



acusensus
intelligent eyes

PROSPECTUS

Acusensus Limited ACN 625 231 941

Prospectus for the offer of 5,000,000 fully paid ordinary shares at an offer price of \$4.00 per share to raise gross proceeds of \$20,000,000.

Lead Manager and Underwriter

BELL POTTER

Australian Legal Adviser



Maddocks



Important Notices

OFFER

The Offer contained in this Prospectus is an invitation to apply for fully paid ordinary shares in Acusensus Limited (ACN 625 231 941) (**Company**). This Prospectus is issued by the Company for the purposes of Chapter 6D of the Corporations Act.

LODGEMENT AND LISTING

This Prospectus is dated 6 December 2022 (**Prospectus Date**) and a copy of this Prospectus was lodged with ASIC on that date. The Company will apply to ASX for admission of the Company to the official list of ASX and for quotation of its Shares on ASX within seven days after the date of this Prospectus. Neither ASIC, ASX or their respective officers take any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

EXPIRY DATE

No Shares will be issued on the basis of this Prospectus later than 13 months after the Prospectus Date.

NOTE TO APPLICANTS

The information contained in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice. The Company is not licensed to provide financial product advice in respect of its securities or any other financial products.

No person is authorised to give any information or to make any representation in connection with the Offer or the Shares described in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company or the Lead Manager in connection with the Offer.

This Prospectus is important and should be read in its entirety prior to deciding whether to invest in the Company's Shares. There are risks associated with an investment in the Company's Shares, which must be regarded as a speculative investment. Some of the key risks that should be considered are set out in Section 4. You should carefully consider these risks in light of your personal

circumstances (including financial and tax issues). There may also be risks in addition to these that should be considered in light of your personal circumstances.

If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, lawyer, accountant or other professional adviser before deciding whether to invest in the Shares.

No person named in this Prospectus warrants or guarantees the Company's performance, the repayment of capital by the Company or any return on investment made pursuant to this Prospectus.

NO OFFER WHERE OFFER WOULD BE ILLEGAL

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia. The Offer is not being extended to any investor outside Australia, other than to certain institutional and sophisticated investors as part of the institutional offer in certain jurisdictions as described in Section 8.13. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

NOTICE TO UNITED STATES RESIDENTS

The Shares being offered pursuant to this Prospectus have not been registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or any US state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the Shares in any state or other jurisdiction in which such offer, solicitation or sale would

be unlawful under applicable law, including the US Securities Act. In addition, any hedging transactions involving the Shares may not be conducted unless in compliance with the US Securities Act.

FINANCIAL INFORMATION AND AMOUNTS

Section 6 of this Prospectus sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information.

The Financial Information included in this Prospectus has been prepared and presented in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, except where otherwise stated.

The Financial Information is presented in abbreviated form. It does not include all of the presentation and disclosures required by the Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. The Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Section 6.

All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest \$'000 (thousand) unless otherwise stated. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

DISCLAIMER

No person is authorised by the Lead Manager to give any information or make any representation in connection with the Offer that is not contained in the Prospectus. Only information or representations contained in this Prospectus may be relied on as having been authorised by the Company or its current or proposed directors, the Lead Manager or any other person in connection with the Offer. The Company's business, financial condition, results of operations and prospects may have changed since the Prospectus Date.

This Prospectus contains forward-looking statements concerning the Company's business, operations, financial performance and condition as well as the Company's plans, objectives and expectations for its business, operations, financial performance and condition. Any statements contained in this Prospectus that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as "aim", "anticipate", "assume", "believe", "could", "due", "estimate", "expect", "goal", "intend", "may", "objective", "plan", "predict", "potential", "positioned", "should", "target", "will", "would" and other similar expressions that are predictions of or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates, forecasts and projections about the Company's business and the industry in which the Company operates and management's beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control. As a result, any or all of the Company's forward-looking statements in this Prospectus may turn out to be inaccurate. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors described in Section 4. Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements set out in this Prospectus and are cautioned not to place undue reliance on such forward-looking statements.

