods in which the Consolidated entity recognises, as expenses, the related costs for which the grants are intended to compensate.

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.

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.

Note 1. Significant accounting policies (continued)

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.

The consolidated entity 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.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Capitalised software development costs

As the consolidated entity recognises software development costs, these costs are capitalised and recognised as an asset when certain conditions are met. This means that expenditure arising during the development phase is only capitalised if the project is assessed to be technically and commercially feasible, we are able to use or sell the asset and we have sufficient resources and intent to complete the development. Internally generated intangible assets have a finite life and are amortised on a straight-line basis over their useful lives, usually 3 years. Amortisation of internally generated intangible assets commences when the assets are ready for use.

Trade and other payables

Trade and other payables present liabilities for goods and services provided to the consolidated entity prior to year end that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of those goods and services. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

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.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

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.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Note 1. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

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.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or 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.

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.

Note 1. Significant accounting policies (continued)

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 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.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Opyl Limited, 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 shares assumed to have been issued for no consideration in relation to 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.

Note 2. 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.

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 the Binomial model, Black-Scholes model, Monte Carlo model, and Geometric Brownian model. The valuation models take 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.

Non-recognition of deferred tax assets

We apply management judgement to recognise a deferred tax asset and review its carrying amount at each reporting date. The carrying amount is only recognised to the extent that it is probable that sufficient taxable profit will be available in the future to utilise this benefit. Any amount unrecognised could be subsequently recognised if it has become probable that future taxable profit will allow us to benefit from this deferred tax asset.

Non-recognition of research and development tax offset receivable

For financial reporting purposes, the R&D tax offset is analogised as other income see note 5. A credit will be recognised within other income when the entity satisfies the criteria to receive the credit. The criteria is usually satisfied post reporting date upon lodgment of the Consolidated group's income tax return and as such management has opted to treat R&D tax refunds on a cash basis and recorded in the year they are received.

Accrual of research and development grant credits

The company is entitled to claim grant credits from the Australian Government in recompense for its research and development program expenditure. The program is overseen by AusIndustry, which is entitled to audit and/or review claims lodged for the past 4 years. In the event of a negative finding from such an audit or review AusIndustry has the right to rescind and claw back those prior claims, potentially with penalties. Such a finding may only occur in the event that those expenditures do not appropriately qualify for the grant program. In their estimation, considering also the independent external expertise they have contracted to draft and claim such expenditures, the directors of the company consider that such a negative review has a remote likelihood of occurring.

Note 3. Operating segments

Identification of reportable operating segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors. During the year, the Group continued to operate in one geographical segment, Australia.

Note 4. Revenue from contracts with customers

	30 June 2023	30 June 2022
	\$	\$
Retainer revenue	259,509	253,380
Project revenue	354,098	627,380
Other	4,300	21,653
	<hr/>	<hr/>
Revenue from contracts with customers	<u>617,907</u>	<u>902,413</u>

Opyl Limited
Notes to the consolidated financial statements
30 June 2023

Note 4. Revenue from contracts with customers (continued)

Disaggregation of revenue

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

	30 June 2023	30 June 2022
	\$	\$
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	259,509	253,380
Services transferred over time	358,398	649,033
	<u>617,907</u>	<u>902,413</u>

Major customer revenue contribution

	30 June 2023	30 June 2022
	\$	\$
Customers contributing more than 10% of revenue		
Monash University	136,059	-
Aspiring Trial Study Group	101,622	105,000
Bristol-Myer Squibb Australia Pty Ltd	83,750	-
360biolabs	68,750	-
BioCurate. Pty ltd	59,000	-
Edwards Lifesciences	-	278,470
UCB Australia	-	94,864
	<u>449,181</u>	<u>478,334</u>
Revenue amount		
	%	%

Percentage of total revenue

Monash University	22%	-
Aspiring Trial Study Group	16%	12%
Bristol-Myer Squibb Australia Pty Ltd	14%	-
360biolabs	11%	-
BioCurate. Pty ltd	10%	-
Edwards Lifesciences	-	31%
UCB Australia	-	11%

Note 5. Other income

	30 June 2023	30 June 2022
	\$	\$
Interest income	286	-
R&D tax refund	570,077	361,437
Government Grants	36,600	-
	<u>606,963</u>	<u>361,437</u>
Other income		

Opyl Limited
Notes to the consolidated financial statements
30 June 2023

Note 6. Expenses

	30 June 2023	30 June 2022
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Interest and finance charges paid/payable	2,101	2,059
<i>Share issue to key management personnel & employees</i>		
Share based payments	176,454	164,939
<i>Superannuation expense</i>		
Defined contribution superannuation expense	140,055	107,933

Note 7. Cash and cash equivalents

	30 June 2023	30 June 2022
	\$	\$
<i>Current assets</i>		
Cash on hand	12	12
Cash at bank	452,865	786,322
	<u>452,877</u>	<u>786,334</u>

Note 8. Trade and other receivables

	30 June 2023	30 June 2022
	\$	\$
<i>Current assets</i>		
Trade receivables	5,500	89,801
Other receivables	213,636	34,057
	<u>219,136</u>	<u>123,858</u>

Allowance for expected credit losses

The company has recognised no loss (2022: Nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2023.

