Enlitic, Inc.

Delaware state file number 5518712

Annual Report - 31 December 2022

Enlitic, Inc.
Directors' report
31 December 2022

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Enlitic, Inc. (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2022.

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

James Conyers (appointed on 25 October 2021, resigned on 24 February 2023)
Lawrence Gozlan
Justin Walter (appointed on 25 October 2021, resigned on 9 February 2023)
Michael Sistenich
Riichi Yamada (appointed 7 February 2023)

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

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

Review of operations
The loss for the Group after providing for income tax amounted to $25,040,819 (31 December 2021: $16,674,745).

Significant changes in the state of affairs
During the year, 3,808 units of common stock were issued upon exercising of options, raising $8,884

On 27 May 2022, the Company issued convertible promissory note series 2022, raising USD$8,374,259 before issue costs.

During the year, 361,667 units of options were granted to various participants under company's equity incentive plan.

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

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

In addition, during the financial year 2023, the Group raised USD11,578,639 by way of issue of 22,148,416 Series-C Preference Shares.

Subsequent to 31 December 2022, 10,262,912 units of options were granted to various participates under company's equity incentive plan.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the Group 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 Group.

Shares under option
There were 4,363,355 unissued ordinary shares of the company under option outstanding as at 31 December 2022.

Shares issued on the exercise of options
There were 3,808 (2021: 140,691) shares issued on the exercise of options for a total consideration of $8,884 (2021: $153,293) during the year ended 31 December 2022. There were 8,016 shares issued on the exercise of options for a total consideration of $20,118 after the year ended 31 December 2022 and up until the date of this report.

Enlitic, Inc.
Directors' report
31 December 2022

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.

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 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 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors.

On behalf of the Directors

Lawrence Gozlan

Lawrence Gozlan
Director

13 September 2023
Puglia, Italy

Michael Sistenich

Michael Sistenich
Director

13 September 2023
Sydney, Australia

RSM Australia Pty Ltd

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Enlitic, Inc. and its controlled entities for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Australian Professional Accounting Bodies in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PTY LTD

M PARAMESWARAN
Director

Melbourne, Victoria
Dated: 13 September 2023

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

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

RSM Australia Pty Ltd ACN 009 321 377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM

Liability limited by a scheme approved under Professional Standards Legislation

Enlitic, Inc.
Contents
31 December 2022

Consolidated statement of profit or loss and other comprehensive income	5
Consolidated statement of financial position	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	8
Notes to the consolidated financial statements	9
Directors' declaration	24
Independent auditor's report to the members of Enlitic, Inc.	25

General information

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

Enlitic, Inc. is a company limited by shares, incorporated in the state of Delaware and is located in Fort Collins, Colorado. Its registered office and principal place of business are:

3420 E Harmony Road
Fort Collins
Colorado, USA 80528

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 13 September 2023. The Directors have the power to amend and reissue the financial statements.

Enlitic, Inc.
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Note	Consolidated 2022 $	Consolidated 2021 $
Revenue			
Revenue	3	903,224	1,293,967
Other income	4	119,843	546,423
Expenses			
Depreciation and amortisation expense		(819,570)	(1,076,801)
Employee expenses	5	(11,508,303)	(11,064,111)
Marketing		(319,236)	(227,874)
Professional fees		(2,869,914)	(2,626,310)
Administration expenses		(3,574)	(3,549)
Other expenses		(1,630,045)	(1,173,244)
Subscriptions		(930,391)	(871,829)
Exchange loss		(181)	(464)
Travel		(502,831)	(185,465)
Fair value loss on derivative		(243,098)	(33,140)
Finance costs	5	(7,236,743)	(1,252,348)
Loss before income tax expense		(25,040,819)	(16,674,745)
Income tax expense		-	-
Loss after income tax expense for the year	18	(25,040,819)	(16,674,745)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(74,639)	(27,210)
Other comprehensive loss for the year, net of tax		(74,639)	(27,210)
Total comprehensive loss for the year		(25,115,458)	(16,701,955)

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

Enlitic, Inc.
Consolidated statement of financial position
As at 31 December 2022