These forward-looking statements speak only as at the Prospectus Date. Unless required by law, the Company does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks the Company describes in the reports to be filed from time to time with ASX after the Prospectus Date.

Certain numerical figures included in this Prospectus may have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

PAST PERFORMANCE

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

EXPOSURE PERIOD

The Corporations Act prohibits the Company from processing Applications for Shares under the Offer in the seven-day period after the date of lodgement of the Prospectus with ASIC (**Exposure Period**). This period may be extended by ASIC for a further period of seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by ASIC and market participants prior to the raising of funds under the Offer. This Prospectus will be made generally available to Australian residents during the Exposure Period without the Application Form by being posted on the following website <https://events.miraqle.com/acusensus-ipo>. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

ELECTRONIC PROSPECTUS

This Prospectus will be available in electronic form on the following website: <https://events.miraqle.com/acusensus-ipo>.

OBTAINING A COPY OF THE PROSPECTUS

A hard copy of this Prospectus will be available for Australian residents free of charge during the Offer Period by contacting the Acusensus Offer Information Line on 1800 425 578 between 8.30am and 5.00pm AEDT, Monday to Friday (excluding public holidays). If you are eligible to participate in the Offer and are calling from outside Australia, please call +61 1800 425 578.

This Prospectus will be made available in electronic form on the following website: <https://events.miraqle.com/acusensus-ipo>. Information contained on <https://events.miraqle.com/acusensus-ipo>, other than the Prospectus, does not form part of this Prospectus.

The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form

within Australia. Hard copy and electronic versions of the Prospectus are generally not available to persons in other jurisdictions (including the United States).

Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. If unsure about the completeness of this Prospectus received electronically, or a printout of it, you should contact the Company on the above. A paper copy of this Prospectus will be available for Australian residents free of charge by contacting the Acusensus Offer Information Line on 1800 425 578 (between 8:30am to 5:30pm AEDT).

Applications for the Shares under this Prospectus may only be made on either a printed copy of the Application Form attached to or accompanying this Prospectus or via the electronic Application Form attached to the electronic version of this Prospectus, available at <https://events.miraqle.com/acusensus-ipo>.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of the Prospectus or the complete and unaltered electronic version of the Prospectus. If this Prospectus is found to be deficient, any Applications may need to be dealt with in accordance with Section 724 of the Corporations Act.

COOLING OFF RIGHTS

Cooling off rights do not apply to an investment in Shares pursuant to the Offer. This means that, in most circumstances you cannot withdraw your Application once it has been accepted.

PRIVACY

The Company, the Share Registry on its behalf, and the Lead Manager may collect, hold, use and disclose personal information provided by investors to allow it to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration of your investment. This means that the Company will need to collect your personal information (for example, your name, address and details of the Securities that you hold). Under the Corporations Act some of this information must be included in the Company's Share register, which will be accessible by the public.

Important Notices continued

The Company will only use and/or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish to provide this information, the Company and the Share Registry may not be able to process your Application.

The Company and the Share Registry may also share your personal information with agents and service providers of the Company or others who provide services on the Company's behalf, some of which may be located outside of Australia where personal information may not receive the same level of protection as that afforded under Australian law.

For more details on how the Company collects, stores, uses and discloses your information, please read the Company's Privacy Policy located at www.acusensus.com. Alternatively, you can contact the Company by telephone on 1800 425 578 from 8:30am to 5:30pm AEDT, Monday to Friday (excluding public holidays) or email at investor-relations@acusensus.com and the Company will send you a copy of its Privacy Policy free of charge. It is recommended that you obtain a copy of this Privacy Policy and read it carefully before making an investment decision.

By completing an Application Form or authorising a broker to do so on your behalf, or by providing the Company with your personal information, you agree to this information being collected, held, used and disclosed as set out in this Prospectus and the Company's Privacy Policy (located at www.acusensus.com).

