

Jayex Technology Limited
Appendix 4D
Half-year report

1. Company details

Name of entity: Jayex Technology Limited
ABN: 15 119 122 477
Reporting period: For the half-year ended 30 June 2023
Previous period: For the half-year ended 30 June 2022

2. Results for announcement to the market

			\$
Revenues and other income from ordinary activities (continuing and discontinued operations)	down	20.3% to	2,007,894
Loss from ordinary activities after tax attributable to the owners of Jayex Technology Limited	down	25.4% to	(793,843)
Loss for the half-year attributable to the owners of Jayex Technology Limited	down	25.4% to	(793,843)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$793,843 (30 June 2022: \$1,064,383).

For a brief explanation of the any of the figures reported above, please refer to the financial report for the half-year ended 30 June 2023 released with this document.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(1.30)</u>	<u>(1.96)</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial report for the half-year has been reviewed and an unmodified conclusion has been issued. A material uncertainty related to going concern is included in the auditor's report and the auditor's conclusion is not modified in respect of this matter.

11. Attachments

Details of attachments (if any):

The financial report for the half-year ended 30 June 2023 is attached.

12. Signed

Signed  _____

Michael Boyd
Chairman

Date: 31 August 2023

Jayex Technology Limited

ABN 15 119 122 477

Financial Report for the half-year ended - 30 June 2023

Jayex Technology Limited

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30 June 2023

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Jayex Technology Limited
Directors' report
30 June 2023

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

Directors

The following persons were directors of Jayex Technology Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Michael Boyd (Non-Executive Chairman)
Brian Renwick (Non-Executive Director)
Nicholas Harper (Non-Executive Director)

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$793,843 (30 June 2022: \$1,064,383).

Half Year Performance Summary

The consolidated entity's revenue was \$1,775,420 for the half year, down 20.3% due to lower revenues in Australia and lower hardware revenue in UK. The business reported a net loss of \$793,843 (HY22: net loss \$1,064,383).

2023 Update

New management team members were recruited in the UK with Sales, Engineering and Marketing Directors appointed in April 2023 to develop the software portfolio, transition legacy customers to the latest SaaS software and grow the software revenue. Testing of higher specification hardware to materially improve reliability, maintainability and performance has been completed and the roll out the new specification equipment will commence in the second half of 2023. This will provide a more robust hardware platform, reduce the number of support calls and provide a platform for supporting the new software propositions currently under development.

Significant changes in the state of affairs

On 2 March 2023, the company raised additional capital of \$320,500 through placement of 32,050,000 shares to sophisticated and professional investors.

Shareholders at its General Meeting on 7 March 2023 approved the issuance of 207,692,307 Options towards the repayments of \$2.7 million convertible notes and 42,307,693 Options towards the repayment of \$555,000 loans, to Covenant Holding (WA) Pty Ltd.

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

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 30 June 2023 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.

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.

Jayex Technology Limited
Directors' report
30 June 2023

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Michael Boyd
Chairman

31 August 2023

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

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

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

William Buck

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

Alan Finnis

A. A. Finnis

Director

Melbourne, 31 August 2023

Jayex Technology Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2023

	Note	Consolidated 30 June 2023 \$	30 June 2022 \$
Revenue from continuing operations	4	1,775,420	2,519,796
Other income		232,474	48,913
Expenses			
Raw materials and consumables used		(462,804)	(509,715)
Corporate and administrative expense		(829,697)	(699,997)
Employee benefits expense		(1,374,254)	(1,804,969)
Depreciation and amortisation expense		(130,718)	(238,187)
Marketing expenses		(10,296)	(39,975)
Fair value change in the derivative liability		-	69,049
Net foreign exchange gain		71,899	84,607
Finance costs		(65,867)	(551,951)
Loss before income tax benefit from continuing operations		(793,843)	(1,122,429)
Income tax benefit		-	21,963
Loss after income tax benefit from continuing operations		(793,843)	(1,100,466)
Profit after income tax expense from discontinued operations			36,083
Loss after income tax expense for the half-year attributable to the owners of Jayex Technology Limited		(793,843)	(1,064,383)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		-	(85,007)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(97,209)	(118,351)
Other comprehensive income for the half-year, net of tax		(97,209)	(203,358)
Total comprehensive income for the half-year attributable to the owners of Jayex Technology Limited		<u>(891,052)</u>	<u>(1,267,741)</u>
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(891,052)	(1,303,824)
Discontinued operations		-	36,083
		<u>(891,052)</u>	<u>(1,267,741)</u>

