birchal

Birchal Pty. Ltd.

Crowd-sourced funding offer document

Dated 10 December 2024

Offer of fully-paid ordinary shares in Birchal Pty. Ltd. at $0.50 per share to raise a maximum of $2,000,000.

This crowd-sourced funding (**CSF**) offer document relates to the Offer of fully-paid ordinary shares in Birchal Pty. Ltd. This Offer is made under the CSF regime in Part 6D.3A of the *Corporations Act 2001* (**Corporations Act**).

Issuer
Birchal Pty. Ltd. ACN 616 478 767

Intermediary
Birchal Financial Services Pty Ltd ACN 621 812 646 AFSL 502618

Always consider the general CSF risk warning and offer document before investing

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Section 1: Risk warning

Crowd-sourced funding is risky. Issuers using this facility include new or rapidly growing ventures. Investment in these types of ventures is speculative and carries high risks.

You may lose your entire investment, and you should be in a position to bear this risk without undue hardship.

Even if the company is successful, the value of your investment and any return on the investment could be reduced if the company issues more shares.

Your investment is unlikely to be liquid. This means you are unlikely to be able to sell your shares quickly or at all if you need the money or decide that this investment is not right for you.

Even though you have remedies for misleading statements in the offer document or misconduct by the company, you may have difficulty recovering your money.

There are rules for handling your money. However, if your money is handled inappropriately or the person operating the platform on which this offer is published becomes insolvent, you may have difficulty recovering your money.

Ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.

Section 2: Information about the Company

Letter from the CEO

I'm thrilled to invite you to be part of Birchal's journey as a shareholder and partner in shaping the future of Australian entrepreneurialism. Your incredible response to our Expression of Interest (**EOI**) campaign reflects the growing momentum behind our mission, and I'm excited to present this opportunity for you to join us in this next chapter.

Since our launch in 2018, Birchal has been at the forefront of the Australian crowd-sourced funding (**CSF**) industry, facilitating over $220 million in funding across more than 300 successful campaigns.

Today, Birchal is experiencing incredible momentum for our newest investor-focused initiative with support from LaunchVic: the Birchal First Syndicate. In just 90 days, our Birchal First Syndicate has delivered over $1.9 million in funding to innovative Victorian hardware startups. This new funding model combines lead angel investments with retail investor support, unlocking opportunities for underfunded sectors like hardware technology. This early success underscores the transformative potential of blending angel and retail capital, accessing an audience of over 10 million Australian investors, made possible by leveraging the CSF regime.

Birchal's leadership in the CSF industry is further reinforced by two recent strategic appointments. Darren Westlake, founder of Crowdcube, and Rod Bristow, former CEO of Investible, bring unparalleled expertise in equity crowdfunding and venture ecosystems. Their insights are helping us chart a path to scale the industry, drawing inspiration from the UK.

Despite broader economic challenges, Birchal has demonstrated remarkable resilience. In FY24, we hosted 66 campaigns, raising $46.5 million—an increase of 16% in successful offers compared to the previous year. Our disciplined focus on operational efficiency has positioned us for sustainable growth, with innovations like the Birchal First Syndicate and more planned partnerships paving the way for even greater impact.

This is a pivotal time for Birchal and the CSF industry. By becoming a shareholder, you're not just investing in a platform—you're joining a movement to democratize investment and make early-stage businesses an accessible asset class for all Australians.

Thank you for your continued trust and support. Together, we can fuel the next generation of Australian innovation.

Yours sincerely

Matt Vitale

Matt Vitale
Co-Founder and CEO
Birchal Pty. Ltd.

Investment highlights

1. **Market Leadership**: An opportunity to invest in Birchal, a market-leading direct investment platform with greater than 70% share of the Australian crowd-sourced funding (**CSF**) industry.[1] Since 2018, Birchal has hosted over 300 successful CSF offers, raising over $220m and facilitated over 130 thousand investments.

2. **Expanding Access to Innovation Funding**: With the Birchal First Syndicate, we're bridging a critical funding gap for hardware technology startups, supported by strong early interest and investment momentum. In just 90 days, our Birchal First Syndicate has delivered over $1.9 million in funding to innovative Victorian hardware startups. We believe this will serve as a blueprint for other organisations and communities to leverage the power of Australia's CSF regime.

3. **Significant Growth Potential**: Birchal achieved a 16% increase in successful CSF offers in FY24, bringing its total to 66, and a 4% increase in funding volume to $46.5 million of an industry total of $65.5m. The UK CSF market has shown that there is potential for a 10x uplift in Australian market volumes, which could bring the annual market size to $700 million.[2] Birchal has also successfully penetrated the investor market, with over 130,000 CSF investors, averaging $1,800 per investment, within a potential pool of 10.2 million Australian investors.[3]

4. **Strategic Appointments**: Recent appointments of Darren Westlake, founder of Crowdcube and a global pioneer in equity crowdfunding, as Strategic Advisor, and Rod Bristow, former COO of Australia's largest stockbroker CommSec and CEO of Southeast Asian VC Investible, to guide the next phase of growth, industry leadership, and strategic partnerships.

5. **Revenue Growth**: Achieved 16% improvement to revenue, and 42% improvement to gross profit in Q1FY25 against prior corresponding period. Driven by fee changes, new marketing services, and the recent launch of the Birchal First Syndicate with support from LaunchVic. Had these initiatives been in place for FY24 the Company would have achieved revenue of approximately $4m (rather than $2.8m) based on FY24 offer numbers (66) and funding volume ($46.5m).

6. **Cost Out**: In July 2024, we reduced headcount, trimmed contractor and consulting costs, paused long-term growth initiatives, and reviewed all subscriptions and services. This program has lowered annual expenses by 30% while preserving productivity. We are now operating with a leaner and more efficient team, resulting in a 22% reduction in expenses for Q1FY25.

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[1] As a percentage of funds raised through completed CSF offers in FY24.
[2] This figure is calculated by applying the per capita investment in the UK CSF industry in 2021 (per Schwartz A. 'Investment Crowdfunding' 2023) to Australia's population, converted to AUD.
[3] Per ASX Australian Investor Study 2023, https://www.asx.com.au/content/dam/asx/blog/asx-australian-investor-study-2023.pdf

2.1 Company details

This offer of shares is made by Birchal Pty. Ltd. ACN 616 478 767 (**Company**).

Company name	Birchal Pty. Ltd.
ACN	616 478 767
Date of incorporation	16 December 2016
Registered office	Wurundjeri Country 'Podium East Rialto' Level 2, 525 Collins Street, MELBOURNE VIC 3000
Principal place of business	Wurundjeri Country Suite 2.04, 1 Gordon Street, Cremorne VIC 3121
Directors	Adam Richard Vise, Katherine Cecilia O'Keeffe, Rodney James Bristow, Matthew Vitale
Subsidiaries	Birchal Financial Services Pty Ltd (100% wholly-owned) Birchal First Pty. Ltd. (100% wholly-owned)
Website	www.birchal.com
Share Registry	Cake Equity https://www.cakeequity.com/

Relationship between the Issuer and the Intermediary

Birchal Pty. Ltd., the Issuer, is undertaking this Offer on the Birchal platform at www.birchal.com using Birchal Financial Services Pty Ltd (**BFS**) as the CSF intermediary or "Gatekeeper." This Offer will be managed in accordance with BFS' standard operating procedures. An external legal adviser has been engaged to advise BFS on hosting the Offer, overseeing the Gatekeeper process and any potential or perceived conflicts of interest.

2.2 Our business

2.2.1 About the Company

Birchal is a market-leading direct investment platform enabling founders to tell stories, build communities, and raise capital online, directly from retail and wholesale investors. BFS is licensed by the Australian Securities and Investments Commission (**ASIC**) (AFSL 502618), and authorised to host offers under the crowd-sourced funding regime in Part 6D.3A of the Corporations Act.

Birchal is Australia's leading CSF platform with a greater than 70% share of CSF funding volume since 2020. Since 2018, Birchal has hosted over 300 successful CSF offers, raising over $220m and facilitated over 130 thousand investments.

Commencement of the CSF regime was a watershed moment for startups, small and medium sized enterprises (**SMEs**) and investors, and it is becoming an important part of Australia's financial system. ASIC has stated that the CSF regime appears to be operating efficiently and reliance on it appears to be increasing[4], in 2022 describing CSF as a "robust alternative for smaller companies to raise up to $5 million in 12 months with appropriate investor protection features."[5]

Through the CSF regime, investments in startups and SMEs are able to be offered to retail investors, together with wholesale investors, at scale for the first time. Australian startups are now a rapidly emerging alternative asset class that Birchal is determined to make mainstream.

2.2.2 Our products and services

Birchal's core business is to host regulated crowd-sourced funding (**CSF**) offers through its platform, providing companies with a clear and compliant pathway to raise capital from the public. Our platform connects founders with a wide community of investors, supporting companies from the initial Expression of Interest (**EOI**) phase through to the public launch and management of their CSF offer.

Fee Structure for CSF Offers
Our revenue comes from fees charged to companies for hosting their CSF campaigns. Our current fee schedule is as follows:

- **Expression of Interest (EOI) Fee** – $1,200 (plus GST): Fixed fee for our services in connection with an EOI campaign.
- **CSF Offer Administration Fee** – $3,000 (plus GST): Fixed fee for our services and costs in connection with a CSF offer campaign.
- **CSF Offer Success Fee** – 7.5% (plus GST) of total approved investment at completion.

Marketing Services
Alongside our core CSF hosting services, Birchal also provides marketing services to help companies maximise reach and investor engagement during their campaign. These optional services are offered at additional cost and include:

- **Digital Advertising**: Targeted campaigns across digital channels, using Birchal's insights to attract potential investors.
- **Content Creation & Video Production**: Professional support in creating campaign content, including video, to effectively communicate a company's story and vision.
- **Email Marketing & Retargeting**: Custom email and retargeting strategies designed to keep potential investors engaged and drive investment.

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[4] Source: https://download.asic.gov.au/media/viwhdjpu/cp357-published-25-january-2022.pdf
[5] Source: https://download.asic.gov.au/media/14mkbuie/rep723-published-30-march-2022.pdf

- **Social Media Strategies**: Guidance and support on building a social media presence to broaden campaign reach.

These services enable companies to promote their CSF offer effectively and drive momentum. By combining our CSF platform with marketing support, Birchal offers companies a comprehensive solution to maximise the impact of their campaign.