Management believes that the amounts that are past due by more than 30 days are still collectable in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customer's credit scores if they are available.

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

	30 June 2023	30 June 2022
	\$	\$
Neither past due not impaired	<u>5,500</u>	<u>89,801</u>

Opyl Limited
Notes to the consolidated financial statements
30 June 2023

Note 9. Trade and other payables

	30 June 2023	30 June 2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	194,067	174,911
Other payables and accruals	420,485	255,939
	<u>614,552</u>	<u>430,850</u>

Refer to note 16 for further information on financial instruments.

Note 10. Borrowings

	30 June 2023	30 June 2022
	\$	\$
<i>Current liabilities</i>		
Short-term bridging loans	300,000	-
	<u>300,000</u>	<u>-</u>

Refer to note 16 for further information on financial instruments.

In June 2023, the company concurrently entered into short-term bridging loan agreements with a consortium of lenders as part of the company's capital raise exercise, which it will receive aggregate funding of \$300,000 secured against the Company's assets (Loans). The Loans require repayment on the earlier of:

- receipt by the Company of its 2023 R&D refund from the ATO; or
- 30 September 2023.

In lieu of cash interest payments, the bridging Loans are contained to the following terms subject to and conditional on shareholder approval at the Company's forthcoming AGM:

- 5,000,000 options with an exercise price of \$0.03 and a maturity date of three years from the date of issue are to be issued pro-rata to the Lenders in lieu of cash interest payments being paid on the Loans. Shareholder approval for the issue of options will be obtained at the Company's AGM; and
- One or more of the Lender(s) may elect to convert the principal amount of a Loan into shares at \$0.03 per share prior to 14 September 2023. If this election is made, shareholder approval for the conversion will be obtained at the Company's AGM.

\$150,000 of the loans proceeds was received by 30 June 2023, and the remaining balance fully received by 10 July 2023.

Note 11. Employee benefits

	30 June 2023	30 June 2022
	\$	\$
<i>Current liabilities</i>		
Annual leave	112,245	114,674
Long service leave	42,757	-
	<u>155,002</u>	<u>114,674</u>
<i>Non-current liabilities</i>		
Long service leave	13,138	34,822
	<u>168,140</u>	<u>149,496</u>

Opyl Limited
Notes to the consolidated financial statements
30 June 2023

Note 12. Contract liabilities

	30 June 2023	30 June 2022
	\$	\$
<i>Current liabilities</i>		
Contract liabilities	<u>30,476</u>	<u>131,863</u>

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$30,476 as at 30 June 2023 (30 June 2022: \$131,863) as is expected to be recognised as revenue in future periods as follows:

	30 June 2023	30 June 2022
	\$	\$
Within 6 months	29,610	98,145
6 to 12 months	866	33,718
12 to 18 months	-	-
18 to 24 months	-	-
	<u>30,476</u>	<u>131,863</u>

Note 13. Issued capital

	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>80,065,065</u>	<u>54,385,385</u>	<u>19,918,235</u>	<u>19,271,401</u>

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2021	54,385,385	19,271,401
Balance	30 June 2022	54,385,385	19,271,401
Issue of shares - placement	3 January 2023	9,666,667	290,000
Rights issue	15 February 2023	11,858,954	355,768
Issue of shares - shortfall placement	04 April 2023	4,154,059	124,622
Share issue cost		-	(123,556)
Balance	30 June 2023	<u>80,065,065</u>	<u>19,918,235</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Opyl Limited
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Note 13. Issued capital (continued)

On 3 January 2023, 9,666,667 shares were issued at a price of \$ 0.03, totalling a value of \$290,000 received.

On 13 February 2023, a Rights offering led to the issuance of 11,858,945 shares at a price of \$0.03 per share, generating a total value of \$355,768. The Company announced an invitation to shareholders to participate in the OPL non-renounceable pro-rata entitlement offer, allowing them to acquire 1 New Share for every 4 Shares held as of the record date on 30 December 2022, at an Issue price of \$0.03 per New Share. This offer concluded on February 13, 2023.

On 4 April 2023, the company raised a further \$124,622 (before costs) via the issue of all 4,154,059 shortfall shares at an issue price of \$0.03 per share under the shortfall facility of the rights issue, which closed on 13 February 2023.

In June 2023, the company completed a placement of 7,250,000 fully paid ordinary shares (Placement) at a price of \$0.03 per share to raise \$217,500 before costs. \$187,500 was received by 30 June 2023, and the remaining balance, \$30,000, was received on 3 July 2023. The shares were issued on July 7 2023.

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.

Capital risk management

The consolidated entity'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, issue new shares or sell assets to reduce debt.

Capital is regarded as total equity, as recognised in the 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 consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity 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 consolidated entity 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.