	Note	Consolidated 2022 $	Consolidated 2021 $
Assets			
Current assets			
Cash and cash equivalents	6	2,215,777	11,883,179
Trade and other receivables	7	38,491	570,214
Other assets	8	320,115	160,426
Total current assets		2,574,383	12,613,819
Non-current assets			
Property, plant and equipment	9	241,022	286,742
Right-of-use assets	10	272,023	855,032
Intangible assets	11	12,241	27,625
Total non-current assets		525,286	1,169,399
Total assets		3,099,669	13,783,218
Liabilities			
Current liabilities			
Trade and other payables	12	548,343	1,005,568
Borrowings	13	23,925,879	11,005,397
Lease liabilities	14	308,338	648,842
Derivative financial instruments	15	5,981,470	3,644,807
Total current liabilities		30,764,030	16,304,614
Non-current liabilities			
Lease liabilities	14	-	308,338
Total non-current liabilities		-	308,338
Total liabilities		30,764,030	16,612,952
Net liabilities		(27,664,361)	(2,829,734)
Equity			
Issued capital	16	58,759,786	58,750,902
Reserves	17	3,155,003	2,957,695
Accumulated losses	18	(89,579,150)	(64,538,331)
Total deficiency in equity		(27,664,361)	(2,829,734)

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

Enlitic, Inc.
Consolidated statement of changes in equity
For the year ended 31 December 2022

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 January 2021	58,597,609	1,934,404	(47,863,586)	12,668,427
Loss after income tax expense for the year	-	-	(16,674,745)	(16,674,745)
Other comprehensive loss for the year, net of tax	-	(27,210)	-	(27,210)
Total comprehensive loss for the year	-	(27,210)	(16,674,745)	(16,701,955)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 16)	153,293	-	-	153,293
Share-based payments (note 21)	-	1,050,501	-	1,050,501
Balance at 31 December 2021	58,750,902	2,957,695	(64,538,331)	(2,829,734)

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 January 2022	58,750,902	2,957,695	(64,538,331)	(2,829,734)
Loss after income tax expense for the year	-	-	(25,040,819)	(25,040,819)
Other comprehensive loss for the year, net of tax	-	(74,639)	-	(74,639)
Total comprehensive loss for the year	-	(74,639)	(25,040,819)	(25,115,458)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 16)	8,884	-	-	8,884
Share-based payments (note 21)	-	271,947	-	271,947
Balance at 31 December 2022	58,759,786	3,155,003	(89,579,150)	(27,664,361)

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

Enlitic, Inc.
Consolidated statement of cash flows
For the year ended 31 December 2022

	Note	Consolidated 2022 $	Consolidated 2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,008,445	1,270,176
Receipts from R&D incentive		546,345	687,810
Payments to suppliers and employees (inclusive of GST)		(18,110,372)	(14,771,273)
Interest paid		(19,079)	(27,177)
Net cash used in operating activities	23	(16,574,661)	(12,840,464)
Cash flows from investing activities			
Payment for sale of property, plant and equipment	9	(160,416)	(158,558)
Payments for intangibles	11	(15,041)	-
Net cash used in investing activities		(175,457)	(158,558)
Cash flows from financing activities			
Proceeds from issue of shares	16	8,884	153,293
Procceeds from issue of convertible notes (net of transaction costs)		7,797,313	13,391,893
Payment of finance lease liabilities		(648,842)	(358,250)
Net cash from financing activities		7,157,355	13,186,936
Net (decrease)/increase in cash and cash equivalents		(9,592,763)	187,914
Cash and cash equivalents at the beginning of the financial year		11,883,179	11,722,475
Effects of exchange rate changes on cash and cash equivalents		(74,639)	(27,210)
Cash and cash equivalents at the end of the financial year	6	2,215,777	11,883,179

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

Enlitic, Inc.
Notes to the consolidated financial statements
31 December 2022

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') 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
In the Directors' opinion, the Group is not a reporting entity because there are no users dependent on general purpose financial statements.

These special purpose financial statements have been prepared for the purpose of providing information to the directors of Enlitic, Inc. to enable them to prepare financial information in a Prospectus in accordance with the requirements *Regulatory Guide 228: Prospectuses: Effective disclosure for retail investors.* The directors have determined that the accounting policies adopted are appropriate to meet their needs. As a result, these financial statements may not be suitable for another purpose.