The Company's Privacy Policy also contains information about how you can access and seek correction of your personal information, complain about a breach by the Company of the Australian privacy laws, and how the Company will deal with your complaint.

The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

DEFINITIONS, ABBREVIATIONS AND TIME

Defined terms and abbreviations used in this Prospectus (unless specified otherwise) are explained in Section 11.

All references to time in this Prospectus refer to Sydney, Australia time unless stated otherwise.

PHOTOGRAPHS, DATA AND DIAGRAMS

Photographs and diagrams used in this Prospectus which do not have any descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company.

Diagrams used in the Prospectus are illustrative only and may not be drawn to scale and may not accurately reflect the final appearance of the subject matter which it depicts.

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at 6 December 2022.

COMPANY WEBSITE

Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the Company's website, or any other website referred to in this Prospectus, is incorporated in this Prospectus by reference.



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Key Offer Statistics

IMPORTANT DATES

Lodgement of the Prospectus with ASIC	Tuesday, 6 December 2022
Offer opens	Wednesday, 14 December 2022
Offer closes	Friday, 23 December 2022
Settlement of Offer proceeds	Wednesday, 4 January 2023
Allotment of Shares	Thursday, 5 January 2023
Expected date for dispatch of holding statements	Monday, 9 January 2023
Trading of Shares commences on ASX (on a normal settlement basis)	Thursday, 12 January 2023

The above timetable is indicative only. All times and dates are Sydney, Australia time. The Company reserves the right to vary the dates and times set out above subject to the Corporations Act and other applicable law. In particular, the Company reserves the right to close the Offer early, extend the Closing Date or accept late Applications without notifying any recipients of this Prospectus or any Applicants. Investors who wish to submit an Application are encouraged to do so as soon as practicable after the Offer opens.

KEY OFFER STATISTICS

Company	Acusensus Limited
Proposed ASX Code for the Shares	ACE
Securities offered	Fully paid Shares
Offer Price per Share	\$4.00
Number of Shares to be issued under the Offer	5,000,000
Gross proceeds of the Offer to the Company ¹	\$20,000,000
Total number of Shares on issue on completion of the Offer	25,114,995 Shares
Total number of Shares on issue on completion of the Offer on a fully diluted basis	26,696,782 Shares
Indicative market capitalisation on completion of the Offer ²	\$100,459,980
Number of Options on issue at completion of the Offer ³	1,581,787
Indicative pro forma enterprise value on completion of the Offer ⁴	\$76,051,980

Notes:

1. Calculated as the total number of Shares to be issued under the Offer multiplied by the Offer Price.
2. Calculated as the total number of Shares on issue at Completion of the Offer multiplied by the Offer Price.
3. Details regarding the terms of the Options are described in Section 10.5.
4. Enterprise value calculated from a 30 June 2022 Pro Forma Net Cash figure in Section 6.8.

Chairman's Letter

6 December 2022



DEAR INVESTOR,

On behalf of the current and proposed Directors of Acusensus, I am delighted to present you with the opportunity to participate in the ownership and future growth of Acusensus.

Acusensus is a technology-driven business focused on road safety, which empowers authorities to tackle their road safety issues with artificial intelligence-enabled compliance enforcement solutions for distracted driving, seatbelt usage, speed (average and point-to-point) and vehicle registration. Our first major successes have been securing New South Wales (**NSW**) government contracts for detection of illegal mobile phone usage and point speed, as well as the Queensland government contract for detection of illegal mobile phone usage and seatbelt non-compliance. In addition, on 4 November 2022 Acusensus entered into a minimum three-year Mobile Device Detection Cameras Services Agreement with the ACT Government.