Note 14. Reserves

	30 June 2023	30 June 2022
	\$	\$
Foreign currency reserve	(381,075)	(381,075)
Options reserve	807,342	747,758
Capital reserve	217,500	-
	<u>643,767</u>	<u>366,683</u>

Foreign currency reserve

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

Option reserve

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

Opyl Limited
Notes to the consolidated financial statements
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Note 14. Reserves (continued)

Capital reserve

The reserve is used to recognise the value of funds received for shares not yet issued. In June 2023, the company completed a placement of 7,250,000 fully paid ordinary shares (Placement) at a price of \$0.03 per share to raise \$217,500 before costs. \$187,500 received by 30 June 2023, and the remaining balance, \$30,000, was received on 3 July 2023. The shares were issued in July 2023.

Note 15. Dividends

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

Note 16. Financial instruments

Financial instruments consist of cash and cash equivalents, receivables, and payables. Financial risk is measured at Board level and managed through cashflow forecasting techniques. The only material financial instrument risk exposures faced by the group are credit risk, market risk (namely interest rate risk), and liquidity risk.

Market risk

Interest rate risk

The consolidated entity's main interest rate risk arises from short-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value risk. The policy is to maintain current borrowings at fixed rates, therefore not subject to any volatility in market interest rates.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The company 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 expected credit losses of those assets, as disclosed in the statement of financial position and notes to the financial statements. The company does not hold any collateral.

The consolidated entity deemed its credit risk to be minimal as its financial assets are mainly cash held at financial institutions.

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.

Liquidity risk

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.

Remaining contractual maturities

All financial liabilities were payable within 60 days.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 17. Key management personnel disclosures

Directors

The following persons were directors of Opyl Limited during the financial year:

Julian Chick - Resigned 13 February 2023

Mark Ziirsen

Megan Robertson

Damon Rasheed

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Note 17. Key management personnel disclosures (continued)

Other key management personnel

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the company, directly or indirectly, during the financial year:

Michelle Gallaher - Ceased CEO role on 1 June 2023

Compensation

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

	30 June 2023	30 June 2022
	\$	\$
Short-term employee benefits	415,866	527,085
Post-employment benefits	44,198	39,199
Long-term benefits	13,493	3,010
Share-based payments including performance rights	13,547	147,624
	<u>487,104</u>	<u>716,918</u>

Note 18. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the company.

	30 June 2023	30 June 2022
	\$	\$
Audit services		
Audit or review of the financial statements - William Buck	<u>39,630</u>	<u>27,200</u>

Note 19. Contingent liabilities

On 3 September 2021, the CEO of the Group signed an Executive Service Agreement with a bonus incentive condition. A bonus incentive of \$400,000 will be paid to the executive in the event of the Opyl share price trading \$1 for 10 or more consecutive days within the first 24 months of executing the agreement, so long as the Executive is employed at the company. The board has the option to pay the bonus in a combination of shares and cash to the value of \$400,000. The bonus is payable to the executive within 90 days if the bonus conditions being met or in the event of the business being acquired, or in the event of a complete takeover of the company. As at the reporting date of 30 June 2023, there is a very low probability that the market performance of the bonus incentive will be realised, as such the fair value of the bonus provision has not been included in the financial statements for the year ended 30 June 2023 (30 June 2022: \$Nil). The bonus conditions in place did not cease with the change of role and position for the former CEO.

The company had no other contingent liabilities as at 30 June 2023 (30 June 2022: \$Nil)

Note 20. Related party transactions

Parent entity

Opyl Limited is the parent entity.

Key management personnel

Disclosures relating to key management personnel are set out in note 17 and the remuneration report included in the directors' report.

Opyl Limited
Notes to the consolidated financial statements
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Note 20. Related party transactions (continued)

Transactions with related parties

During the financial year ended 30 June 2023, RDI Consulting Pty Ltd, and Zappli Pty Ltd have been engaged to develop software for a machine learning/artificial intelligence algorithm which can predict the likelihood of clinical trial passing its primary objective. A total of \$343,864 has been incurred.

	30 June 2023	30 June 2022
	\$	\$
RDI Consulting	194,775	112,105
Zappli Pty Ltd	149,089	59,994

As Damon Rasheed is a shareholder of RDI Consulting, as such RDI is considered a related party. RDI Consulting is a major shareholder of Zappli Pty Ltd, Zappli Pty is considered a related party.