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

Jayex Technology Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2023

		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of Jayex Technology Limited			
Basic earnings per share	11	(0.29)	(0.44)
Diluted earnings per share	11	(0.29)	(0.44)
Earnings per share for profit/(loss) from discontinued operations attributable to the owners of Jayex Technology Limited			
Basic earnings per share	11	--	0.01
Diluted earnings per share	11	-	0.01
Earnings per share for loss attributable to the owners of Jayex Technology Limited			
Basic earnings per share	11	(0.29)	(0.43)
Diluted earnings per share	11	(0.29)	(0.43)

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

Jayex Technology Limited
Consolidated statement of financial position
As at 30 June 2023

	Consolidated	
	Note	31 December
	30 June 2023	2022
	\$	\$
Assets		
Current assets		
Cash and cash equivalents		101,148
Trade and other receivables		472,175
Inventories		185,381
Other		112,199
Total current assets		<u>870,903</u>
Non-current assets		
Security deposit		6,826
Financial assets at fair value through profit or loss	5	1,498,092
Right-of-use assets		-
Total non-current assets		<u>1,504,918</u>
Total assets		<u>2,375,821</u>
Liabilities		
Current liabilities		
Trade and other payables		1,759,553
Borrowings	6	1,196,440
Lease liabilities		-
Provision for income tax on capital gains		-
Employee benefits		52,404
Provisions		267,104
Contract liabilities		1,682,217
Total current liabilities		<u>4,957,718</u>
Non-current liabilities		
Borrowings	6	1,066,667
Lease liabilities		-
Employee benefits		2,091
Total non-current liabilities		<u>1,068,758</u>
Total liabilities		<u>6,026,476</u>
Net assets/(liabilities)		<u><u>(3,650,655)</u></u>
Equity		
Issued capital	7	28,432,994
Reserves		1,285,954
Accumulated losses		(33,369,603)
Total equity/(deficiency)		<u><u>(3,650,655)</u></u>

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

Jayex Technology Limited
Consolidated statement of changes in equity
For the half-year ended 30 June 2023

	Issued capital	Share based payments reserve	Foreign exchange reserve	Financial asset reserve	Accumulated losses	Total deficiency in equity
Consolidated	\$	\$	\$	\$	\$	\$
Balance at 1 January 2022	28,112,494	12,187	(1,724,097)	57,091	(25,280,052)	1,177,623
Loss after income tax benefit for the half-year	-	-	-	-	(1,064,383)	(1,064,383)
Other comprehensive income for the half-year, net of tax	-	-	(118,351)	(85,007)	-	(203,358)
Total comprehensive income for the half-year	-	-	(118,351)	(85,007)	(1,064,383)	(1,267,741)
Balance at 30 June 2022	<u>28,112,494</u>	<u>12,187</u>	<u>(1,842,448)</u>	<u>(27,916)</u>	<u>(26,344,435)</u>	<u>(90,118)</u>

	Issued capital	Share based payments reserve	Foreign exchange reserve	Financial asset reserve	Accumulated losses	Total equity
Consolidated	\$	\$	\$	\$	\$	\$
Balance at 1 January 2023	28,112,494	12,187	(1,879,024)	-	(32,575,760)	(6,330,103)
Loss after income tax benefit for the half-year	-	-	-	-	(793,843)	(793,843)
Other comprehensive income for the half-year, net of tax	-	-	(97,209)	-	-	(97,209)
Total comprehensive income for the half-year	-	-	(97,209)	-	(793,843)	(891,052)
<i>Transactions with owners in their capacity as owners:</i>						
Capital raised, net of cost	320,500	-	-	-	-	320,500
Conversion of notes and loans into option	-	3,250,000	-	-	-	3,250,000
Balance at 30 June 2023	<u>28,432,994</u>	<u>3,262,187</u>	<u>(1,976,233)</u>	<u>-</u>	<u>(33,369,603)</u>	<u>(3,650,655)</u>

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

Jayex Technology Limited
Consolidated statement of cash flows
For the half-year ended 30 June 2023