These special purpose financial statements have been prepared in accordance with the recognition and measurement requirements specified by the International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') and the disclosure requirements of IAS 1 *'Presentation of Financial Statements'*, IAS 7 *'Statement of Cash Flows'* and IAS 8 *'Accounting Policies, Changes in Accounting Estimates and Errors'*, as appropriate for for-profit oriented entities, to the extent they apply to these financial statements.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

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

As disclosed in the financial statements, the Group incurred a net loss after tax of $25,040,819 and had net cash outflows from operating activities of $16,574,661 for the year ended 31 December 2022. As at that date, the Group had net current liabilities of $28,189,647 and net liabilities of $27,664,361.

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

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- Current liabilities as at 31 December 2022 includes $23,925,879 relating to borrowings by way of convertible notes and $5,981,470 relating to derivative liability relating to the convertible notes. As disclosed in note 22, liability associated with the convertible notes (along with the related derivative liability) have been extinguished by a way of converting into preference shares during the financial year 2023; and

- The Directors believe the Group will have the ability to raise funds from existing shareholders and new investors to support working capital and execute its strategic growth initiatives.

Note 1. Significant accounting policies (continued)

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

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

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 25.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Enlitic, Inc. ('Company' or 'parent entity') as at 31 December 2022 and the results of all subsidiaries for the year then ended. Enlitic, Inc. and its subsidiaries together are referred to in these financial statements as the 'Group'.

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

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

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

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

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

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

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

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

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

Note 1. Significant accounting policies (continued)

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

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

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

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

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.

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.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted
International Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2022. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

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

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

Fair value measurement hierarchy
The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

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

Estimate for convertible note fair valuation
The Company has issued convertible debt instruments that contain embedded conversion features. The debt component is valued based on discounting the contractual cash flows by the interest rate that would apply to an otherwise identical debt instrument with no conversion feature, which usually involves significant judgment in relation to identifying benchmark debt with similar features. The fair valuation of conversion features requires significant judgment due to the reliance on various assumptions and market variables. The fair value of the conversion feature is determined using a Monte Carlo simulation model, which incorporates inputs such as the Company's (or a benchmark company's) stock price, volatility, risk-free interest rate, and expected term until conversion. Changes in these inputs could result in significantly different fair value estimates. Management continually assesses market conditions and updates assumptions as required.

Note 3. Revenue

	Consolidated	
	2022	2021
	$	$
Service revenue	903,224	1,293,967

Accounting policy for revenue recognition
The company recognises revenue as follows:

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

Note 3. Revenue (continued)

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

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

Note 4. Other income

	Consolidated 2022 $	Consolidated 2021 $
Interest income	456	78
Rental income	119,331	-
R&D rebate	-	546,345
Other income	56	-
Other income	119,843	546,423

Accounting policy for other income
Interest income
Interest income 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 income
Other income is recognised when it is received or when the right to receive payment is established.

Note 5. Expenses

	Consolidated 2022 $	Consolidated 2021 $
Loss before income tax includes the following specific expenses:		
Employee expenditure		
Wages and salaries	9,119,252	8,457,301
Employee benefits	1,518,676	1,072,984
Share-based payment expense	271,947	1,050,501
Payroll taxes	598,428	483,325
	11,508,303	11,064,111
Finance costs		
Interest expense on lease liabilities	19,079	27,177
Interest accrued on convertible notes calculated under effective interest method	7,216,734	1,225,171
Other interest	930	-
	7,236,743	1,252,348

Note 6. Cash and cash equivalents

	Consolidated 2022 $	Consolidated 2021 $
Current assets		
Cash at bank	2,215,777	11,883,179

Accounting policy for 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.

Note 7. Trade and other receivables

	Consolidated 2022 $	Consolidated 2021 $
Current assets		
Trade receivables	38,491	-
Other receivables	-	570,214
	38,491	570,214

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

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

Note 8. Other assets

	Consolidated 2022 $	Consolidated 2021 $
Current assets		
Prepayments	320,115	160,426

Note 9. Property, plant and equipment

	Consolidated 2022 $	Consolidated 2021 $
Non-current assets		
Leasehold improvements - at cost	65,010	65,010
Less: Accumulated depreciation	(65,010)	(58,152)
	-	6,858
Furnitures and fixtures - at cost	101,849	84,854
Less: Accumulated depreciation	(73,018)	(64,418)
	28,831	20,436
Computer equipment - at cost	2,402,553	2,265,876
Less: Accumulated depreciation	(2,190,362)	(2,006,428)
	212,191	259,448
	241,022	286,742

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

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

Leasehold improvements	3 years
Fixtures and fittings	2-5 years
Computer equipment	3 years

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

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

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

Note 10. Right-of-use assets

	Consolidated 2022 $	Consolidated 2021 $
Non-current assets		
Land and buildings - right-of-use - at cost	695,169	1,741,653
Less: Accumulated depreciation	(423,146)	(886,621)
	272,023	855,032

Accounting policy for 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.