Receivable from and payable to related parties

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

Loans to/from related parties

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

Terms and conditions

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

Opyl Limited
Notes to the consolidated financial statements
30 June 2023

Note 21. Parent entity information

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

Statement of profit or loss and other comprehensive income

	30 June 2023	30 June 2022
	\$	\$
Loss after income tax	(1,075,033)	(1,566,367)
Total comprehensive income	<u>(1,075,033)</u>	<u>(1,566,367)</u>

Statement of financial position

	30 June 2023	30 June 2022
	\$	\$
Total current assets	566,544	629,765
Total non-current assets	<u>23,222</u>	<u>40,637</u>
Total assets	<u>589,766</u>	<u>670,402</u>
Total current liabilities	775,214	335,101
Total non-current liabilities	-	16,240
Total liabilities	<u>775,214</u>	<u>351,341</u>
Equity		
Issued capital	19,882,664	19,235,830
Options reserve	807,342	747,617
Accumulated losses	<u>(22,046,965)</u>	<u>(21,103,614)</u>
Total equity/(deficiency)	<u>(1,356,959)</u>	<u>(1,120,167)</u>

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 30 June 2023 and 30 June 2022.

Contingent liabilities

Except for as disclosed in note 19, there are no further contingent liabilities for the parent entity 30 June 2022 (nil).

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following.

- Investments in subsidiaries are accounted for at cost, less impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- 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 22. Interest in subsidiaries

(a) Ultimate parent

Opyl Limited is the ultimate parent entity and the parent entity of the consolidation entity from a legal perspective. For accounting purposes, Opyl Limited is the deemed ultimate parent of the consolidated entity in line with reverse acquisition accounting.

(b) Corporate structure

The legal corporate structure of the consolidated entity is set out below;

Opyl Limited
Notes to the consolidated financial statements
30 June 2023

Note 22. Interest in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership of interest 2023 %	Ownership of interest 2022 %
Legal parent Opyl Limited	Australia	-	-
ShareRoot Inc	United States of America	100.00%	100.00%
ShareRoot (Australian Ops) Pty Ltd	Australia	100.00%	100.00%
Opyl Services (Formerly The Social Science Pty Ltd)	Australia	100.00%	100.00%
Ludomade, Inc	United States of America	100.00%	100.00%

Note 23. Events after the reporting period

As announced on 7 July 2023, the company issued 7,250,000 fully paid ordinary shares via a placement at a price of \$0.03 per share raising \$217,500. \$187,500 of the proceeds were received prior to 30 June 2023 with the balance of \$30,000 received on 3 July 2023.

As announced on 5 July 2023, Opyl made changes to its CEO and senior leadership with Dr Hugo Stephenson joining to lead Opin, Michelle Gallaher moving to General Manager of TrialKey, and Mark Ziirszen stepping in as the Executive Chairman. These changes follow the Board-led strategic review focused on identifying pathways for accelerating the growth of Opin and developing ways to commercialise TrialKey. The changes were effective from 1 June 2023.

No other matter or circumstance has arisen since 30 June 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.

Note 24. Reconciliation of loss after income tax to net cash used in operating activities

	30 June 2023	30 June 2022
	\$	\$
Loss after income tax expense for the year	(1,726,335)	(2,085,550)
Adjustments for:		
Depreciation and amortisation	26,056	25,778
Share-based payments	176,454	164,939
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	84,722	(25,413)
Decrease in prepayments	7,621	3,176
Increase/(decrease) in deferred revenue	(101,387)	131,863
Increase/(decrease) in trade and other payables	168,557	265,595
Net cash used in operating activities	<u>(1,364,312)</u>	<u>(1,519,612)</u>

Opyl Limited
Notes to the consolidated financial statements
30 June 2023

Note 25. Earnings per share

	30 June 2023	30 June 2022
	\$	\$
Loss after income tax attributable to the owners of Opyl Limited	<u>(1,726,335)</u>	<u>(2,085,550)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>80,065,065</u>	<u>54,385,385</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>80,065,065</u>	<u>54,385,385</u>
	Cents	Cents
Basic earnings per share	(2.156)	(3.835)
Diluted earnings per share	(2.156)	(3.835)

The amount of the dilution is the average market price of ordinary shares during the period minus the issue price. Therefore, to calculate diluted earnings per share, potential ordinary shares are treated as consisting of both the following:

- a contract to issue a certain number of the ordinary shares at their average market price during the period. Such ordinary shares are assumed to be fairly priced and to be neither dilutive nor antidilutive. They are ignored in the calculation of diluted earnings per share.
- a contract to issue the remaining ordinary shares for no consideration. Such ordinary shares generate no proceeds and have no effect on profit or loss attributable to ordinary shares outstanding. Therefore, such shares are dilutive and are added to the number of ordinary shares outstanding in the calculation of diluted earnings per share.

As the consolidated entity is in a loss position at the end of the financial year, the options and performance rights on issue are not considered to be dilutive.

Note 26. Share based payments

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Board of Directors, grant options over ordinary shares in the company to certain personnel of the consolidated entity. Share options are issued at nil consideration.

In addition, options may also be issued to advisers of the company for example to assist with capital raising activities.

On 26 July 2022, 580,000 options were granted to employees at an exercise price of \$0.10 totalling a "fair" value of \$24,834 which was determined using a Black-Scholes model.

On 10 December 2022, 1,400,000 options (Incentive Options) were granted to key management personnel at exercise prices of \$0.10, \$0.15, and \$0.20 totalling a "fair" value of \$35,880 which was determined using a Black-Scholes model.