Acusensus' road safety compliance solutions are versatile and can be deployed across the road network from a trailer-based platform and from fixed infrastructure, including variable message signs, gantries and poles or, in certain cases, deployed in vehicles. The cameras that constitute the core Acusensus technology, its Heads-Up solution, can take clear high-resolution photographs through the windshield of each vehicle that passes to detect illegal mobile phone use. Key innovations in the Heads-Up solution are its method to remove glare from windshields, its high image capture rates and its near real-time machine learning artificial intelligence-based system which assesses the likelihood a motorist is illegally using a mobile phone. A cloud management solution provides camera system monitoring, data security systems, secure image review and continuous AI training. Over time, the Heads-Up solution has been expanded to also provide detection and enforcement of speeding vehicles, seatbelt non-compliance, automatic number plate-based enforcement (such as for the detection of unregistered vehicles) and detection of vehicles that are being driven in closed lanes of freeways.

Having proven this technology in the world's first live enforcement camera program to detect drivers illegally using phones while behind the wheel, Acusensus is now approaching markets globally to adopt this new road safety approach.

Acusensus generates revenue from a combination of hardware rental or sale, software licensing, equipment installation, system operation and maintenance, equipment deployment services, image review and verification services, as well as other adjacent enforcement camera services. These different approaches allow Acusensus to take a flexible approach so that it can partner with the government or enforcement agency to help them solve their challenges within their preferred framework.

Acusensus has enabled world-first programs, has demonstrated strong year-on-year growth and has a pipeline of demonstration trials and contract opportunities across five continents. The Directors and employees are proud of our achievements to date and see the Initial Public Offering of Acusensus as the next logical step in executing our long-term growth strategy.

The Company is seeking to raise approximately \$20.0 million through the issue of approximately 5.0 million Shares at a price of \$4.00 per Share. The funds raised by the Company will be used to bolster research and development efforts both in existing technology and to invest in the potential expansion of the solutions range on offer; increase the geographical reach of the Company's sales, including by enabling the Company to enter new markets; and to contribute towards funding capital expenditure under the contracts that the Company is securing, which will require an asset base of enforcement equipment to be put in place over the next few years.

The Offer provides an opportunity for you to share in our exciting future.

This Prospectus contains detailed information about the Offer and the financial and operating performance of Acusensus. It also includes a description of the key risks associated with an investment in Acusensus. Key risks include reliance on key contracts, reliance on government actions and tender processes, loss of key employees, intellectual property protection, technological, cybersecurity and privacy risks and competition in the markets in which Acusensus operates (for further information please see Section 4.1). Any of these risks, or any other risks or other matters, may emerge and may have a material adverse effect on the business, financial position and performance of Acusensus. I encourage you to read the Prospectus carefully and in its entirety before making your investment decision. You should seek professional advice if required.

On behalf of the Board, I look forward to welcoming you as a Shareholder.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'R. Mirchandani', written over a light blue horizontal line.

Ravin Mirchandani
Chairman



1.

Investment Overview

1. Investment Overview

The information set out in this Section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to apply for Shares under the Offer, you should read this Prospectus carefully and in its entirety. If you are in doubt as to the course you should follow, please consult your professional advisers.

1.1 INTRODUCTION

Topic	Summary	For more information
What is the business of Acusensus?	Acusensus is a technology company that is driven by its mission to design and develop artificial intelligence (AI) enabled road safety solutions. Collaborating with governments and commercial stakeholders to tackle distracted driving globally is the Company's first priority. Acusensus has designed, developed, patented and commercialised technology focusing on the detection of distracted drivers who are illegally using mobile phones while driving and has expanded that technology offering to further address speed (point and average), seatbelt usage and registration/number plate review. Acusensus has an experienced team to support its technology development and deployment across its offices in Melbourne, Sydney, Brisbane and the USA. The Company is pursuing growth initiatives both in Australia and offshore.	Section 3.1
What is the Acusensus history?	Acusensus was founded in early 2018 by Alexander Jannink and was supported with seed investment from Indian power electronics company, Ador Powertron Limited (Ador Powertron). Since inception, Acusensus has raised approximately \$18.8 million from equity investors, predominantly in Australia, to fund its technology development and growth initiatives. Acusensus spent significant time and expense both developing a technology solution to detect distracted driving and in engaging with key stakeholders across Australia, Europe and North America to open a market for its enforcement camera solutions.	Section 3.1.1
What industry does Acusensus operate in?	Acusensus operates within the global traffic enforcement solutions industry. Acusensus is currently operating primarily in the driver distraction enforcement sector of the market. Acusensus offers intelligent transport systems technology to deliver road safety compliance outcomes by detecting and capturing prosecutable evidence of drivers illegally using mobile phones, as well as by detecting speeding, seatbelt non-compliance, and license-plate based detection and enforcement.	Section 2.2
What is the size of Acusensus' addressable market?	Total revenues generated in the global traffic enforcement solutions market are estimated at A\$4.56 billion in 2021, growing at a compound annual growth rate (CAGR) of 10.7% to reach an expected A\$7.57 billion in 2026. Mobile phone enforcement solutions is an emerging sub-sector, with an estimated opportunity of A\$1.76 billion per annum.	Section 2.7