	Note	Consolidated	Consolidated
		30 June 2023	30 June 2022
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,629,179	2,707,112
Payments to suppliers and employees (inclusive of GST)		<u>(3,902,334)</u>	<u>(2,833,135)</u>
		(273,155)	(126,023)
Interest and other finance costs paid		(66,076)	(114,492)
Operating activities from discontinued operations		<u>-</u>	<u>36,083</u>
Net cash used in operating activities		<u>(339,231)</u>	<u>(204,432)</u>
Cash flows from investing activities			
Payments for intangibles		<u>-</u>	<u>(22,792)</u>
Net cash from/(used in) investing activities		<u>-</u>	<u>(22,792)</u>
Cash flows from financing activities			
Proceeds from issue of shares		303,000	-
Proceeds from borrowings		294,500	-
Repayment of borrowings		(402,000)	(176,336)
Repayment of lease liabilities		<u>-</u>	<u>(89,089)</u>
Net cash from/(used in) financing activities		<u>195,500</u>	<u>(265,425)</u>
Net increase/(decrease) in cash and cash equivalents		(143,731)	(492,649)
Cash and cash equivalents at the beginning of the financial half-year		239,379	982,716
Effects of exchange rate changes on cash and cash equivalents		<u>5,500</u>	<u>(41,756)</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>101,148</u></u>	<u><u>448,311</u></u>

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

Jayex Technology Limited
Notes to the consolidated financial statements
30 June 2023

Note 1. General information

The financial statements cover Jayex Technology Limited as a consolidated entity consisting of Jayex Technology Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Jayex Technology Limited's functional and presentation currency.

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

Registered office and Principal place of business

Level 4, 100 Albert Road, South Melbourne, Victoria, 3205

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

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Going concern

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

The working capital position as at 30 June 2023 of the consolidated entity, as disclosed in the statement of financial position, is an apparent excess of current liabilities over current assets of \$4,086,815. However, the current liabilities as at 30 June 2023 contain a number of liability accounts, including the Contract liabilities and warranty provision, which represent the results of accounting adjustments and do not represent amounts currently payable, or expected to become payable, to third parties. Excluding these liability accounts from the calculation of working capital at 30 June 2023, results in adjusted working capital deficit of \$2,137,494.

The cash balance at 30 June 2023 was \$101,148.

The consolidated entity incurred a net loss after tax for the half-year ended 30 June 2023 of \$793,843 and had net cash outflows from operating activities of \$339,231.

These conditions give rise to a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern.

Notwithstanding these results, the directors believe that the company will be able to continue as a going concern and as a result the financial statements have been prepared on a going concern basis. The accounts have been prepared on the assumption that the company is a going concern for the following reasons:

Jayex Technology Limited
Notes to the consolidated financial statements
30 June 2023

Note 2. Significant accounting policies (continued)

- The consolidated entity has a large and growing customer base, with a very low churn rate across the core products;
- The consolidated entity is actively progressing multiple new service offerings, both internally developed and developed in conjunction with partners;
- Organizational restructuring and various efficiency projects have delivered material reductions in operational expenditure. The consolidated entity has further ability to scale down if required;
- Financial support has been consistently offered by related parties of the Directors;
- The Board is of the opinion that the consolidated entity has, or shall have access to, sufficient funds to meet the planned corporate activities and working capital requirements; and
- As the Company is an ASX-listed entity, the consolidated entity has the ability to raise additional funds if required.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

New Accounting Standards and Interpretations adopted as at 1 January 2022

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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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

Jayex Technology Limited
Notes to the consolidated financial statements
30 June 2022

Note 3. Operating review

The operating business is primarily in the United Kingdom (UK) with operations in Australia having been scaled down to a minimum. The consolidated entity's monthly Board reports are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. These results are separated by country being the UK and Australia. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation), excluding capital-raising expenses and share-based payments. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

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

No changes to the policy above have occurred during the reporting period.