As announced on 3 January 2023, the company issued 9,666,667 fully paid ordinary shares via a placement at a price of \$0.03 per share. The company also issued on 3 January 2023 in consideration for the provision of services as part of the capital raise 666,663 broker option securities with an exercise price of \$0.06 totalling a "fair" value of \$14,952 as the cost of capital in equity to reflect the service cost. The value was determined using a Black-Scholes model.

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

Opyl Limited
Notes to the consolidated financial statements
30 June 2023

Note 26. Share based payments (continued)

Grant Date	Expiry Date	Exercise Price	Balance at the start of the year	Granted	Exercised	Expiry/ Forfeited/ Other	Balance at the end of the year
15/12/2016	05/12/2026	\$1.200	42,480	-	-	-	42,480
06/02/2017	06/02/2027	\$0.800	6,000	-	-	-	6,000
20/03/2017	20/03/2027	\$2.500	14,916	-	-	-	14,916
01/04/2017	01/04/2027	\$0.600	52,500	-	-	-	52,500
19/02/2018	19/02/2023	\$0.500	30,000	-	-	(30,000)	-
10/11/2017	10/11/2022	\$0.500	36,666	-	-	(36,666)	-
21/02/2018	20/02/2023	\$0.600	30,000	-	-	(30,000)	-
06/03/2018	04/05/2023	\$0.500	90,000	-	-	(90,000)	-
17/04/2018	17/04/2023	\$0.500	3,000	-	-	(3,000)	-
04/05/2018	04/05/2023	\$0.500	25,000	-	-	(25,000)	-
24/07/2018	24/07/2023	\$0.100	250,000	-	-	-	250,000
15/10/2018	18/09/2023	\$0.400	3,000	-	-	-	3,000
15/10/2018	09/06/2023	\$0.400	3,000	-	-	(3,000)	-
15/10/2018	06/03/2023	\$0.400	7,500	-	-	(7,500)	-
15/10/2018	06/03/2023	\$0.400	20,000	-	-	(20,000)	-
08/02/2019	08/02/2024	\$0.500	109,998	-	-	-	109,998
21/03/2019	21/03/2024	\$0.500	109,998	-	-	-	109,998
13/05/2019	13/05/2024	\$0.500	109,998	-	-	-	109,998
27/11/2019	27/11/2024	\$0.300	20,000	-	-	-	20,000
27/11/2019	27/11/2024	\$0.300	20,000	-	-	-	20,000
27/11/2019	27/11/2024	\$0.300	20,000	-	-	-	20,000
10/12/2019	29/01/2024	\$0.800	2,335,000	-	-	-	2,335,000
07/11/2020	07/11/2025	\$0.300	400,000	-	-	-	400,000
07/11/2020	07/11/2025	\$0.500	400,000	-	-	-	400,000
07/11/2020	07/11/2025	\$0.750	400,000	-	-	-	400,000
26/01/2018	26/01/2023	\$0.600	7,500	-	-	-	7,500
05/04/2018	05/04/2023	\$0.500	4,000	-	-	(4,000)	-
05/04/2018	05/04/2023	\$0.500	3,000	-	-	(3,000)	-
26/07/2021	26/07/2024	\$0.250	90,000	-	-	-	90,000
10/09/2021	10/09/2027	\$0.300	500,000	-	-	-	500,000
10/09/2021	10/09/2028	\$0.500	500,000	-	-	-	500,000
10/09/2021	10/09/2029	\$0.750	500,000	-	-	-	500,000
10/12/2021	10/12/2026	\$0.300	400,000	-	-	-	400,000
10/12/2021	10/12/2026	\$0.500	400,000	-	-	-	400,000
10/12/2021	10/12/2026	\$0.750	400,000	-	-	-	400,000
26/07/2022	26/07/2025	\$0.100	-	580,000	-	-	580,000
10/12/2022	10/12/2027	\$0.100	-	600,000	-	-	600,000
10/12/2022	10/12/2027	\$0.150	-	400,000	-	-	400,000
10/12/2022	10/12/2027	\$0.200	-	400,000	-	-	400,000
03/01/2023	30/12/2026	\$0.060	-	666,663	-	-	666,663
			<u>7,343,556</u>	<u>2,646,663</u>	<u>-</u>	<u>(252,166)</u>	<u>9,738,053</u>
Weighted average exercise price			\$0.595	\$0.113	\$0.000	\$0.500	\$0.466

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

Opyl Limited
Notes to the consolidated financial statements
30 June 2023

Note 26. Share based payments (continued)