2.2.3 Industry overview

Australia's CSF industry has facilitated the raising of over $315m across over 426 successful CSF offers, with 34 offers raising more than $2m. Approximately two thirds of the offers have been hosted by Birchal.[6]

Despite the challenges, FY24 has shown remarkable resilience again. With 99 successful CSF campaigns raising over $64.5 million from 35,000 investments. Birchal played a significant role, hosting 66 campaigns and raising $46.5 million from 27,000 investors. This reflects a 16% increase in the number of companies using CSF compared to FY23.

Australia's CSF industry is the second-largest in the world on a per capita basis, behind only the UK, which in 2021 was seven times greater than Australia's. The UK has the most mature equity crowdfunding industry globally, with platforms in operation since 2011.[7] Two platforms have led the market there, Crowdcube and Seedrs who reportedly raised £991m in 2021 combined.[8] Based on the UK experience, the size of Australia's CSF industry could be expected to exceed $700m.[9]

Some of the most valuable startups in the UK and Europe have raised their earliest rounds of capital on equity crowdfunding platforms, enabling early investors to achieve considerable returns.

Despite being relatively earlier in its journey, two of Birchal's first 20 CSF offers are listed on financial markets. In November 2021, Biome Australia Limited became the first CSF-funded company to list on the ASX (ASX: BIO). And earlier this year, Alta (formerly Wimp 2 Warrior) listed on the New York Stock Exchange (NYSE: MMA).[10]

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[6] https://www.birchal.com/birchal-publications
[7] Schwartz A. 'Investment Crowdfunding' 2023
[8] Data presented on the UK equity crowdfunding industry has been gathered from the following sources: Equity crowdfunding platform company announcements, and the websites of Crowdcube (https://www.crowdcube.com/) and Seedrs (https://www.seedrs.com/); Various reports published by the Cambridge Centre for Alternative Finance, which are available to be downloaded online (https://www.jbs.cam.ac.uk/faculty-research/centres/alternative-finance; and Various reports published by Beauhurst, which are available to download online (https://www.beauhurst.com/)
[9] This figure is calculated by applying the per capita investment in the UK CSF industry in 2021 to Australia's population, converted to AUD.
[10] https://www.birchal.com/content/campaigns/funded-report

2.3 Business and revenue model

2.3.1 How we generate revenue

Currently, Birchal generates revenue from:

- fees charged (predominantly success-based) to issuing companies for hosting EOI campaigns and CSF offers; and
- fees charged for marketing services to help companies maximise reach and investor engagement during their campaign.

Birchal recently increased its fixed fees and success fee from 6% to 7.5% in line with fees charged on platforms in overseas markets. The change in fee structure has significantly improved our margins and gross profit without having an adverse impact on our market share. Our campaigns continue to see higher net cash flows than the market average, which helps to affirm our fees to the extent of any premium against other platforms.

2.3.2 Cost base and operating model

Fixed costs

Baseline fixed costs are predominantly related to people within Birchal's product, legal and compliance, campaign, finance and operations teams and platform and occupancy costs.

Birchal's recent cost-reduction program involved reductions to Birchal's workforce in its product and sales teams, resulting in a reduction to baseline fixed costs of approximately 30%, annual operating costs are now approximately $3.6m.

Birchal's baseline fixed costs infer a need for approximately $45m in CSF funding volume to achieve breakeven (similar to FY24 funding volume), based on Birchal's 7.5% success fee, business model and technology without significant changes to its cost base. Birchal's gross margin of approximately 80% is such that Birchal can be disproportionately profitable from core CSF revenue once it exceeds breakeven.

As a technology-enabled business, Birchal's operating leverage can be improved through focus and investment on its platform and business processes, scaling capacity without a proportionate increase in headcount.

Variable costs

Birchal's variable costs, which represent approximately 20% of total expenditure, are predominantly for digital advertising expenditure to support marketing campaigns for issuing companies, but also include payments for investor and issuer background and identity checks, payment processing fees, website and platform hosting.

2.3.3 How we find customers

Issuing companies

To date, issuing companies have been sourced predominantly through referral and reverse-enquiry. More than 20% of issuing companies have returned for a subsequent Birchal campaign.

As a two-sided digital marketplace, in the early stages of its development, Birchal's focus has been on achieving great results for founders of issuing companies, by simplifying the process of raising capital through the CSF regime.

As pioneers of a new industry, Birchal has focused on advocacy and education through its media commentary and industry publications. Birchal has achieved considerable earned media coverage, and is regularly acknowledged as Australia's leading CSF platform.

Investors

Issuing companies invest in marketing their own campaigns, with Birchal's guidance, predominantly through social media advertising. Birchal supports campaigns on its platform with its own discretionary paid advertising activities.

All companies get access to Birchal's growing audience of over 300,000 members through Birchal's newsletters, email communications and paid advertising activities. We help issuing companies to build a bespoke audience of interested investors particular to their company's CSF offer. We have observed that greater than 20% of Birchal investors have invested more than once. We see an opportunity to grow the proportion of repeat investors further, through improvements to Birchal's platform and service offering, and as Birchal's audience scales and the industry matures.

2.4 Business strategy

2.4.1 Our vision for the future

Birchal's vision is to transform Australia's equity crowdfunding landscape by creating a vibrant and accessible funding ecosystem for startups and SMEs. We aim to scale our impact, driving significant growth in CSF funding volume through the expansion of specialised angel networks, mobilisation of wholesale and retail investors, and strategic partnerships with institutional stakeholders.

Our ultimate goal is to make startups and SMEs a mainstream asset class, providing founders with seamless access to capital and investors with opportunities to participate in Australia's entrepreneurial growth.

2.4.2 Core Strategies

Birchal's strategic initiatives focus on scaling equity crowdfunding in Australia by expanding specialized investor networks, mobilizing wholesale and retail investors, and fostering strategic partnerships. These efforts aim to bridge funding gaps, empower founders, and create a thriving ecosystem for early-stage investment.

Expanding Specialized Angel Networks

We are scaling the Birchal First Syndicate and planning additional sector-focused syndicates to address funding gaps in key industries such as sustainability, health tech, and advanced manufacturing. These syndicates combine cornerstone investments from wholesale investors with retail co-investment, driving campaign momentum and enabling inclusive investment opportunities.

The appointment of Rod Bristow, former COO of CommSec and CEO of Investible, brings critical expertise in building investor ecosystems and scaling early-stage investment initiatives. Rod's extensive experience in financial markets strengthens our ability to forge strategic partnerships, enhance syndicate structures, and create meaningful connections between founders and investors.

Complementing this, the appointment of Darren Westlake, founder of Crowdcube, as a Strategic Advisor, further enhances our ability to execute this strategy. Having grown Crowdcube into the world's leading equity crowdfunding platform, Darren brings deep insights and proven strategies from the UK. His experience will help us refine our syndicate approach, attract cornerstone investors, and build momentum in our campaigns.

Together, these appointments position Birchal to scale our syndicates effectively and bridge funding gaps across key sectors.

Mobilizing Wholesale and Retail Investor Participation

Birchal aims to broaden participation across both wholesale and retail investor segments, ensuring a diverse and engaged investor base.

2.4.3 Policy Advocacy

Birchal is actively engaging with policymakers to enhance the CSF regime, ensuring it evolves to meet the needs of founders and investors. Our advocacy priorities include:

- Increasing the issuer cap from $5 million to $10 million.
- Expanding the types of securities eligible under the CSF regime.
- Enhancing secondary liquidity options for CSF investors through low-volume markets.
- Advocating for improved incentives for companies and investors participating in the CSF ecosystem.

2.4.4 Supporting Media and PR Strategy

To amplify these initiatives, Birchal is executing a robust media and PR strategy to position equity crowdfunding as a critical enabler of Australia's startup ecosystem:

- **Thought Leadership**: Showcasing global best practices and insights through industry experts, such as Darren Westlake, to build confidence in the model.
- **National Coverage**: Highlighting CSF success stories and their broader economic impact.
- **Education and Engagement**: Developing content, webinars, and events to support both founders and investors.

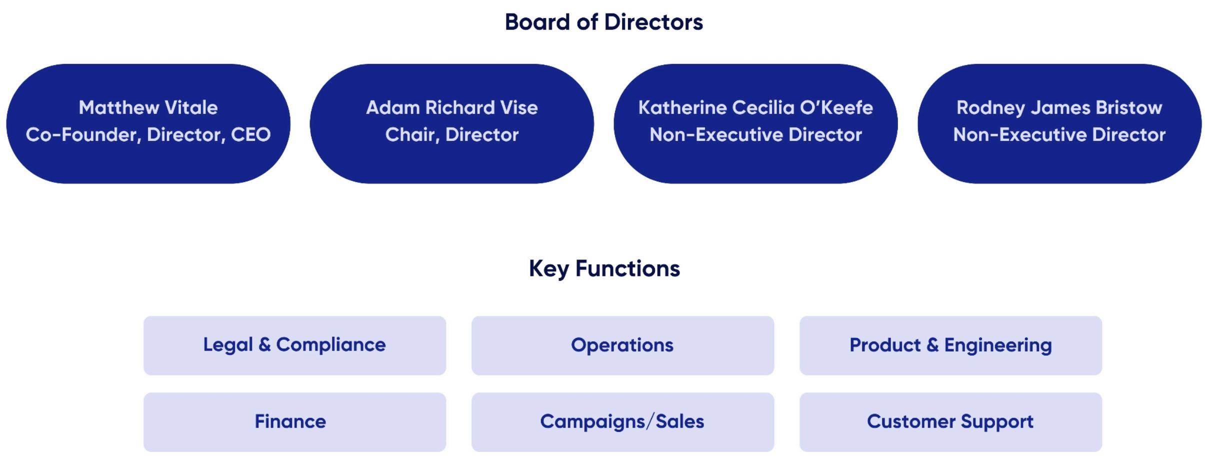
2.4.3 Medium-term strategic initiatives

Birchal's business and audience offers strategic value to a range of diverse businesses. Birchal have begun engaging and identifying a range of parties that may provide strategic value in future, including:

Financial services	Technology	Media	Self-directed
Financial markets Diversified financials Investment banks Wealth management Professional services	Crowdfunding Super apps FinTechs Ecommerce	Traditional Social	IPO Acquisitions

2.5 Our team

2.5.1 Organisational structure



We've built Australia's most experienced CSF team. We share a love of entrepreneurialism, and a passion for working with founders.

We value Community, Creativity, Simplicity, Principles, Purpose and the Journey.