Major customers

The UK has regional organisations for provision of health services in a geographical area including purchasing of services on behalf of health care providers. In the period 1 January 2023 to 30 June 2023 one of these regional organisations contributed 18% of consolidated entity's revenue. (30 June 2022: nil customers)

Operating segment information

Consolidated – June 2023	Australia	United Kingdom	Total
	\$	\$	\$
Revenue			
Sales to external customers	30,756	1,744,663	1,775,419
Total revenue	<u>30,756</u>	<u>1,744,663</u>	<u>1,775,419</u>
Other revenue	2,932	229,542	232,474
Segment operating expenses	<u>(423,992)</u>	<u>(2,181,159)</u>	<u>(2,605,151)</u>
EBITDA	(390,304)	(206,954)	(597,258)
Interest expense			(65,867)
Depreciation & amortisation expense			<u>(130,718)</u>
Loss before income tax benefit			<u>(793,843)</u>

Consolidated – June 2023

Current assets	94,608	776,295	870,903
Non-current assets	1,504,918	-	1,504,918
Total assets	<u>1,599,526</u>	<u>776,295</u>	<u>2,375,821</u>
Current liabilities	859,525	4,098,193	4,957,718
Non-current liabilities	2,091	1,066,667	1,068,758
Total liabilities	<u>861,616</u>	<u>5,164,860</u>	<u>6,026,476</u>

Jayex Technology Limited
Notes to the consolidated financial statements
30 June 2023

Operating segment information (continued)

Consolidated – June 2022	Australia	United Kingdom	Total
	\$	\$	\$
Revenue			
Sales to external customers	190,864	2,328,932	2,519,796
Total revenue	190,864	2,328,932	2,519,796
Other revenue	-	48,913	48,913
Segment operating expenses	(624,551)	(2,345,498)	(2,970,049)
EBITDA	(433,687)	32,347	(401,340)
Interest expense			(551,951)
Depreciation & amortisation expense			(238,187)
Fair value change in the derivative instrument			69,049
Loss before income tax benefit			(1,122,429)
Consolidated – June 2022			
Current assets	100,283	1,226,331	1,326,614
Non-current assets	2,522,556	4,570,135	7,092,691
Total assets	2,622,839	5,796,466	8,419,305
Current liabilities	3,080,705	3,170,301	6,251,006
Non-current liabilities	788,053	1,470,364	2,258,417
Total liabilities	3,868,758	4,640,665	8,509,423

Note 4. Revenue

Sales revenue is revenue generated from the consolidated entity's healthcare industry service provision businesses.

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
<i>Major product lines</i>		
Supply and installation of hardware (at a point of time)	572,194	1,152,038
Software licences and support services (over time)	1,130,329	1,119,133
Extended warranty (over time)	72,897	248,625
	<u>1,775,420</u>	<u>2,519,796</u>

Jayex Technology Limited
Notes to the consolidated financial statements
30 June 2022

Note 7. Financial assets at fair value through other comprehensive income (continued)

Note 5. Financial assets at fair value through profit or loss

	Consolidated	
	30 June 2023	31 December 2022
	\$	\$
<i>Non-current assets</i>		
Investment in Brainworks	<u>1,498,092</u>	<u>1,414,828</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial half-year are set out below:		
Opening fair value	1,414,828	1,368,846
Additions	-	-
Revaluation increments/(decrements)	-	-
Exchange differences	<u>83,264</u>	<u>45,982</u>
Closing fair value	<u>1,498,092</u>	<u>1,414,828</u>

Refer to note 8 for further information on fair value measurement.

In 2021 financial year, the Company invested \$1.36 million in Brainworks to subscribe 1,234,566 Brainworks shares at an issue price of USD 0.81 for a total consideration of USD 1 million (equivalent to AUD 1.36 million). The investment has been held at fair value with subsequent changes carried through the statement of profit or loss.

Jayex Technology Limited
Notes to the consolidated financial statements
30 June 2023

Note 6. Borrowings

	Consolidated	Consolidated
	30 June	31 December
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Bank loans	457,143	426,667
Related party loan	739,297	1,010,158
Convertible notes payable	-	2,700,000
	<u>1,196,440</u>	<u>4,136,825</u>
<i>Non-current liabilities</i>		
Bank loans	1,066,667	1,208,889
	<u>2,263,107</u>	<u>5,345,714</u>

Following a general meeting held on 7 March 2023 it was resolved that a total of \$3,250,000 of related party borrowings owing to Covenant Holdings (WA) Pty Ltd ("Covenant:") an entity controlled by Michael Boyd, who is a Director of the Company we converted into options. The total value of the borrowings consists of the following.

- \$2,700,000 in convertible notes with a coupon of 8%, which have converted into 207,692,307 options; and
- \$550,000 in unsecured borrowings, which have converted into 42,307,693 options.

In total 250 million options were issued.