Grant date	Expiry date	2023 Number	2022 Number
15/12/2016	05/12/2026	42,480	42,480
06/02/2017	06/02/2027	6,000	6,000
20/03/2017	20/03/2027	14,916	14,916
01/04/2017	01/04/2027	60,000	60,000
10/11/2017	10/11/2022	-	36,666
21/02/2018	20/02/2023	-	30,000
06/03/2018	04/05/2023	-	90,000
17/04/2018	17/04/2023	-	40,000
04/05/2018	04/05/2023	-	25,000
24/07/2018	24/07/2023	250,000	250,000
15/10/2018	18/09/2023	3,000	3,000
15/10/2018	09/06/2023	-	3,000
15/10/2018	06/03/2023	-	27,500
08/02/2019	08/02/2024	109,998	109,998
21/03/2019	21/03/2024	109,998	109,998
13/05/2019	13/05/2024	109,998	109,998
27/11/2019	27/11/2024	60,000	60,000
10/12/2019	29/01/2024	2,335,000	2,335,000
07/11/2020	07/11/2025	1,200,000	1,200,000
26/07/2021	26/07/2024	90,000	90,000
10/09/2021	10/09/2027	500,000	500,000
10/09/2021	10/09/2028	500,000	500,000
10/09/2021	10/09/2029	500,000	500,000
10/12/2021	10/12/2026	1,200,000	1,200,000
26/07/2022	26/07/2025	580,000	-
10/12/2022	10/12/2027	600,000	-
10/12/2022	10/12/2027	400,000	-
10/12/2022	10/12/2027	400,000	-
01/03/2023	30/12/2026	666,663	-
		<u>9,738,053</u>	<u>7,343,556</u>

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.97 years (30 June 2022: 3.31 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
26/07/2022	26/07/2025	\$0.06	\$0.10	140.00%	-	0.20%	\$0.043
10/12/2022	10/12/2027	\$0.03	\$0.10	140.00%	-	0.20%	\$0.027
10/12/2022	10/12/2027	\$0.03	\$0.15	140.00%	-	0.20%	\$0.025
10/12/2022	10/12/2027	\$0.03	\$0.20	140.00%	-	0.20%	\$0.024
03/01/2023	30/12/2026	\$0.03	\$0.06	140.00%	-	0.20%	\$0.022

Note 26. Share based payments (continued)

Performance rights

On 10 September 2021, 1,083,333 performance rights options were granted to the CEO of the Group totalling a fair value of \$109,075 to be recognised over the vesting period which was determined using a combination of the Monte Carlo and Geometric Brownian Motion models as follows:

- 500,000 Tranche A at an exercise price of \$0.50;
- 333,333 Tranche B at an exercise price of \$0.75; and
- 250,000 Tranche C at an exercise price of \$1.00.

Each Right will convert to one ordinary share in the Company during the performance period subject to the satisfaction of the following conditions respectively:

- For Tranche A: Market-based (Performance Hurdle 1) - OPL's 15-day Target Share Price of \$0.50 over a 3-year period;
- For Tranche B: Market-based (Performance Hurdle 2) - OPL's 15-day Target Share Price of \$0.75 over a 3-year period;
- For Tranche C: Market-based (Performance Hurdle 3) - OPL's 15-day Target Share Price of \$1.00 over a 3-year period; and
- Non-market based (continuous employment) - continuing employment of the employee during the vesting period.

For the 15-day share price hurdle, the future share price of OPL was projected using a Geometric Brownian Motion model over 759 steps, with the volatility of each step representing the daily volatility of the Company's share price over the last year from the valuation date.

• A Monte Carlo simulation of 250,000 simulations was conducted for the above Geometric Brownian Motion model to obtain a theoretical distribution for the 15-day share price and was used to determine the percentile rank. This ranking outcome was weighted by the vesting condition and applied to the average price of the Rights realised in each ranking outcome.

• The weighted value of each Right as mentioned above, was then aggregated to arrive at the expected value of the Right.

The terms and conditions of each grant of performance rights 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 Performance rights granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Michelle Gallaher	500,000	10/09/2021	10/09/2024	10/09/2024	N/A	\$0.109
	333,333	10/09/2021	10/09/2024	10/09/2024	N/A	\$0.098
	250,000	10/09/2021	10/09/2024	10/09/2024	N/A	\$0.088

Opyl Limited
Directors' declaration
30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Accounting Standards AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The financial statements also comply with International Financial Reporting Standards as disclosed in note 1.
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 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