Note 10. Right-of-use assets (continued)

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

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

Note 11. Intangible assets

	Consolidated	
	2022	2021
	$	$
Non-current assets		
Computer software - at cost	114,490	99,449
Less: Accumulated amortisation	(102,249)	(71,824)
	12,241	27,625

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

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

Note 12. Trade and other payables

	Consolidated	
	2022	2021
	$	$
Current liabilities		
Trade payables	171,373	254,744
Accrued expenses	212,933	508,055
Other liabilities	164,037	242,769
	548,343	1,005,568

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

Note 13. Borrowings

	Consolidated	
	2022	2021
	$	$
Current liabilities		
Convertible notes (a) (b)	23,925,879	11,005,397

(a) The Company raised $14.45 million via convertible notes on 25 October 2021. The notes accrue interest at 5.00% per year, and the principal balance plus all the accrued interest is due on or after December 31, 2022. Further, upon the occurrence of a next equity financing with aggregate proceeds of not less than $10,000,000 the principal and interest on the notes are convertible into the next equity round securities at a discount of the lesser of 80% or the price obtained by dividing $200,000,000 by the number of outstanding shares of common stock of the Company immediately prior to the next equity financing.

Further, each convertible note holder was issued a warrant to acquire a number of shares of the next equity round securities, at a per share exercise price equal to the conversion price of the related convertible note. The number of warrant shares will be equal to (a) two times the principal amount of related convertible note divided by (b) the conversion price. In the event of a sale of the Company prior to the next equity financing, the warrant would be exercisable immediately prior to the sale of the Company for a number of shares of common stock equal to two times the principal amount of the related convertible note divided by the quotient of (a) $200,000,000 divided by (b) the fully diluted capitalization of the Company. Each warrant shall have a three-year term measured from the initial closing date of the related convertible note, and shall not be net exercisable other than in connection with the sale of the Company or the Company's initial public offering.

(b) The Company raised $8.37 million via convertible notes on 27 May 2022. The notes accrue interest at 5.00% per year, and the principal balance plus all the accrued interest is due on or after December 31, 2022. Further, upon the occurrence of a next equity financing with aggregate proceeds of not less than $10,000,000 the principal and interest on the notes are convertible into the next equity round securities at a discount of the lesser of 80% or the price obtained by dividing $200,000,000 by the number of outstanding shares of common stock of the Company immediately prior to the next equity financing.

Further, each convertible note holder was issued a warrant to acquire a number of shares of the next equity round securities, at a per share exercise price equal to the conversion price of the related convertible note. The number of warrant shares will be equal to (a) two times the principal amount of related convertible note divided by (b) the conversion price. In the event of a sale of the Company prior to the next equity financing, the warrant would be exercisable immediately prior to the sale of the Company for a number of shares of common stock equal to two times the principal amount of the related convertible note divided by the quotient of (a) $200,000,000 divided by (b) the fully diluted capitalization of the Company. Each warrant shall have a three-year term measured from the initial closing date of the related convertible note, and shall not be net exercisable other than in connection with the sale of the Company or the Company's initial public offering.

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

Conversion Option meeting the definition of equity is treated as an equity instrument and valued at inception and is not subsequently revalued. Conversion option meeting the definition of a financial liability is considered as a derivative and is therefore measured at fair value through profit and loss.

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

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

Note 13. Borrowings (continued)

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

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

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

Note 14. Lease liabilities

	Consolidated	
	2022	**2021**
	$	**$**
Current liabilities		
Lease liability	308,338	648,842
Non-current liabilities		
Lease liability	-	308,338

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

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

Note 15. Derivative financial instruments

	Consolidated	
	2022	**2021**
	$	**$**
Current liabilities		
Derivative liability - Convertible Promissory Note – Series 2021A (a)	3,825,390	3,644,807
Derivative liability - Convertible Promissory Note – Series 2022A (b)	2,156,080	-
	5,981,470	3,644,807

(a) Represents fair value of derivative liability as at reporting date, associated with the Series 2021A convertible notes issued during the financial year 2021.