The bank loans above comprise of:

- (i) GBP 600,000 from National Westminster Bank, United Kingdom with an interest rate of 2.05% per annum. This loan is repayable by June 2026 with repayment started from July 2021. As of 30 June 2023, current and non-current portions of loan are at GBP 120,000 (equivalent to \$228,572) and GBP240,000 (equivalent to \$457,143) respectively.
- (ii) GBP 600,000 from National Westminster Bank, United Kingdom with an interest rate of 2.05% per annum. This loan is repayable by February 2027 with repayment starting from March 2022. As of 30 June 2022, current and non-current portions of loan are at GBP 120,000 (equivalent to \$228,572) and GBP 320,000 (equivalent to \$609,524) respectively. The loan from related party is interest free, unsecured and is repayable on demand.

Reconciliation of related party loans

	30 June
	2023
	\$
Opening balance	1,010,159
Drawdown on new loans	285,714
Conversion to options	(550,000)
Exchange differences	(6,576)
	<u>739,297</u>
Closing balance	<u>739,297</u>

Jayex Technology Limited
Notes to the consolidated financial statements
30 June 2022

Note 7. Issued capital

	Consolidated			
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>281,278,539</u>	<u>249,228,539</u>	<u>28,432,994</u>	<u>28,112,494</u>

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 January 2023	249,228,539		28,112,494
Placement of shares	2 March 2023	32,050,000	\$0.01	320,500
		<hr/>		<hr/>
Balance	30 June 2023	<u>281,278,539</u>		<u>28,432,994</u>

Ordinary shares

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

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

Share buy-back

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

Note 8. Fair value measurement

Fair value hierarchy

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 30 June 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Investment in Brainworks	-	-	1,498,092	1,498,092
Total assets	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	1,498,092	1,498,092
<i>Liabilities</i>				
Derivative liability	-	-	-	-
Total liabilities	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-

Note 8. Fair value measurement (continued)

Consolidated - 31 December 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Investment in Brainworks	-	-	1,414,828	1,414,828
Total assets	-	-	1,414,828	1,414,828
<i>Liabilities</i>				
<i>Derivative liability</i>	-	-	-	-
Total liabilities	-	-	-	-

There were no transfers between levels during the financial half-year.

Level 3 assets and liabilities

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

Consolidated	Investment in Brainworks \$	Total \$
Balance at 1 January 2023	1,414,828	1,414,828
Exchange difference	83,264	83,264
Balance at 30 June 2023	<u>1,498,092</u>	<u>1,498,092</u>

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Valuation methodology	Sensitivity
Unlisted shares	Acquisition cost	Retention at acquisition cost where the investment was within 12 months of the valuation date. The Company assessed that there has been no material change in the prospects of the investee.	A 10% increase/decrease in shares would increase/ decrease the net asset position of the consolidated entity by approximately \$150k respectively.

Note 9. Contingent assets

The Group has no material contingent assets as at the date of this report (2022: nil)

Note 10. Contingent liabilities

The Group has no material contingent liabilities as at the date of this report (2022: nil).

Jayex Technology Limited
Notes to the consolidated financial statements
30 June 2022

Note 11. Earnings per share

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Jayex Technology Limited	<u>(794,843)</u>	<u>(1,100,466)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>270,595,206</u>	<u>249,228,539</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>270,595,206</u>	<u>249,228,539</u>

Note 11. Earnings per share (continued)

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
<i>Earnings per share for profit/(loss) from discontinued operations</i>		
Profit after income tax attributable to the owners of Jayex Technology Limited	<u>-</u>	<u>36,083</u>
	Cents	Cents
Basic earnings per share	-	0.01
Diluted earnings per share	-	0.01

	Consolidated	
	30 June 2023	30 June 2022
	\$	\$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Jayex Technology Limited	<u>(794,843)</u>	<u>(1,064,383)</u>
	Cents	Cents
Basic earnings per share	(0.29)	(0.43)
Diluted earnings per share	(0.29)	(0.43)

Contingently issuable shares related to convertible notes and options are not included in the diluted earnings per share calculation as they are anti-dilutive.

Note 12. Share-based payments

(a) Share-based compensation

During the year no ordinary shares were issued to directors and employees as part of compensation.