Mark Ziirsen
Director

30 August 2023

Opyl Limited Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Opyl Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 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 other explanatory information, 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 30 June 2023 and of its financial performance for the year ended on that date; 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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 1 to the financial report, which indicates that the consolidated entity has a net loss after tax of \$1,726,335, a net current liability deficit of \$428,017 and net cash outflows from operations of \$1,364,312 for the year ended 30 June 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Appropriateness of revenue recognition	
Area of focus	How our audit addressed it
<p>Revenue from contracts with customers is disclosed in Note 4 and Note 12 of the financial statements.</p> <p>The group's revenue is generated through bespoke contracts with customers related mainly to project and retainer income.</p> <p>This area is a Key Audit Matter as each revenue stream requires a bespoke revenue recognition model which requires judgement by management in identifying performance obligations, the allocation of the transaction price and the satisfaction of performance obligations over time or at a point in time in accordance with AASB 15 <i>Revenue from Contracts with Customers</i> ('AASB 15').</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> – The evaluation of revenue recognition policies for all material sources of revenue to assess if revenue is recognised in accordance with AASB 15; – Performing test of detail through a sample of the revenue from customers recognised during the period through agreeing to contracts and customer pricing; – Examining a sample of contracts to assess the fulfilment of performance milestones relevant to material revenue contracts; – Performing revenue cut-off testing at the period end to assess if revenue is recorded in the correct period; and – In-addition, we also examined key disclosures relating to the recognition of revenue in the financial statements as disclosed in Note 4 and Note 12.
Share-based payment transactions	
Area of focus	How our audit addressed it
<p>During the year and as disclosed in note 26, the Group issued a number of equity settled share-based payments in the form of options to suppliers, employees and key management personnel. Some of these share-based payment arrangements have vesting terms connected with market performance conditions.</p> <p>This area is a key audit matter as valuation of these instruments in accordance with AASB 2 Share Based Payments is inherently complex and subject to significant management estimates and judgement in valuing the share-based payment instrument.</p> <p>A total of \$176,454 has been recognised as a share-based payment expense during the year as detailed in Note 6 and Note 26.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> – Verifying the key terms of the equity settled share-based payments to letters of offer to the instrument holders and approved board minutes; – Assessing the appropriateness of the determination of the grant date; – Assessing the fair value of the share-based payments based on the Group's valuation by agreeing the inputs to underlying support, reviewing the assumptions used for reasonableness and evaluating the accuracy of calculations; and – Reviewing the attributes of the vesting conditions and ensuring that the expense is recorded over the appropriate vesting period. <p>We also assessed the appropriateness of disclosures in Note 26 relating to these items in the financial report.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 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 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 has 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 these financial statements is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

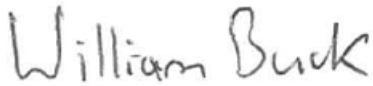
Opinion on the Remuneration Report

We have audited the Remuneration Report included the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Opyl Limited, for the year ended 30 June 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.



William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136



R. P. Burt

Director

Melbourne, 30 August 2023

Opyl Limited
Shareholder information
30 June 2023

The shareholder information set out below was applicable as at 30 June 2023.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total options issued
1 to 1,000	88	0.03	-	-
1,001 to 5,000	167	0.71	4	0.18
5,001 to 10,000	138	1.39	9	0.66
10,001 to 100,000	256	11.52	28	15.69
100,001 and over	128	86.35	17	83.47
	<u>777</u>	<u>100.00</u>	<u>58</u>	<u>100.00</u>
Holding less than a marketable parcel	<u>499</u>	<u>4.26</u>	<u>23</u>	<u>2.67</u>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
SCINTILLA STRATEGIC INVESTMENTS LIMITED	6,800,000	8.49
CERTANE CT PTY LTD (L39 CAPITAL A/C)	5,833,333	7.29
IRWIN BIOTECH NOMINEES PTY LTD	4,394,968	5.49
GILSMITH SMSF PTY LTD (GILSMITH PTY LTD SF A/C)	2,994,105	3.74
JOEL WEBB	2,600,000	3.25
SOUTHAM INVESTMENTS 2003 PTY LTD (WARWICKSHIRE INVESTMENT A/C)	2,373,965	2.97
DLK INVESTMENTS GROUP PTY LTD (THE DLK INVESTMENTS UNIT A/C)	2,166,700	2.71
HONGKONG FRANK PTY LTD (DAVIS SUPER FUND A/C)	2,000,000	2.50
KYRIACO BARBER PTY LTD	1,821,780	2.28
DAVSAM PTY LTD (ROSEMAN RETIREMENT FUND A/C)	1,666,667	2.08
RIP OPPORTUNITIES PTY LTD (PIR SUPER FUND A/C)	1,250,000	1.56
REWOP PTY LTD (SCOTT POWER SUPER FUND A/C)	1,050,837	1.31
DR JULIAN CHICK	942,996	1.18
ETHEREAL CONSULTING PTY LTD	833,300	1.04
MR FIRDAUS BASYROV	802,000	1.00
JEFMONT PTY LTD	800,000	1.00
MR TREVOR KJELL GIACOMETTI (LINLONG INVESTMENT A/C)	770,000	0.96
MR PAVEL MUZIKANT	750,000	0.94
MR DAVID FREDERICK OAKLEY (DFO INVESTMENT A/C)	736,400	0.92
DR DEREK ANTHONY JELLINEK	683,153	0.85
	<u>41,270,204</u>	<u>51.56</u>

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Twenty largest unquoted equity security holders

The names of the twenty largest security holders of unquoted equity securities are listed below:

	Options over ordinary shares	
	Number held	% of total options issued
MICHELLE GALLAHER	1,500,000	15.40
MR MARK ZIIRSEN	1,100,000	11.30
JULIAN CHICK	1,029,998	10.58
DAMON RASHEED	1,029,998	10.58
ANTANAS GUOGA	690,000	7.09
CERTANE CT PTY LTD (L39 CAPITAL A/C)	666,663	6.85
MEGAN ROBERTSON	600,000	6.16
MR MARAT BASYROV	429,998	4.42
DDPEVCIC (WA) PTY LTD (DOMINIC FAMILY A/C)	233,333	2.40
GE EQUITY INVESTMENTS PTY LTD	166,667	1.71
SCINTILLA STRATEGIC INVESTMENTS LIMITED	166,667	1.71
ANNA CHEN	130,000	1.33
EMMA GALLAHER	130,000	1.33
MELISSA ADAMSKI	130,000	1.33
SANLAM PRIVATE WEALTH PTY LTD (WESTBOURNE LONG SHORT A/C)	125,000	1.28
MR MARK ANDREW TKOCZ	100,000	1.03
YONG ZHANG	100,000	1.03
MR BIN LIU	100,000	1.03
HIRSCH FINANCIAL PTY LTD	100,000	1.03
WALSH PRESTIGE PTY LTD (WALSH FAMILY A/C)	100,000	1.03
	8,628,324	88.62

Unquoted equity securities

There are no unquoted equity securities.

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	Number on issue	Number of holders
UNL OPTIONS EXP 06/02/27 @ \$0.80	6,000	1
UNL OPTIONS EXP 20/03/27 @ \$2.50	14,916	3
UNL OPTIONS EXP 01/04/27 @ \$0.60	52,500	4
UNL OPTIONS EXP 26/01/28 @ \$0.60	7,500	1
UNL ESS OPT EXP 24/07/2023 @ \$1.00	250,000	1
UNL OPT EXP 18/09/2023 @ \$0.40	3,000	1
UNL OP EX 8/2/2024 @ \$0.50 VEST 11/2/20	36,666	1
UNL OP EX 8/2/2024 @ \$0.50 VEST 11/2/21	36,666	1
UNL OP EX 8/2/2024 @ \$0.50 VEST 11/2/22	36,666	1
UNL OP EX 21/3/24 @ \$0.50 VEST 21/3/20	36,666	1
UNL OP EX 21/3/24 @ \$0.50 VEST 21/3/21	36,666	1
UNL OP EX 21/3/24 @ \$0.50 VEST 21/3/22	36,666	1
UNL OP EXP 13/5/24 @ \$0.50 VEST 13/5/20	36,666	1
UNL OP EXP 13/5/24 @ \$0.50 VEST 13/5/21	36,666	1
UNL OP EXP 13/5/24 @ \$0.50 VEST 13/5/22	36,666	1
UNL OP EXP 10/12/24 @ \$0.30	60,000	3
UNL OPTIONS EXP 10YRS GRANT DAY @ \$1.20	42,480	4
UNL OP EXP 10/12/24 @ \$0.80	2,335,000	28
UNL OP EXP 10/12/25 @ \$0.30	400,000	4
UNL OP EXP 10/12/25 @ \$0.50	400,000	4
UNL OP EXP 10/12/25 @ \$0.75	400,000	4
UNL OPT @ \$0.25 EXP 26/07/2024	90,000	3
UNL OPT @ \$0.30 EXP 10/09/2027	500,000	1
UNL OPT @ \$0.50 EXP 10/09/2028	500,000	1
UNL OPT @ \$0.75 EXP 10/09/2029	500,000	1
UNL OP EXP 10/12/26 @ \$0.30	400,000	4
UNL OP EXP 10/12/26 @ \$0.50	400,000	4
UNL OP EXP 10/12/26 @ \$0.75	400,000	4
UNL OPT EXP 26/07/25 @ \$0.10	580,000	7
UNL OPT @ \$0.10 EXP 10/12/2027	600,000	4
UNL OPT @ \$0.15 EXP 10/12/2027	400,000	4
UNL OPT @ \$0.20 EXP 10/12/2027	400,000	4
UNL OPT @ \$0.06 EXP 30/12/2026	666,663	1
	<u>9,738,053</u>	<u>105</u>

Substantial holders

Substantial holders in the company are set out below:

	Number held	Ordinary shares % of total shares issued
SCINTILLA STRATEGIC INVESTMENTS LIMITED	6,800,000	8.49
CERTANE CT PTY LTD (L39 CAPITAL A/C)	5,833,333	7.29
IRWIN BIOTECH NOMINEES PTY LTD	4,394,968	5.49
GILSMITH SMSF PTY LTD (GILSMITH PTY LTD SF A/C)	2,994,105	3.74
JOEL WEBB	2,600,000	3.25

Opyl Limited
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	Options over ordinary shares	
	Number held	% of total options issued
MICHELLE GALLAHER	1,500,000	15.40
MR MARK ZIIRSEN	1,100,000	11.30
DR JULIAN CHICK	1,029,998	10.58
DAMON RASHEED	1,029,998	10.58
MR ANTANAS GUOGA	690,000	7.09

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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.

Options

All quoted and unquoted options do not carry any voting rights