2.5.2 Group structure

2.5.3 Directors and Advisors

Matthew Vitale	**Adam Richard Vise**
Role Co-Founder, Director & CEO	**Role** Chair
Duties Matt is Birchal’s co-founder and CEO, and responsible for development and execution of Birchal’s Board-approved strategy. Matt is also a co-signatory (with Adam) on Birchal’s gatekeeper process for CSF offers.	**Duties** Adam is Birchal’s Chair, responsible for ensuring Birchal’s Board function operates efficiently and effectively. Adam is also a co-signatory (with Matt) on Birchal’s gatekeeper process for CSF offers.
Skills and experience Matt's background as a financial services lawyer and entrepreneur resonates with Birchal's innovative and regulatory focus. His expertise in financial services regulation and crowdfunding positions him as a guiding force in Birchal's industry leadership.	**Skills and experience** Adam's 20-year capital market expertise, including leadership at ANZ, aligns with Birchal's financial strategy needs. As Group Treasurer at Australian Unity and former director of ANZ's A$6 billion Staff Super Fund, his experience fortifies Birchal's financial stewardship.
Katherine Cecilia O’Keeffe	**Rodney James Bristow**
Role Non-Executive Director	**Role** Non-Executive Director
Duties As a Non-Executive Director, Kate does not have any day-to-day management responsibilities. Given Kate’s product and technology expertise, Kate is an important and valuable voice at the Board as an advocate for Birchal’s customer and product. Kate also mentors Birchal team members and can offer guidance to and augment Birchal’s strategic product capability if and when needed.	**Duties** As a Non-Executive Director at Birchal, Rod does not have daily management responsibilities but contributes to the strategic direction and oversight of the organisation. Rod's extensive experience in financial services, investments, and corporate leadership enhances Birchal’s strategic vision, particularly in expanding its market and operational efficiencies. Rod will also support Birchal's integration within the broader financial system and assists in identifying strategic partnerships and growth opportunities.
Skills and experience Kate's experience in technology, innovation, and women's empowerment aligns with Birchal's commitment to diversity and technological advancement. Her previous roles at BCG Digital Ventures and Cisco, along with creative recognition, add a dynamic and creative edge to Birchal's strategy.	**Skills and experience** Rod brings over 30 years of experience in financial services, encompassing asset management, wealth management, stockbroking, and venture capital. His track record includes leading successful business transformations and expansions across Australian and Southeast Asian markets, as evidenced by his work with Investible. His expertise spans strategy development, growth management, and mergers and acquisitions, which reinforces Birchal’s financial stewardship and industry leadership

Strategic Appointments to Drive Growth
Birchal is proud to welcome Darren Westlake, founder and former CEO of Crowdcube, as a Strategic Advisor. Darren is a global pioneer in equity crowdfunding, having grown Crowdcube into the world's most successful platform, raising over £1 billion for more than 1,300 startups, including household names like Brewdog, Revolut, and Monzo. Darren brings unparalleled experience from the UK, the world's most mature equity crowdfunding market, and will provide invaluable guidance as Birchal scales to meet its full potential in Australia.

We are also thrilled to have Rodney (Rod) James Bristow, former CEO of Investible, join our Board as a Non-Executive Director. Rod brings over 30 years of leadership experience in venture capital and financial services, having been instrumental in scaling Investible into one of Asia-Pacific's most active early-stage investment firms. Together, Darren and Rod strengthen our leadership team, bringing a complementary blend of global expertise and local insight to drive the next phase of Birchal's growth and innovation.

2.5.4 Legal or disciplinary actions against the Company

As at the date of this document, no legal or disciplinary actions have been commenced against the Company or its subsidiaries.

Birchal's wholly-owned subsidiary, Birchal Financial Services Pty Ltd is a licensed CSF Intermediary, and accordingly has a range of obligations that apply to it in recognition of its important role as a 'gatekeeper' to the Birchal platform and the CSF regime.

Among other things, Birchal Financial Services must not publish, or continue to publish a CSF offer document in certain circumstances, including where the directors and senior managers of a Company are deemed to not be of good fame and character.

Prospective companies may disagree with, and be disappointed by Birchal Financial Services' decisions to refuse to publish or continue to publish a CSF Offer Document. Sometimes, companies will threaten legal action against Birchal Financial Services (and/or Birchal) as a result of these decisions.

2.6 Capital structure

2.6.1 Issued capital (before and after the Offer)

As at the date of this CSF offer document, the Company has 49,049,949 ordinary shares on issue. The majority of shares are held by the Company's founders.

The Company also has the authority to issue up to 15% of the Company's issued share capital under the Constitution.

Table 1 below sets out the issued capital of the Company before the Offer.

Table 1: Issued capital of the Company before the Offer

Shareholder	Share type	Shares	Options
VOSC Investments Pty Ltd (Matt Vitale)	Ordinary	9,637,414 (19.65%)	Nil
Alan Crabbe	Ordinary	9,842,856 (20.07%)	Nil
CSF Shareholders	Ordinary	7,631,180 (15.56%)	Nil
ESOP (exercised and allocated)	Ordinary	3,874,389 (7.90%)	1,475,798
Other Shareholders	Ordinary	18,064,110 (36.83%)	Nil
Total		49,049,949 (100%)	1,475,798

Table 2 sets out the issued capital of the Company following the Offer on a fully diluted basis (i.e. presuming all options are exercised).

Table 2: Issued capital of the Company following the Offer (on a fully diluted basis)

Shares	**Minimum Subscription**	**Maximum Subscription**
VOSC Investments Pty Ltd (Matt Vitale)	9,637,414 (18.35%)	9,637,414 (17.04%)
Alan Crabbe	9,842,856 (18.74%)	9,842,856 (17.40%)
CSF Shareholders	7,631,180 (14.53%)	7,631,180 (13.49%)
ESOP (exercised and allocated)	5,350,187 (10.19%)	5,350,187 (9.46%)
ESOP (unallocated)	1,501,147 (2.86%)	2,026,147 (3.58%)
Other Shareholders	18,064,110 (34.39%)	18,064,110 (31.94%)
Offer Shares	500,000 (0.95%)	4,000,000 (7.07%)
Total	52,526,894 (100%)	56,551,894 (100%)

2.6.2 Rights and liabilities associated with securities

As at the date of this Offer, the only class of shares on issue are ordinary shares. The Company has also adopted an Employee Share Option Plan (**ESOP**).

Set out below is a summary of the rights and liabilities associated with the securities in the Company. A copy of the Company's Constitution is available on the Intermediary's platform.

Ordinary Shares

As at the date of this CSF Offer, the only class of shares on issue are ordinary shares. Accordingly, the shares offered under this Offer Document are fully-paid ordinary shares. All ordinary shares have the same voting rights and the same rights to receive dividends.

The Constitution includes other rights and obligations, including:

- Restrictions on the sale or transfer of shares, including drag and tag rights and exit provisions.
- The Constitution includes a definition of a "Substantial Shareholder" which means a shareholder with an equity proportion of 1% or more. The Substantial Shareholder concept relates to the provisions relating to "Substantial Shareholder Majority" which is a resolution approved by 75% or more of the votes cast on a resolution by the Substantial Shareholders. These concepts have application to the shareholder reserved matters regime.
- Substantial Shareholders also have pre-emptive rights in certain circumstances on the issue or transfer of shares.
- The Board has the power to refuse a transfer of shares to a third party in certain circumstances, including (among other things), where the Board reasonably determines in good faith that the transfer would be materially detrimental to the interests of the Company.

A more detailed description of the rights and liabilities associated with the ordinary shares is set out in section 3.3 below.

Employee Share Option Plan (ESOP)

The Company has implemented an ESOP to attract, retain and incentivise key employees. Under the Constitution, the Company has the authority to issue up to 15% of the Company's share capital (on a fully diluted basis) under the ESOP.

As at the date of this CSF Offer Document, the Company has issued and allocated a total of 5,350,187 options under the Company's existing ESOP, of which 3,874,389 options have vested and have been exercised by existing participants in the ESOP.

Shareholders Agreement

Other than the Constitution, there is no shareholders agreement or other agreement between the existing shareholders of the Company.

2.6.3 Sources of financing, including debt financing and other financing

The Company does not currently rely on debt finance to fund its operations.

The Company has accessed the Research and Development Tax Incentive (**R&DTI**). To date the Company's R&DTI refundable credits are $46,205, with none exceeding $20,000 in any financial year.

2.7 Key risks facing the business

An investment in Birchal Pty. Ltd. should be seen as high-risk and speculative. A description of the main risks that may impact the Company's business is below. Investors should read this section carefully before deciding to apply for shares under the Offer. There are also other, more general risks associated with the Company (for example, risks relating to general economic conditions or the inability to quickly or easily sell your shares).

Risk	**Description**
Reputational risk	Birchal hosts offers for early stage and high growth businesses, which are inherently speculative and carry high risks. Birchal must effectively manage the reputational risk of businesses hosted by Birchal suffering poor financial performance, engaging in misconduct or other negative publicity subsequent to a CSF offer.
Startup risk	As an early stage business, the Company is subject to all of the risks associated with early stage companies, including uncertainty around the volume and origin of revenue streams, size and existence of repeat customers, and risks associated with evolving technology. In particular, the Company is not currently profitable and is yet to generate revenue through certain anticipated revenue streams. The commercial success of the business will depend on many factors including the Company's ability to attract and retain quality staff and loyal customers.
Cash flow risk	The Company's operating activities involve a series of cash inflows and outflows. Although the Company seeks to manage its cash flow efficiently, there is a risk that the Company may not have sufficient cash or working capital, at times, to fund both its operations and its expansion plans. This could affect the Company's profitability, future prospects, and its ability to meet its business objectives.
Market risk	Funding conditions for equity capital and growth opportunities facilitated by Birchal may deteriorate further due to rising interest rates, inflation, or other macroeconomic factors. Such conditions may impact the Company's ability to attract new issuers or investors, affecting revenue and business performance.
Failure to maintain existing customers or win new customers	Birchal's ability to maintain successful relationships with existing customers or win new customers is fundamental to its business, growth and future profitability. There can be no guarantee that Birchal will be successful in retaining or winning customers.
Loss of key management personnel	Birchal's ability to effectively execute its growth strategy depends upon the performance and expertise of its key management personnel who have deep experience in, and knowledge of, Birchal's business and the market in which it operates. The loss of key management personnel, or any delay in their replacement, may adversely affect Birchal's future performance.
Competitors and new market entrants	The advent of increased competition may result in lower than expected market share and impact negatively on Birchal's performance. In addition, there is always a risk of new entrants in the market which may disrupt Birchal's business and market share.