(b) Represents fair value of derivative liability as at reporting date, associated with the Series 2022A convertible notes issued during the financial year 2022.

Note 15. Derivative financial instruments (continued)

Accounting policy for derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Note 16. Issued capital

	Consolidated			
Class of shares	**2022 Shares**	**2021 Shares**	**2022 $**	**2021 $**
Ordinary shares ("common stock") - fully paid (18,000,000 Authorised)	304,615	300,807	270,798	261,914
Preference shares ("preferred stock") - fully paid (10,089,979 Authorised)	9,769,822	9,769,822	58,488,988	58,488,988
	10,074,437	10,070,629	58,759,786	58,750,902

Preference shares

	Consolidated			
Preferred stock classes	**2022 Shares**	**2021 Shares**	**2022 $**	**2021 $**
Series A Preferred Stock (1,774,922 Authorised)	1,774,922	1,774,922	14,288,080	14,288,080
Series A-1 Preferred stock (982,930 Authorised)	982,930	982,930	7,914,278	7,914,278
Series B Preferred Stock (4,207,127 Authorised)	3,886,970	3,886,970	15,141,551	15,141,551
Series B-1 Preferred Stock (3,125,000 Authorised)	3,125,000	3,125,000	25,000,000	25,000,000
	9,769,822	9,769,822	62,343,909	62,343,909
Less: Share issue and related costs	-	-	(3,854,921)	(3,854,921)
	9,769,822	9,769,822	58,488,988	58,488,988

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.

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.

Preference shares
Preference shares entitle the holder to participate in dividends, subject to approval of the Board and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held, with priority over ordinary shareholders.

Preference shares also have voting rights.

Voting
Each holder of preference shares (“preferred stock”) vote with the ordinary share (“common stock”) holders on an as converted into common stock basis. The holders of each Series of convertible stock are entitled to elect one member each to Board of Directors.

Note 16. Issued capital (continued)

Dividends
Each holder of preferred stock has a right to dividends in preference to common stockholders at 8% of the purchase price of their respective Series. These are non-cumulative dividends and are at the discretion of the Board of Directors.

Dividends become payable when and if declared by the Board of Directors. No dividends have been declared or paid to date.

Redemption and conversion
Convertible preferred stock are not redeemable, and shares are convertible at the option of each holder at any time into common stock on a one-for-one basis, subject to customary, split equivalent anti-dilution adjustments, except for the Series A which are converted on a 1:1.3478 basis. Additionally, each share of preferred stock automatically converts into common stock at the then effective conversion rate upon the closing of an initial public offering or other liquidation event, upon written consent of a majority of the holders of Series A, A1, B, and B1 convertible preferred stock, voting together as a single class.

Liquidation
Upon liquidation, dissolution, or winding up of the Company, the holders of convertible preferred stock are entitled to receive an amount per share equal to the greater of

(a) the original issue price of the respective series of series preferred stock plus any dividends declared but unpaid; or
(b) the payment that would have been made if the Preferred Shares had been converted into common stock immediately before the liquidation event subject to customary, split equivalent anti-dilution adjustments.

If the proceeds of a liquidation event are insufficient to permit payment to the holders of preferred stock of the entire amount, then the proceeds shall be distributed pro-rata among the holders of the preferred stock in proportion to the full preference amount that each such holder is entitled to receive. Upon a deemed liquidation event or a change of control of the Company, holders of each series of convertible preferred stock are entitled to receive such amount unless waived by a majority of the holders of the other series holders of convertible preferred stock, voting together as a single class.

Accounting policy for 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.