Jayex Technology Limited
Notes to the consolidated financial statements
30 June 2023

(b) Employee options

A share option plan (Plan) has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the Company to certain employees of the consolidated entity. In accordance with the Plan options were issued in 2016 for nil consideration and were granted in accordance with performance guidelines established by the Nomination and Remuneration Committee. As the instruments issued in 2016 have a nil exercise price, they represent performance rights; these are referred to as "options" in these financial statements and the accompanying directors' report.

(c) Options issued to Director

Following a general meeting held on 7 March 2023 it was resolved that a total of \$3,250,000 of related party borrowings owing to Covenant Holdings (WA) Pty Ltd ("Covenant") an entity controlled by Michael Boyd, who is a Director of the Company we converted into options. The total value of the borrowings consists of the following.

- \$2,700,000 in convertible notes with a coupon of 8%, which have converted into 207,692,307 options; and
- \$550,000 in unsecured borrowings, which have converted into 42,307,693 options.

In total 250 million options were issued.

In assessing the accounting treatment of these options, it is considered that the Director is acting in his capacity as a shareholder, the transaction is therefore an equity transaction and thus no gain or loss should be recognised on the extinguishment of the liability. The carrying value of the liability at the date of extinguishment is transferred to equity.

(d) Options issued as part of capital raise

As a result of the capital raise completed during the half year ended 30 June 2023 16,025,000 options were issued as free attaching options to participants in the capital raise. These options have an exercise price of 1.5 cents and expire on 31 May 2026.

In addition, 5,000,000 options were issued to the lead manager in respect of their fee for assisting with the capital raise. These options had an exercise price of 4.5 cents and expire on 31 May 2026. The options were valued using the Black Scholes option pricing model using the following assumptions.

- Spot price 1 cent
- Exercise price 4.5 cents
- Grant date 2 June 2023
- Expiry date 31 May 2026
- Risk free rate 3.43%
- Volatility 134.92%
- Dividend yield 0%

The options vest immediately and have no performance conditions attached. As the cost of these options is directly attributable to the issue of equity there has been no expense recognised in the statement of profit or loss and other comprehensive income.

Jayex Technology Limited
Notes to the consolidated financial statements
30 June 2023

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

	Number of options 2023	Weighted average exercise price 2023	Number of options 2022	Weighted average exercise price 2022
Outstanding at the beginning of the financial year	500,000	\$0.05	500,000	\$0.05
Granted	271,025,000	\$0.016	-	-
Forfeited	(250,000)	\$0.05	-	-
Expired	-	\$0.00	-	\$0.00
	<u>271,275,000</u>	\$0.015	<u>500,000</u>	\$0.05

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
30/03/2021	29/03/2024	\$0.05	250,000	-	-	(250,000)	-
04/05/2021	07/06/2024	\$0.05	250,000	-	-	-	250,000
02/03/2023	31/05/2026	\$0.015	-	16,025,000	-	-	16,025,000
07/03/2023	07/03/2026	\$0.015	-	250,000,000	-	-	250,000,000
02/06/2023	31/05/2026	\$0.045	-	5,000,000	-	-	5,000,000
			<u>500,000</u>	<u>271,025,000</u>	<u>-</u>	<u>(250,000)</u>	<u>271,275,000</u>

2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
30/03/2021	29/03/2024	\$0.05	-	250,000	-	-	250,000
04/05/2021	03/05/2024	\$0.05	-	250,000	-	-	250,000
04/05/2021	03/05/2024	\$0.05	-	250,000	-	(250,000)	-
			<u>-</u>	<u>750,000</u>	<u>-</u>	<u>(250,000)</u>	<u>500,000</u>

Note 13. Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 30 June 2023 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.

Jayex Technology Limited
Directors' declaration
30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', 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 2023 and of its performance for the financial half-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 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Michael Boyd
Chairman

31 August 2023

Jayex Technology Limited Independent auditor's review report

REPORT ON THE REVIEW OF THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the accompanying half-year financial report of Jayex Technology Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Jayex Technology Limited is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the half year ended on that date; and
- b. complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the consolidated entity 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the half-year financial report, which indicates that the consolidated entity incurred a net loss of \$793,843 during the half year ended 30 June 2023 and, as of that date, the consolidated entity's net cash outflows used in operations was \$339,231. The consolidated entity also had net current liabilities of \$4,086,815 at half-year year end. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of Management for the Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

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

Alan Finnis

A. A. Finnis

Director

Melbourne, 31 August 2023