Expansion of services and/or markets	Birchal plans to expand the range of services provided. Birchal's success in these new services and markets will depend on access to financial resources and human resources (potentially with new talents and skills) and a range of other factors generally. The market demand for these new services and markets is also unproven at this stage.
Cyber risk	The company is built on a technology platform of custom software and third party services. The information it holds about its users must be protected at all times and the services must be always available. While the company uses industry standard practices for data security and service integrity, attacks by third-parties on the platform are a possibility and pose a risk to business continuity.
Failures or disruptions to technology platform and systems	Birchal depends on the constant performance, reliability and availability of its technology platform and systems. There is a risk that these systems may fail to perform as expected or be adversely impacted by a number of factors, some of which may be outside the control of Birchal, including third party server providers, targeted attacks or network providers. Birchal's operational processes and contingency plans may not adequately address every potential event and this may adversely impact Birchal's performance and reputation.
Regulatory risk	Birchal is undertaking this Offer on the Birchal platform using BFS as the Intermediary. Given the nature of the relationship between the Issuer and the Intermediary there may be a potential or perceived conflict of interest that will be managed. The Australian business operates in a highly regulated environment and is reliant on the retention of its AFSL. The evolution of the regulatory environment could affect Birchal's financial performance, expansion plans, and its ability to meet its business objectives. Part of our growth strategy depends on obtaining additional approvals from relevant regulatory authorities. There is no guarantee that the Company will receive all necessary regulatory approvals and it cannot predict with certainty the timelines for such approvals, or whether other requirements may be imposed by regulatory authorities that could affect Birchal's current core offering or future products and services.
Funding risk	The Company is in the process of raising capital to fund its operations and growth. There is a risk that the Company may not be able to secure sufficient funding as required. In the event that the Company fails to raise the necessary capital on acceptable terms, or at all, it may have a material adverse effect on the Company's business operations, financial condition, and prospects. This could include the need to significantly reduce operating expenses, delay or abandon strategic initiatives and expansion plans, or cease operations entirely.

2.8 Financial information

Below is a summary of the audited consolidated financial statements of the Company and its controlled subsidiaries for the financial years ended 30 June 2024 and 30 June 2023 and of the unaudited management accounts for the three months ended 30 September 2024. Management accounts have been prepared by Birchal's accountant for management purposes and accordingly may be subject to change.

The audited consolidated financial statements of the Company and its controlled subsidiaries for the financial years ended 30 June 2024 and 30 June 2023 have been included as Appendix A to this Offer Document. The audited consolidated financial statements have been prepared in accordance with the Accounting Standards and have been audited by Pitcher Partners.

2.8.1 Summary balance sheet

	As at 30 September 2024 $	As at 30 June 2024 $	As at 30 June 2023 $
Assets			
Current assets			
Cash and cash equivalents	2,058,419	4,372,112	3,900,012
Trade and other receivables	374,728	380,294	538,049
Other	153,430	53,128	214,393
Total current assets	2,586,577	4,805,534	4,652,454
Total non-current assets	247,682	367,478	1,073,242
Total assets	2,834,259	5,173,012	5,725,696
Liabilities			
Current liabilities			
Trade and other payables	(1,906,241)	(3,881,214)	(2,881,889)
Other current liabilities	(190,564)	(179,676)	(185,055)
Total current liabilities	(2,096,805)	(4,060,890)	(3,066,944)
Total non-current liabilities	(97,088)	(97,088)	(231,448)
Total liabilities	(2,193,893)	(4,157,978)	(3,298,392)
Net assets	**640,366**	**1,015,034**	**2,427,304**
Total equity	**640,366**	**1,015,034**	**2,427,304**

2.8.2 Summary statement of comprehensive income

	For the 3 months ended 30 September 2024 $	For the 12 months ended 30 June 2024 $	For the 12 months ended 30 June 2023 $
Revenue	622,475	2,819,570	3,024,873
Other income	40,000	0	21,138
Interest revenue calculated using the effective interest method	0	2,716	2,630
Expenses			
Employee benefits expense	(664,471)	(3,746,699)	(3,277,234)
Sales and marketing expenses	(145,018)	(776,255)	(754,465)
Administration and other expenses	(227,649)	(1,756,205)	(1,660,597)
Profit/(loss) before income tax (expense)/benefit	(374,663)	(3,456,873)	(2,643,655)
Income tax (expense) benefit	0	(549,296)	603,331
Profit/(loss) after income tax (expense) benefit for the year attributable to the owners of Birchal Pty. Ltd. and its controlled entities	**(374,663)**	**(4,006,169)**	**(2,040,324)**
Other comprehensive income for the year, net of tax	0	(1)	(6,808)
Total comprehensive income for the year attributable to the owners of Birchal Pty. Ltd. and its controlled entities	**(374,663)**	**(4,006,170)**	**(2,047,132)**

2.8.3 Management comments on historical performance and outlook

Please refer to the audited consolidated financial statements for FY24 and FY23 in the Company's Annual Report attached as Appendix A.

The past year presented significant challenges in the early-stage funding landscape, which directly impacted the CSF industry. Despite this, Birchal has maintained its market-leading position.

Strategic investments in product and operations
In FY24, Birchal made substantial investments in product-led initiatives, tackling technical debt, enhancing website functionality, and improving user experience. These investments, totaling approximately $1.4 million, were expensed rather than capitalized, contributing to increased expenses in the financial statements. Following a cost-reduction program, these costs have now been significantly curtailed.

Additionally, we invested approximately $300,000 in initiatives such as the development of the Birchal First offering, securing a $300,000 grant from LaunchVic, and executing a content and earned media strategy to elevate awareness of the CSF industry. These combined investments of $1.7 million have laid a strong foundation for long-term growth but have been deprioritised in favour of growth initiatives with the potential to return near-term revenue (like the Birchal First offering) due to decreased funding volumes and the current capital position.

FY24: A year of contrasts and learnings
The first half of FY24 was marked by momentum, with a 33% increase in funding volume compared to H1 FY23. Q2 set a record with 27 successful CSF offers raising $19.8 million—our second-largest quarter ever in funding volume.

The second half of the year, however, presented unforeseen challenges. Delayed campaign launches after the holiday period meant our first successful offer for the calendar year closed in late February. The absence of marquee multi-million-dollar campaigns impacted funding volumes. While we completed 10% more offers in H2 FY24 compared to H2 FY23, the average deal size fell by 50%.

Strategic response to market conditions
Recognizing these market challenges, we implemented a cost-reduction program in July 2024, reducing annual expenses by 30% through headcount reductions, scaled-back contractor costs, and pausing product-led growth initiatives. These changes brought annual operating expenses down to approximately $3.6 million.

In FY25, we have taken steps to diversify revenue streams and build resilience:

- **Fee adjustments**: Birchal increased its success fees for campaigns closing from July 2024, while maintaining a robust market share and campaign raise sizes outperforming industry averages by 25%.
- **Marketing and email services**: New service offerings contributed to revenue growth in Q1 FY25, with marketing services utilized in 35% of campaigns and email services in 12%.

Had these initiatives been in place for FY24 the Company would have achieved revenue of approximately $4m (rather than $2.8m) based on FY24 offer numbers (66) and funding volume ($46.5m).

Looking ahead
FY24 tested our agility and resilience, prompting us to evolve our approach and diversify revenue streams. With a leaner cost base and promising new service offerings, Birchal is better positioned to navigate industry cycles while maintaining its commitment to helping founders raise capital and build communities of supporters.

Comments on revenue outlook are inherently uncertain and should not be solely relied upon as they are subject to change, uncertainty and unexpected events, many of which cannot be controlled. Accordingly, actual results are likely to differ from the forecasts. No representation or assurance is or can be given that the forecasts will be achieved. Past performance is no guarantee of future performance. This revenue outlook has been prepared by the Company and has not been validated by an independent third party.

Going concern
As stated on page 11 of the FY24 Annual Report, the financial statements have been prepared on a going concern basis. Based on operating cash flow projections, the Directors' anticipate the need for the Company to raise further capital within the coming 12 month period in order to continue to fund growth initiatives and meet the consolidated entity’s ongoing and planned operations and commitments as and when they fall due. The Company has opened this CSF offer to meet that capital need.

In the event the Company is unsuccessful in raising sufficient capital through the CSF raise, the Company also has contingency plans in place to raise the capital from private and/or strategic investors, although this may require further time to complete.

The consolidated entity will also continue to monitor and control costs closely, with further cost reductions as and when required. Subsequent to year end, on 5 July 2024, the consolidated entity engaged in a round of redundancies as part of a 30% reduction in expenses across the business. The cost-cutting strategy also saw the removal of contractors and a reduction in executive salaries. This strategy was implemented due to a significant underperformance in revenue due to tough macro-economic conditions, and has been made in an effort to return to breakeven and reduce reliance on external capital injections.

As a result, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. The financial report does not include any adjustments relating to the amounts or classifications of recorded assets and liabilities that might be necessary if the consolidated entity does not continue as a going concern.

The consolidated entity is dependent on being able to trade as forecast over the next 12 month period and/or on the consolidated entity achieving the above funding initiatives.

The Directors, acknowledging the above, believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. The financial report does not include any adjustments relating to the amounts or classifications of recorded assets and liabilities that might be necessary if the consolidated entity does not continue as a going concern.

Should the consolidated entity be unsuccessful with the initiatives detailed above then, there is a material uncertainty which would cast significant doubt as to whether the consolidated entity will be able to continue as a going concern and may therefore be required to realise assets and extinguish liabilities other than in the ordinary course of business with the amount realised being different from those shown in the financial statement.

Section 3: Information about the Offer

3.1 Terms of the Offer

The Company is offering up to 4,000,000 shares at an issue price of $0.50 per share to raise up to $2,000,000. The key terms and conditions of the Offer are set out below.

Term	Details
Shares	Fully-paid ordinary shares
Price	$0.50 per share
Minimum Subscription	$250,000
Maximum Subscription	$2,000,000
Opening date	10 December 2024
Closing date	19 December 2024

A description of the rights associated with the shares is set out in Section 3.3.

To participate in the Offer, you must submit a completed application form together with the application money via the Intermediary's platform. The Intermediary's website provides instructions on how to apply for shares under the Offer at www.birchal.com.

The Intermediary must close the Offer early in certain circumstances. For example, if the Maximum Subscription is reached, the Offer must be closed. If the Minimum Subscription is not reached or the Offer is closed but not completed, you will be refunded your application money.

Retail investors may withdraw their application during the Cooling-off Period. Further information on investor cooling-off rights can be found in Section 4 of this CSF offer document.

The Offer is not underwritten and there is no guarantee that these funds will be raised.

3.2 Use of funds

The table below sets out the intended use of funds raised under this Offer based on the minimum and maximum subscription amounts.