Note 17. Reserves

	Consolidated	
	2022	2021
	$	$
Foreign currency reserve	214,556	289,195
Share-based payment reserve	2,940,447	2,668,500
	3,155,003	2,957,695

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

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to US dollars, which is the group's presentation currency. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Note 18. Accumulated losses

	Consolidated 2022 $	Consolidated 2021 $
Accumulated losses at the beginning of the financial year	(64,538,331)	(47,863,586)
Loss after income tax expense for the year	(25,040,819)	(16,674,745)
Accumulated losses at the end of the financial year	(89,579,150)	(64,538,331)

Note 19. Contingent liabilities

During the prior periods, the Group has filed amended payroll tax returns to rectify tax offsets relating to prior years. As at 31 December 2022, the Group may be liable for a payroll tax payment of approximately $101,000 (excluding interest and penalties) relating to prior years, if the outcome of the assessment of the amended payroll tax returns are not in the Group's favor.

Note 20. Commitments

The Company had no commitments as at 31 December 2022 and 31 December 2021.

Note 21. Share-based payments

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

	Number of options 2022	Weighted average exercise price 2022	Number of options 2021	Weighted average exercise price 2021
Outstanding at the beginning of the financial year	5,379,462	$1.70	5,442,766	$1.50
Granted	361,667	$2.80	1,454,896	$2.70
Exercised	(3,808)	$2.30	(140,691)	$1.20
Forfeited	(1,373,966)	$2.40	(1,377,509)	$2.20
Outstanding at the end of the financial year	4,363,355	$1.70	5,379,462	$1.66

The weighted average remaining contractual life of options outstanding at the end of the financial year was 7.1 years (2021: 7.9 years).

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

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

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

Note 21. Share-based payments (continued)

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 the 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.

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

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

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

Note 22. Events after the reporting period

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

In addition, during the financial year 2023, the Group raised USD11,578,639 by way of issue of 22,148,416 Series-C Preference Shares.

Subsequent to 31 December 2022, 10,262,912 units of options were granted to various participates under company's equity incentive plan.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 23. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2022 $	Consolidated 2021 $
Loss after income tax expense for the year	(25,040,819)	(16,674,745)
Adjustments for:		
Depreciation and amortisation	819,570	1,076,801
Interest expense on convertible notes	7,216,734	1,225,171
Fair value loss on derivative	243,098	33,140
Share-based payments expense	271,947	1,050,501
Change in operating assets and liabilities:		
(Decrease)/increase in trade and other payables	(457,225)	367,043
Increase in trade and other receivables	531,723	117,596
Decrease in prepayments	(159,689)	(35,971)
Net cash used in operating activities	(16,574,661)	(12,840,464)

Note 24. 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 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Enlitic Canada Inc.	Canada	100.00%	100.00%
Enlitic Australia Pty Ltd	Australia	100.00%	100.00%

Note 25. Parent entity information

Enlitic Inc. is the parent entity.

Enlitic, Inc.
Directors' declaration
31 December 2022

In the Directors' opinion:

- the Group is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for providing information to the directors of Enlitic, Inc. to enable them to prepare financial information in a Prospectus in accordance with the requirements *Regulatory Guide 228: Prospectuses: Effective disclosure for retail investors.*

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 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.

On behalf of the Directors

Lawrence Gozlan
Director

13 September 2023
Puglia, Italy

Michael Sistenich
Michael Sistenich
Director

13 September 2023
Sydney, Australia

RSM Australia Pty Ltd

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors of Enlitic, Inc.

Opinion

We have audited the financial report of Enlitic, Inc. ("the Company") and its controlled entities (together referred to as "the Group") which comprises the consolidated statement of financial position as at 31 December 2022, 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 presents fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its performance and cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

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 Company in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. These special purpose financial statements have been prepared for the purpose of providing information to the directors of Enlitic, Inc. to enable them to prepare financial information in a Prospectus in accordance with the requirements *Regulatory Guide 228: Prospectuses: Effective disclosure for retail investors.* The directors have determined that the accounting policies adopted are appropriate to meet their needs. As a result, these financial statements may not be suitable for another purpose.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial report, which indicates that the Group incurred a net loss after tax of $25,040,819 and had net cash outflows from operating activities of $16,574,661 for the year ended 31 December 2022. As at that date, the Group had net current liabilities of $28,189,647 and net liabilities of $27,664,361. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

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

RSM Australia Pty Ltd ACN 009 321 377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM

Liability limited by a scheme approved under Professional Standards Legislation

Certified System Quality ISO 9001

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2022, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM AUSTRALIA PTY LTD

M PARAMESWARAN
Partner

Dated: 13 September 2023
Melbourne, Victoria