Intended use	Minimum Subscription	Maximum Subscription
Working capital and general corporate purposes	$250,000	$2,000,000
Offer costs	Nil	Nil
Total	$250,000	$2,000,000

Working capital includes digital advertising, overhead expenses, employee wages and a contingency for the Company to absorb unexpected future costs or pursue unexpected opportunities.

Ordinarily, offer costs would be included in the use of funds for a CSF offer, and include the Intermediary's fees under the hosting agreement between the Company and the Intermediary. These fees are typically up to 7.5% of all funds raised by the Company through Birchal Financial Services Pty Ltd (Intermediary), plus $4,200 for administration and setup costs. However in this case, the Intermediary will not charge the Company any fees for hosting this Offer.

The Company has engaged the services of corporate advisers and other professionals to assist it in making this CSF Offer. Such parties have received or will receive remuneration from existing funds (i.e. not the proceeds of this CSF offer, if successful).

Other than as specified above, no other payments from the funds raised will be paid (directly or indirectly) to related parties, controlling shareholders, or any other persons involved in promoting or marketing the Offer.

The Maximum Subscription amount will be sufficient to meet the Company's short-term objectives over the next 12 months, and provide an adequate buffer if current economic conditions and CSF industry funding volumes do not improve.

If this CSF Offer is unsuccessful, or if only the Minimum Subscription is raised, the Company will require further funding to be able to carry out our intended activities over the next 12 months. In such circumstances, the Company may consider alternative sources of funding, such as undertaking a further CSF offer under the CSF regime or other debt or equity funding. Until additional funding is obtained, we will scale back investment into marketing and continue to focus our cash resources on activities essential to hosting of CSF offers.

3.3 Rights associated with the shares

Immediately after issue of the new shares under the CSF Offer, the shares will be fully-paid shares. As a private limited liability Company, there is no liability attached to the shares on the part of shareholders and the shares will rank equally with all other ordinary shares currently on issue. The rights and obligations associated with the shares are set out in full in the Company's Constitution and are summarised below at Sections 3.3.1, 3.3.2, 3.3.4, 3.3.6 and 3.3.7. A copy of the Constitution is available on the Intermediary's platform.

3.3.1 Voting rights

Each shareholder has one vote for each share held. Votes are cast on a show of hands and, on a poll at a shareholder meeting (or by circular resolution at law).

3.3.2 Dividends

All shareholders have a right to receive any dividends declared and paid by the Company. The Board may, in its discretion, set aside out of the profits of the Company reserves to be applied for any purpose it decides or invest it in investments selected by the Board. The Board may also carry forward any amount out of profits which the Board decides not to distribute, subject always to the directors' obligations under the Corporations Act (for example, the Board cannot resolve to pay dividends unless the Company's assets are sufficiently in excess of its liabilities immediately before the dividend is declared or where it may materially prejudice the Company's ability to pay its creditors). Any decision to pay a dividend may be revoked by the Board at any time before the time fixed for payment arrives.

3.3.3 General meetings and notices

Directors have the power to call a meeting of shareholders. Shareholders who hold at least 5% of the votes which may be cast at a general meeting of the Company have the power to call and hold a meeting themselves or to require the directors to call and hold a meeting (in accordance with the statutory provisions under the Corporations Act).

At least 21 days' notice of a meeting of Shareholders must be given to each Shareholder entitled to vote at the meeting, to each director (other than Alternates) and to the auditor (if any). Short notice is permitted in certain circumstances with the approval of 95% of shareholders. The Board may also postpone or cancel a meeting of Shareholders by written notice given individually to each person entitled to be given notice of the meeting.

3.3.4 Winding-up

If the Company is wound up and there are any assets left over after all the Company’s debts have been paid, the liquidator may, with the approval of a Special Resolution Vote divide the assets of the Company among the Shareholders, fix the value of assets and decide how the division of assets is to be carried out between the Shareholders and vest assets of the Company in trustees on any trusts for the benefit of the Shareholders. The surplus assets of the Company remaining after payment of the Company's debts are divisible among the Shareholders in proportion to the number of fully paid shares held by them.

3.3.5 Election and removal of directors

Shareholders may vote to elect and remove directors at a general meeting by way of special resolution (being 75% of those present and eligible to vote).

3.3.6 Restrictions on sale and transfer

Drag along and tag along rights

The Constitution contains customary drag and tag-along rights. In respect of the drag provisions, if Shareholders who together holding 75% of the Shares on issue propose to sell all of their shares to a third party, they can ‘drag’ the remaining 25% to sell their shares on the same terms. The pre-emptive rights process does not need to be undertaken in order for the drag along to be triggered.

If Shareholders who together hold 50% or more of the Shares on issue propose to sell their shares to a third party under one transaction (or series of transactions) the remaining 50% may also ‘tag'-along and sell their shares on the same terms.

If the Company has no CSF shareholders and is regulated under Chapter 6 of the Corporations Act, the Constitution contains a mechanism to ‘turn off’ the drag along and tag along provisions (as these provisions cannot functionally apply if the Company is regulated by Chapter 6 of the Corporations Act).

Exit provisions

The Board may propose an Exit Event including an IPO, share sale, asset sale or another transaction which results in a change of control, or which the Board determines is an Exit Event. A Substantial Shareholder Majority must approve the Exit Proposal. If an Exit Proposal is approved by a Substantial Shareholder Majority, all Shareholders (and Directors) must exercise all rights and do all things to enable the Exit Event to occur.

Pre-emptive rights on transfer

If a Substantial Shareholder provides a notice to transfer its shares (other than as a permitted disposal), the Company must first offer each other Substantial Shareholder the right to purchase those shares.

The Board may vary this procedure, provided that each Substantial Shareholder has an opportunity to acquire their pro rata entitlement to the Sale Shares and there is no material adverse impact on a Substantial Shareholder. The Constitution also includes carve outs for CSF offers and capital raisings up to 10% of the capital of the Company.

Escrow arrangements in an IPO

If an Exit Proposal is approved under the Constitution and that Exit Proposal involves an IPO, each Shareholder agrees to enter into any required escrow arrangements as may be required by law, the rules of the relevant stock exchange, or as may be recommended by the relevant Financial Adviser to enable the success of the IPO.

Discretion to refuse to register a transfer of shares

The Board has the power to refuse a transfer of shares to a third party in certain circumstances, including (among other things), where the Board reasonably determines in good faith that the transfer would be materially detrimental to the interests of the Company.

On-sale restrictions under the Corporations Act

Shares acquired under the Offer may not be on-sold within 12 months of their issue without a prospectus or other disclosure document, unless an exemption under section 708 of the Corporations Act 2001 (Cth) applies (e.g. sales to sophisticated or professional investors) or unless ASIC gives relief from the requirement to provide such prospectus or other disclosure document.

3.3.7 Pre-emptive rights / anti-dilution on issue of shares

If the Board resolves to issue new Equity Securities (which includes shares, options, warrants, convertible notes or any other instrument convertible into shares), it must first offer the new Equity Securities to each Substantial Shareholder unless one of the following exceptions apply:

1. The Board resolves to make a CSF offer;
2. The issue of Equity Securities is a public offer of securities;
3. The Board resolves to issue up to 10% in aggregate of the issued share capital of the Company, provided such issuances are not exercised more than once in any 12 month period;
4. The Substantial Shareholders waive (by Substantial Shareholder Majority) the pre-emptive rights provisions related to the issuance of new Equity Securities;
5. The Equity Securities are issued as part of an approved ESOP;
6. The Equity Securities are issued pursuant to the terms of an agreement, option or warrant or other security convertible into or exercisable in exchange for an Equity Security that existed before the date of the Constitution or was entered into in accordance with the new Constitution;
7. The Equity Securities are issued as part of an Exit Event approved in accordance with the Constitution;
8. The Equity Securities are issued as part of an arm's length commercial agreement, provided that such issuances in any 12 month period are in aggregate not more than 5% of the issued share capital of the Company;
9. The Equity Securities are issued as part of the consideration for an acquisition of an interest in any business, entity or company approved by the Board by Special Resolution Vote.

3.4 What can I do with my shares?

Shares in the Company are considered illiquid as they cannot easily be transferred or sold.

However, there are numerous possible circumstances that may create an opportunity for shareholders to exit their investment in the Company. These include:

- A trade purchase of the Company
- A listing on a registered stock exchange (eg the ASX)
- A private equity investment in the Company
- A share buy-back by the Company

There is no guarantee that any of the exit options will eventuate.

3.5 Details of previous CSF offers

On 12 April 2022, the Company made a CSF Offer on the Intermediary’s platform. Under that CSF Offer, the Company offered up to 3 million ordinary shares at a $1.00 share price. The CSF Offer was successfully completed and the maximum subscription amount was raised. Under that CSF Offer, the directors of the Company were Adam Vise, Matthew Vitale, Kellie Morton and Alan Crabbe.

On 12 December 2023, the Company made a subsequent CSF Offer on the Intermediary’s platform. Under that CSF Offer, the Company offered up to 5 million ordinary shares at a $0.50 share price. The CSF offer was successfully completed raising approximately $2.4m. Under that CSF Offer, the directors of the Company were Adam Vise, Matthew Vitale, Kellie Morton and Katherine O’Keeffe.

Section 4: Information about investor rights

4.1 Cooling-off rights

If you are a retail investor, you have the right to withdraw your application under this Offer and to be repaid your application money. If you wish to withdraw your application for any reason (including if you change your mind about investing in the Company), you must do so within five business days of making your application (**Cooling-off Period**).

You must withdraw your application via the Intermediary's platform. You will be able to withdraw your application within the Cooling-off Period by following the link and the instructions within your portfolio on the Intermediary's platform.

After your withdrawal has been processed, the Intermediary will refund the application money to your nominated account as soon as practicable.

4.2 Communication facility for the Offer

You can ask questions about the Offer on the communication facility available on the Intermediary's platform. You can also use the communication facility to communicate with other investors, with the Company and with the Intermediary about this Offer.

You will be able to post comments and questions about the Offer and see the posts of other investors on the communication facility. The Company and/or the Intermediary will also be able to respond to questions and comments posted by investors.

Officers, employees or agents of the Company, and related parties or associates of the Company or the Intermediary, may participate in the facility and must clearly disclose their relationship to the Company and/or Intermediary when making posts on the facility.

Any comments made in good faith on the communication facility are not subject to the advertising restrictions in the Corporations Act.

4.3 Proprietary company corporate governance obligations

4.3.1 Annual report

As a CSF company, Birchal is required to prepare and lodge annual audited financial and directors reports with ASIC (within four months of the financial year end). The Company has a 30 June year end and its financial reports must be lodged by 31 October each year.

4.3.2 Distribution of annual report

The Company is not required to notify shareholders in writing of the options to receive or access the annual report. Shareholders will not be able to elect to receive a copy of the annual report by way of email or post. However, shareholders will be sent a copy of the Annual Report via its shareholder communication tool, Engage, or on request (free of charge), or can purchase the report from ASIC.

4.3.3 Related party transactions

As a CSF company, the rules on related party transactions in Chapter 2E of the Corporations Act will apply to the Company (for so long as we continue to have CSF shareholders). This means that the Company is required to obtain shareholder approval before giving financial benefits to related parties of the company (e.g. directors and their spouses, children or parents), subject to certain exceptions (such as reasonable remuneration provided to directors).

4.3.4 Takeovers

As a CSF company with more than 50 shareholders, the takeover rules in the Corporations Act apply to the Company in a very limited way. If someone wants to buy more than 20% of the voting shares in the Company, they will be able to do so without complying with the takeover rules. This means a person may be able to get control of the Company without making a formal takeover bid to all shareholders or without seeking shareholder approval.

Shareholders will not have the benefit of the full protections under the takeover rules, which means you may not have the right to vote on or participate in a change of control of the company. However, the general principles of ensuring shareholders have sufficient information and time to consider a change of control, and all have a reasonable and equal opportunity to participate in any benefits, will apply to the Company. In addition, the Takeovers Panel has jurisdiction to hear disputes relating to control of the Company

4.4 Company updates

The Company will provide regular updates to investors using its shareholder communication tool, Engage, or alternatively on the Company's website at the following address www.birchal.com or via the Company's share registry website and via the Intermediary's platform.

Glossary

Company or Birchal or Issuer means Birchal Pty. Ltd. ACN 616 478 767.

Cooling-off Period means the period ending five business days after an application is made under this Offer, during which a retail investor has a right to withdraw their application and be repaid their application money.

CSF means crowd-sourced funding under Part 6D.3A of the Corporations Act.

Intermediary or BFS means Birchal Financial Services Pty Ltd ACN 621 812 646 AFSL 502618.

Issuer cap means the maximum amount that can be raised by a company under the CSF regime within a 12-month period, currently $5m.

Low volume market means a financial market is a low volume financial market if, in the 12-month period before it is included on the register of low volume markets maintained by ASIC: no more than 100 completed transactions are entered into, and the value of the transactions entered into does not exceed $1.5 million. Registered low volume markets are exempt from the need to hold an Australian market licence under Corporations (Low Volume Financial Markets) Instrument 2016/888.

Maximum Subscription means the amount specified in this CSF offer document as the maximum amount sought to be raised by the Offer. The Maximum Subscription is subject to rounding based on the share price of the Offer.

Minimum Subscription means the amount specified in this CSF offer document as the minimum amount sought to be raised by the Offer. The Minimum Subscription is subject to rounding based on the share price of the Offer.

Offer means an offer of fully-paid ordinary shares by the Company under this CSF offer document.

Retail investor has the meaning given to the term “retail client” under the Corporations Act.

SME means small to medium enterprise.

Additional information

Third party statements

This Offer Document Includes attributed statements from books, journals and comparable publications that are not specific to, and have no connection with the Company.

The authors of these books, journals and comparable publications have not provided their consent for these statements to be included in this Offer Document, and the Company is relying upon ASIC Corporations (Consents to Statements) Instrument 2016/72 for the inclusion of these statements in this Offer Document without such consent having been obtained.

References

Any source references linked or included in this document is for convenience only, and none of the documents or other information available via those links or documents is incorporated into this Offer Document by reference.

Company website

Any references to documents included on the Company's website at www.birchal.com are for convenience only, and none of the documents or other information available on the Company's website is incorporated into this Offer Document by reference.

Auditors' report

The Auditor's independence declaration and Independent Auditors Report included in the FY24 Annual Report was prepared by the Company's auditor in the ordinary course of the Company's business. The Company's auditor has not been involved in the preparation of this CSF Offer Document and is not responsible for its contents.

Appendix A

Birchal Pty. Ltd. ACN 616 478 767 and its controlled entities Annual Report 30 June 2024, including the audited financial statements for FY24 and FY23.

Birchal Pty Ltd and its controlled entities

ABN 11 616 478 767

Annual Report - 30 June 2024

Birchal Pty Ltd and its controlled entities
Contents
30 June 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Birchal Pty Ltd (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 2024.

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

Adam Richard Vise	
Matthew Vitale	
Kellie Morton	Resigned 15 January 2024
Katherine Cecilia O'Keeffe	
Rod Bristow	Appointed 1 November 2024

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of hosting regulated crowd-sourced funding ('CSF') offers as securities, as an ASIC licensed intermediary, authorised to host CSF offers made under Part 6D.3A of the Corporations Act.

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 $4,006,169 (30 June 2023: $2,040,324).

Significant changes in the state of affairs
In November 2023, the company granted 200,000 new options under its Executive Option Plan.

During the year, the company completed a Crowd-Sourced Funding (CSF) capital raise which closed on 21 December 2023. This resulted in additional share capital of $2,309,586 net of capital raising costs being received, in return for the issuance of 4,619,172 new ordinary shares.

Throughout the year, the company issued a total of 5,832,151 new Ordinary Shares from the conversion of options, Crowd Sourced Funding raise and additional issuance in accordance with capital raising. These events returned a total of additional share capital of $2,339,791.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
The company has engaged in a round of redundancies on 5 July 2024 as part of a 30% reduction in expenses across the business. The cost-cutting strategy also saw the removal of contractors and a reduction in executive salaries. This strategy was implemented due to a significant underperformance in revenue due to tough macro-economic conditions, and has been made in an effort to return to breakeven and reduce reliance on external capital injections.

The company received notification on 8 September 2023 that it will receive a LaunchVic grant of $300,000, to be received over the next two years as milestones are successfully completed. The first tranche of $40,000 was received on 19 August 2024. The grant will be used to set up an Angel syndicate focused on hardware technology start-ups. A new entity has been incorporated in order to house the project activities.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

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

Shares under option
Unissued ordinary shares of Birchal Pty Ltd under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
10 March 2023	9 May 2025	$0.01000	315,000
22 June 2023	14 July 2025	$0.02000	100,000
10 November 2023	14 July 2024	$0.01000	140,000
10 November 2023	14 July 2028	$0.01000	60,000
			615,000

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

Shares issued on the exercise of options
The following ordinary shares of Birchal Pty Ltd were issued during the year ended 30 June 2024 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
14 July 2020	$0.00384	592,700
14 November 2020	$0.00384	274,488
10 March 2023	$0.01000	298,000
		1,165,188

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

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

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

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

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.

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

Matthew Vitale

Matthew Vitale	Adam Vise
Director	Director

20 November 2024

PITCHER PARTNERS

BIRCHAL PTY LTD AND ITS CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF BIRCHAL PTY LTD AND ITS CONTROLLED ENTITIES

In accordance with section 307C of the *Corporations Act 2001*, I declare to the best of my knowledge and belief in relation to the audit of the financial report of Birchal Pty Ltd and its controlled entities for the year ended 30 June 2024, there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001 in relation to the audit*; and

(ii) No contraventions of ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* in relation to the audit.

This declaration is in respect of Birchal Pty Ltd and the entities it controlled during the year.

B POWERS
Partner

PITCHER PARTNERS
Melbourne

Date 20 November 2024

Birchal Pty Ltd and its controlled entities
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	Consolidated 2024 $	Consolidated 2023 $
Revenue	4	2,819,570	3,024,873
Other income	5	-	21,138
Interest revenue calculated using the effective interest method		2,716	2,630
Total revenue		2,822,286	3,048,641
Expenses			
Design and development expenses		(684,597)	(596,387)
Employee benefits expense		(3,746,699)	(3,277,234)
Depreciation and amortisation expense	6	(190,502)	(140,098)
Impairment of assets		(11,242)	(55,632)
Sales and marketing expenses		(776,255)	(754,465)
Administration expenses		(597,473)	(604,408)
Occupancy costs		(44,053)	(29,532)
Travel expenses		(31,244)	(35,552)
Other expenses		(175,070)	(155,689)
Finance costs	6	(22,024)	(43,299)
Total expenses		(6,279,159)	(5,692,296)
Loss before income tax (expense)/benefit		(3,456,873)	(2,643,655)
Income tax (expense)/benefit	7	(549,296)	603,331
Loss after income tax (expense)/benefit for the year attributable to the owners of Birchal Pty Ltd	18	(4,006,169)	(2,040,324)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Foreign currency translation		(1)	(6,808)
Other comprehensive income for the year, net of tax		(1)	(6,808)
Total comprehensive income for the year attributable to the owners of Birchal Pty Ltd		(4,006,170)	(2,047,132)

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

Birchal Pty Ltd and its controlled entities
Consolidated statement of financial position
As at 30 June 2024

	Note	Consolidated 2024 $	Consolidated 2023 $
Assets			
Current assets			
Cash and cash equivalents	8	4,372,112	3,900,012
Trade and other receivables	9	380,294	538,049
Income tax refund due	7	-	161,175
Other	10	53,128	53,218
Total current assets		4,805,534	4,652,454
Non-current assets			
Plant and equipment	11	31,239	46,118
Right-of-use assets	12	216,444	351,313
Deferred tax	7	-	556,016
Other	10	119,795	119,795
Total non-current assets		367,478	1,073,242
Total assets		5,173,012	5,725,696
Liabilities			
Current liabilities			
Trade and other payables	13	3,684,997	2,720,757
Lease liabilities	14	179,676	185,055
Employee benefits	15	196,217	161,132
Total current liabilities		4,060,890	3,066,944
Non-current liabilities			
Lease liabilities	14	48,633	180,739
Employee benefits	15	48,455	50,709
Total non-current liabilities		97,088	231,448
Total liabilities		4,157,978	3,298,392
Net assets		1,015,034	2,427,304
Equity			
Issued capital	16	6,072,165	3,747,346
Reserves	17	532,628	386,843
Accumulated losses	18	(5,589,759)	(1,706,885)
Total equity		1,015,034	2,427,304

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

Birchal Pty Ltd and its controlled entities
Consolidated statement of changes in equity
For the year ended 30 June 2024

Consolidated	**Issued capital $**	**Reserves $**	**Retained profits $**	**Total equity $**
Balance at 1 July 2022	3,742,305	44,419	333,439	4,120,163
Loss after income tax benefit for the year	-	-	(2,040,324)	(2,040,324)
Other comprehensive income for the year, net of tax	-	(6,808)	-	(6,808)
Total comprehensive income for the year	-	(6,808)	(2,040,324)	(2,047,132)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 16)	5,041	-	-	5,041
Share-based payments (note 17)	-	349,232	-	349,232
Balance at 30 June 2023	3,747,346	386,843	(1,706,885)	2,427,304

Consolidated	**Issued capital $**	**Reserves $**	**Retained profits $**	**Total equity $**
Balance at 1 July 2023	3,747,346	386,843	(1,706,885)	2,427,304
Loss after income tax expense for the year	-	-	(4,006,169)	(4,006,169)
Other comprehensive income for the year, net of tax	-	(1)	-	(1)
Total comprehensive income for the year	-	(1)	(4,006,169)	(4,006,170)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 16)	2,324,819	-	-	2,324,819
Share-based payments (note 17)	-	269,081	-	269,081
Options lapsed	-	(123,295)	123,295	-
Balance at 30 June 2024	6,072,165	532,628	(5,589,759)	1,015,034

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

Birchal Pty Ltd and its controlled entities
Consolidated statement of cash flows
For the year ended 30 June 2024

	Note	Consolidated 2024 $	Consolidated 2023 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,253,710	3,290,810
Payments to suppliers and employees (inclusive of GST)		(6,067,946)	(5,131,932)
Interest received		2,716	2,630
Interest and other finance costs paid		(22,024)	(43,299)
Income taxes received/(paid)		167,895	(417,590)
Net cash used in operating activities		(2,665,649)	(2,299,381)
Cash flows from investing activities			
Payments for plant and equipment	11	(6,722)	(56,783)
Payments for security deposits		-	(119,795)
Net cash used in investing activities		(6,722)	(176,578)
Cash flows from financing activities			
Proceeds from issue of shares	16	2,324,820	5,041
Payment of lease liabilities		(171,517)	(102,623)
Receipts from related party loans		2,305	8,180
Net client funds received/(paid)		988,863	(1,760,512)
Net cash from/(used in) financing activities		3,144,471	(1,849,914)
Net increase/(decrease) in cash and cash equivalents		472,100	(4,325,873)
Cash and cash equivalents at the beginning of the financial year		3,900,012	8,225,885
Cash and cash equivalents at the end of the financial year	8	4,372,112	3,900,012

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

Note 1. General information

The financial statements cover Birchal Pty Ltd as a consolidated entity consisting of Birchal Pty Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Birchal Pty Ltd' functional and presentation currency.

Birchal Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 2, Podium East, Rialto
525 Collins Street
Melbourne VIC 3000

Principal place of business

1 Gordon Street
Cremore VIC 3121

A description of the nature of the consolidated entity'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 20 November 2024. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

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

New or amended Accounting Standards and Interpretations adopted
The 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 the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. This includes compliance with the recognition and measurement requirements of all Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Boards and the disclosure requirements of AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

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 3.

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 26.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Birchal Pty Ltd ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Birchal Pty Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Note 2. Material accounting policy information (continued)

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 involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

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

Where the 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 Birchal Pty Ltd' 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.

Going concern
The financial statements have been prepared on a going concern basis.

For the financial year ended 30 June 2024, the consolidated entity had a net loss after tax of $4,006,169 (2023: $2,040,324). As at the same date, the consolidated entity has a net asset position of $1,015,034 (2023: $2,427,304) and a net current asset position of $744,644 (2023: $1,585,510).

Based on operating cash flow projections, the Directors' anticipate the need for the company to raise further capital within the coming 12 month period in order to continue to fund growth initiatives and meet the consolidated entity's ongoing and planned operations and commitments as and when they fall due.

The company plans to raise additional capital via a Crowd-Sourced Funding (CSF) capital raise, with an Expression of Interest (EOI) phase to open in the coming weeks and targeting closure during calendar year 2024. As a CSF company, the company has the ability and experience to expedite capital raises through this avenue, combined with a track record of raising $3.0 million in April 2022 and $2.3 million in December 2023 via CSF. The company is open to accepting an over-subscription from the planned CSF capital raise.

In the event that the company is unsuccessful in raising sufficient capital through the CSF raise, the company also has contingency plans to raise the required capital from private and/or strategic investors, although this may require further time to complete.

Note 2. Material accounting policy information (continued)

The consolidated entity will also continue to monitor and control costs closely, with further cost reductions as and when required. Subsequent to year end, on 5 July 2024, the consolidated entity engaged in a round of redundancies as part of a 30% reduction in expenses across the business. The cost-cutting strategy also saw the removal of contractors and a reduction in executive salaries. This strategy was implemented due to a significant underperformance in revenue due to tough macro-economic conditions, and has been made in an effort to return to breakeven and reduce reliance on external capital injections.

The consolidated entity is dependent on being able to trade as forecast over the next 12 month period and/or on the consolidated entity achieving the above funding initiatives.

The Directors, acknowledging the above, believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. The financial report does not include any adjustments relating to the amounts or classifications of recorded assets and liabilities that might be necessary if the consolidated entity does not continue as a going concern.

Should the consolidated entity be unsuccessful with the initiatives detailed above then, there is a material uncertainty which would cast significant doubt as to whether the consolidated entity will be able to continue as a going concern and may therefore be required to realise assets and extinguish liabilities other than in the ordinary course of business with the amount realised being different from those shown in the financial statement.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue is derived from the provision of crowd source funding services. Revenue is recognised as, or when, services are transferred to the customer, and is measured at an amount that reflects the consideration to which the consolidated entity expects to be entitled in exchange for the service.

Revenue from crowd source funding services is recognised at the point in time, when the success of the fundraising can be determined. It is at this point, that the performance obligations are met (or not met) and, where successful, the resulting revenue is recognised. Consideration is payable when invoiced.

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.

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.

Note 2. Material accounting policy information (continued)

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

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

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

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

A liability is classified as current when: it is either expected to be settled in the consolidated entity'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.

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

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

Computer equipment	2 - 4 year
Office equipment	2 - 4 year

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

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

Note 2. Material accounting policy information (continued)

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

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

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

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

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

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

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

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

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

Employee benefits

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.

Note 2. Material accounting policy information (continued)

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. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using 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 consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

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

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

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

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 consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity 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.

Note 2. Material accounting policy information (continued)

Fair value measurement

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

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

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.

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 3. Critical accounting judgements, estimates and assumptions

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

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

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Revenue

	Consolidated	
	2024 $	2023 $
Revenue from contracts with customers		
Revenue	2,547,878	2,941,840
Marketing	271,692	83,033
Revenue	2,819,570	3,024,873

Disaggregation of revenue
The consolidated entity services operate wholly in Australia and are transferred at a point in time.

Note 5. Other income

	Consolidated	
	2024 $	2023 $
Net foreign exchange gain	-	21,138

Note 6. Operating profit

	Consolidated 2024 $	Consolidated 2023 $
Loss before income tax includes the following specific expenses:		
Depreciation and amortisation		
Office equipment	21,601	22,325
Computer equipment	-	669
Right-of-use Asset	168,901	117,104
Total depreciation and amortisation	190,502	140,098
Finance costs		
Interest and finance charges paid/payable on borrowings	3,089	7,130
Interest and finance charges paid/payable on lease liabilities	18,935	36,169
Finance costs expensed	22,024	43,299
Superannuation expense		
Defined contribution superannuation expense	313,834	299,557
Share-based payments expense		
Share-based payments expense	269,081	349,232

Note 7. Income tax

	Consolidated 2024 $	Consolidated 2023 $
Income tax expense/(benefit)		
Current tax	-	(134,661)
Deferred tax - origination and reversal of temporary differences	556,016	(468,670)
Adjustment recognised for prior periods	(6,720)	-
Aggregate income tax expense/(benefit)	549,296	(603,331)
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets	817,802	(584,183)
Increase/(decrease) in deferred tax liabilities	(261,786)	115,513
Deferred tax - origination and reversal of temporary differences	556,016	(468,670)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Loss before income tax (expense)/benefit	(3,456,873)	(2,643,655)
Tax at the statutory tax rate of 25%	(864,218)	(660,914)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	4,547	4,685
Share-based payments	67,270	87,308
Non-allowable items	-	(15,843)
Exempt income	26	(4,895)
	(792,375)	(589,659)
Adjustment recognised for prior periods	(6,720)	-
Current year tax losses not recognised	1,253,773	17,782
Current year temporary differences not recognised	94,618	-
Prior year under/over provision of deferred taxes	-	(31,454)
Income tax expense/(benefit)	549,296	(603,331)

	Consolidated 2024 $	Consolidated 2023 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Allowance for expected credit losses	6,502	-
Employee benefits	61,168	-
Accrued expenses	53,127	-
Refund liabilities	(19,370)	-
Plant and equipment	(7,809)	-
Prepayments	(12,315)	-
Right-of-use assets/leases	2,966	-
Capital raising costs	14,092	-
Carried forward tax losses	1,413,480	-
Total deferred tax assets not recognised	1,511,841	-

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 7. Income tax (continued)

	Consolidated 2024 $	Consolidated 2023 $
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	-	560,632
Allowance for expected credit losses	-	9,735
Employee benefits	-	73,799
Right-of-use assets/leases	-	3,621
Accrued expenses	-	20,250
	-	668,037
Amounts recognised in equity:		
Capital raising costs	-	32,661
Deferred tax asset	-	700,698
Movements:		
Opening balance	817,802	233,619
Credited/(charged) to profit or loss	(817,802)	584,183
Closing balance	-	817,802

	Consolidated 2024 $	Consolidated 2023 $
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	-	11,529
Prepayments	-	12,337
Accrued revenue	-	105,785
Business related costs	-	15,031
Deferred tax liability	-	144,682
Movements:		
Opening balance	261,786	146,273
Charged/(credited) to profit or loss	(261,786)	115,513
Closing balance	-	261,786

Note 7. Income tax (continued)

	Consolidated 2024 $	Consolidated 2023 $
Net deferred tax asset/(liability) as disclosed in the statement of financial position		
Deferred tax asset	-	817,802
Deferred tax liability	-	(261,786)
Net deferred tax asset/(liability)	-	556,016

	Consolidated 2024 $	Consolidated 2023 $
Income tax refund due		
Income tax refund due	-	161,175

Note 8. Cash and cash equivalents

	Consolidated 2024 $	Consolidated 2023 $
Current assets		
Cash on hand	108	108
Cash at bank	4,372,004	3,899,904
	4,372,112	3,900,012

Note 9. Trade and other receivables

	Consolidated 2024 $	Consolidated 2023 $
Current assets		
Trade receivables	284,031	103,491
Less: Allowance for expected credit losses	(26,006)	(38,940)
	258,025	64,551
Other receivables	-	3,267
Loans from related parties	44,788	47,093
Accrued revenue	77,481	423,138
	380,294	538,049

Allowance for expected credit losses
The consolidated entity has recognised a net expense of $43,781 (30 June 2023: $55,632) in the profit or loss in respect of the expected credit losses for the year ended 30 June 2024.

Related party loans
Loans from related parties are unsecured, non-interest bearing and not on formal loan agreement terms, and are therefore classified as current.

Note 10. Other

	Consolidated 2024 $	Consolidated 2023 $
Current assets		
Prepayments	49,259	49,349
Other deposits	3,869	3,869
	53,128	53,218
Non-current assets		
Security deposits	119,795	119,795

Note 11. Plant and equipment

	Consolidated 2024 $	Consolidated 2023 $
Non-current assets		
Office equipment - at cost	88,776	82,055
Less: Accumulated depreciation	(57,537)	(35,937)
	31,239	46,118

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

Consolidated	Office Equipment $	Total $
Balance at 1 July 2023	46,118	46,118
Additions	6,722	6,722
Depreciation expense	(21,601)	(21,601)
Balance at 30 June 2024	31,239	31,239

Note 12. Right-of-use assets

	Consolidated 2024 $	Consolidated 2023 $
Non-current assets		
Land and buildings - right-of-use	502,449	468,417
Less: Accumulated depreciation	(286,005)	(117,104)
	216,444	351,313

Land and buildings
The consolidated entity leases land and buildings for its offices under agreements of three years with an option to extend. The lease has various escalation clauses. On renewal, the terms of the leases are renegotiated.

Additions to the right-of-use assets during the year were $34,032 resulting from increase of rental consideration starting July 2023 and depreciation charged to the profit or loss was $168,901.

Note 12. Right-of-use assets (continued)

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

Consolidated	Land and buildings $	Total $
Balance at 1 July 2023	351,313	351,313
Revaluation increments	34,032	34,032
Depreciation expense	(168,901)	(168,901)
Balance at 30 June 2024	216,444	216,444

Note 13. Trade and other payables

	Consolidated	
	2024 $	**2023 $**
Current liabilities		
Trade payables	108,368	98,464
Client funds	3,183,335	2,194,472
Accrued expenses	74,300	179,138
BAS payable	172,666	168,427
Other payables	146,328	80,256
	3,684,997	2,720,757

Note 14. Lease liabilities

	Consolidated	
	2024 $	**2023 $**
Current liabilities		
Lease liability	179,676	185,055
Non-current liabilities		
Lease liability	48,633	180,739
Future lease payments		
Future lease payments are due as follows:		
Within one year	179,676	185,055
One to five years	48,633	180,739
	228,309	365,794

Note 15. Employee benefits

	Consolidated 2024 $	2023 $
Current liabilities		
Annual leave	196,217	161,132
Non-current liabilities		
Long service leave	48,455	50,709

Note 16. Issued capital

	Consolidated 2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid	48,635,749	42,803,598	6,185,120	3,845,328
Share issue transaction costs, net of tax	-	-	(112,955)	(97,982)
	48,635,749	42,803,598	6,072,165	3,747,346

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2023	42,803,598		3,845,328
Issue of shares on conversion of options	14 July 2023	1,130,188	$0.00527	5,960
Issue of shares on conversion of options	5 December 2023	35,000	$0.01000	350
Issue of shares via crowd-sourced funding	9 January 2024	4,441,052	$0.50000	2,220,526
Issue of shares via crowd-sourced funding	5 February 2024	99,020	$0.50000	49,510
Issue of shares via crowd-sourced funding	3 April 2024	79,100	$0.50000	39,550
Issue of shares in accordance with capital raising	28 June 2024	47,791	$0.50000	23,896
Balance	30 June 2024	48,635,749		6,185,120

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.

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

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

In order to maintain or adjust the capital structure, the 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 capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

Note 17. Reserves

	Consolidated 2024 $	Consolidated 2023 $
Foreign currency reserve	(87)	(86)
Options reserve	532,715	386,929
	532,628	386,843

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.

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

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

Consolidated	Foreign currency reserve $	Options reserve $	Total $
Balance at 1 July 2023	(86)	386,929	386,843
Foreign currency translation	(1)	-	(1)
Share-based payments	-	269,081	269,081
Options lapsed	-	(123,295)	(123,295)
Balance at 30 June 2024	(87)	532,715	532,628

Note 18. Accumulated losses

	Consolidated 2024 $	Consolidated 2023 $
Retained profits/(accumulated losses) at the beginning of the financial year	(1,706,885)	333,439
Loss after income tax (expense)/benefit for the year	(4,006,169)	(2,040,324)
Transfer from options reserve	123,295	-
Accumulated losses at the end of the financial year	(5,589,759)	(1,706,885)

Note 19. Dividends

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

Note 20. Key management personnel disclosures

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

	Consolidated 2024 $	Consolidated 2023 $
Short-term employee benefits	624,967	687,988
Post-employment benefits	63,969	70,261
Share-based payments	104,576	89,637
	793,512	847,886

Note 21. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Pitcher Partners, the auditor of the company:

	Consolidated 2024 $	Consolidated 2023 $
Audit services - Pitcher Partners		
Audit of the financial statements	56,300	45,000

Note 22. Contingent assets

The consolidated entity has no contingent assets as at 30 June 2024 and 30 June 2023.

Note 23. Contingent liabilities

The consolidated entity has no contingent liabilities as at 30 June 2024 and 30 June 2023.

Note 24. Commitments

The consolidated entity has no capital commitments as at 30 June 2024 and 30 June 2023.

Note 25. Related party transactions

Parent entity
Birchal Pty Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 27.

Key management personnel
Disclosures relating to key management personnel are set out in note 20.

Note 25. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2024 $	Consolidated 2023 $
Payment for other expenses:		
Telephone and internet fees paid to controlling entity (Pozible Pty Ltd)	-	280
Web and hosting service fees paid to controlling entity (Pozible Pty Ltd)	39	549

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

	Consolidated 2024 $	Consolidated 2023 $
Current receivables:		
Loan to other related party (Alan Crabbe)	17,501	14,234
Loan to other related party (Vitale Family Trust)	27,287	32,859
Current payables:		
Trade payables to controlling entity (Pozible Pty Ltd)	604	604

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

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

Note 26. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent 2024 $	Parent 2023 $
Loss after income tax	(4,109,791)	(1,646,234)
Total comprehensive income	(4,109,791)	(1,646,234)

Note 26. Parent entity information (continued)

Statement of financial position

	Parent 2024 $	Parent 2023 $
Total current assets	918,675	1,943,018
Total assets	1,336,075	3,162,310
Total current liabilities	847,954	1,023,939
Total liabilities	945,042	1,255,387
Net assets	391,033	1,906,923
Equity		
Issued capital	6,072,166	3,747,346
Options reserve	532,715	386,929
Accumulated losses	(6,213,848)	(2,227,352)
Total equity	391,033	1,906,923

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 2024 and 30 June 2023.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Plant and equipment
The parent entity had no capital commitments for plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policy information
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries 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.

Note 27. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest 2024 %	Ownership interest 2023 %
Birchal Financial Services Pty Ltd	Australia	100.00%	100.00%
Birchal Financial Services Ireland Ltd	Ireland	100.00%	100.00%

Note 28. Share-based payments

Executive Option Plan ('EOP')

A share option plan has been established by the Group, whereby the Group may, at the discretion of the Board of Directors, grant options over ordinary shares in the Company to certain key personnel of the Group. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board of Directors.

Note 28. Share-based payments (continued)

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

2024

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
14/07/2020	14/07/2023	$0.00384	748,162	-	(592,700)	(155,462)	-
14/11/2020	14/07/2023	$0.00384	274,488	-	(274,488)	-	-
10/03/2023	09/05/2025	$0.01000	613,000	-	(298,000)	-	315,000
22/06/2023	22/06/2025	$0.02000	100,000	-	-	-	100,000
10/11/2023	14/07/2024	$0.01000	-	140,000	-	-	140,000
10/11/2023	14/07/2028	$0.01000	-	60,000	-	-	60,000
			1,735,650	200,000	(1,165,188)	(155,462)	615,000

2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
14/07/2020	14/07/2023	$0.00384	1,693,082	-	(842,898)	(102,022)	748,162
14/11/2020	14/07/2023	$0.00384	548,976	-	(274,488)	-	274,488
10/03/2023	09/05/2025	$0.01000	-	688,000	(75,000)	-	613,000
22/06/2023	22/06/2025	$0.02000	-	100,000	-	-	100,000
			2,242,058	788,000	(1,192,386)	(102,022)	1,735,650

The weighted average remaining contractual life of options outstanding as at 30 June 2024 was 1.01 years (30 June 2023: 0.79 years).

Note 29. Events after the reporting period

The company has engaged in a round of redundancies on 5 July 2024 as part of a 30% reduction in expenses across the business. The cost-cutting strategy also saw the removal of contractors and a reduction in executive salaries. This strategy was implemented due to a significant underperformance in revenue due to tough macro-economic conditions, and has been made in an effort to return to breakeven and reduce reliance on external capital injections.

The company received notification on 8 September 2023 that it will receive a LaunchVic grant of $300,000, to be received over the next two years as milestones are successfully completed. The first tranche of $40,000 was received on 19 August 2024. The grant will be used to set up an Angel syndicate focused on hardware technology start-ups. A new entity has been incorporated in order to house the project activities.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 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.

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

Matthew Vitale

Matthew Vitale
Director

Adam Vise
Director

20 November 2024

PITCHER PARTNERS

BIRCHAL PTY LTD AND CONTROLLED ENTITIES
ABN: 11 616 478 767

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIRCHAL PTY LTD AND CONTROLLED ENTITIES

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Birchal Pty Ltd "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards – Simplified Disclosures 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 2 Going Concern in the financial report, which indicates that the Group incurred a net loss of $4,006,169 (2023: $2,040,324) during the year ended 30 June 2024. As at 30 June 2024, the Group's current assets exceeded their current liabilities by $744,644 (2023: $1,585,510).

As stated in Note 2, these events, or conditions, along with other matters as set forth in Note 2, indicate that, if forecasts are not achieved and/or if sufficient funding is not obtained, a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's directors report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Pitcher Partners

B POWERS
Partner

PITCHER PARTNERS
Melbourne

Date: 20 November 2024