1. Investment Overview continued

1.2 KEY FEATURES OF THE BUSINESS

Topic	Summary	For more information
What are the Acusensus solutions?	Acusensus has developed a number of innovative road safety enforcement solutions which enable sales into Australian and international markets. These market offerings include: Acusensus Heads-Up – enforcement camera solution based on patented technology, used to detect and capture prosecutable evidence of drivers illegally using mobile phones whilst driving. Heads-Up can also detect and capture prosecutable evidence of other illegal driver behaviours such as speeding and not wearing a seatbelt; Acusensus Heads-Up Realtime – provides real-time alerts to police officers of drivers using a phone, speeding, not wearing a seatbelt or on an automatic number plate recognition wanted list; and Acusensus Harmony – base version of the core Heads-Up solution, running the same camera system capture software and utilising similar components. The Harmony solution provides high-tech speed enforcement at a lower price point.	Section 3.2
What is the Acusensus' business model?	Acusensus products consist of commercial off-the-shelf components and outsourced manufactured components. Final assembly of all components and testing is performed only by Acusensus or trusted licenced partners. The business model is based around providing innovative, road safety compliance solutions to government and enforcement agencies globally. Utilising its AI technology platform, Acusensus offers a range of services to customers, including: distracted driving detection, seatbelt enforcement, speed detection, automatic number plate recognition and detection of vehicles that are being driven in closed lanes of freeways. Acusensus considers other adjacent, non road-safety opportunities where it can deploy its core intellectual property, including the provision of vehicle monitoring services for potential government customers. Acusensus is currently involved in a tender process for one such opportunity. The Company's business model is based on the following key fundamentals: • Development of innovative road safety traffic enforcement and AI-enabled compliance solutions; • Providing innovative and scalable solutions designed to secure large, long-term contracts with reputable counterparties; and • The ability to provide a suite of ancillary services to customers, such as ongoing maintenance activities, review functions and site deployment selection evaluations for additional revenue streams.	Section 3.1 and 3.4

Topic	Summary	For more information
What is the Acusensus' revenue model?	Acusensus prefers an annuity revenue model in which it is paid a fixed monthly fee to provide the relevant services. The Company is flexible on the commercial model to appropriately respond to the needs, regulatory limits and budget constraints of its customers. Typically, the Company's programs are awarded via a tender process and are likely to last for an initial period of between two and six years before renewal via a new tender process or the exercise of optional extensions of the existing contract. Revenue for Acusensus is generated from a number of sources including: • Licence fees – for the use of the Company's products and intellectual property; • Review fees – for the manual review of images taken using the Company's products; • Maintenance fees – for the ongoing maintenance of purchased or rented products; • Deployment fees – for the relocation of camera vehicles or trailers from one location to another; • Sale and/or rental of hardware; and • Fees related to peripheral activities such as recommendations to customers for potential suitable locations for fixed and/or mobile detection units. The Company does not accept revenue models that are based on the number of offenders caught.	Section 3.5
What are Acusensus' key expenses?	The Company typically provides fully outsourced programs which require resources to build, operate and maintain the equipment necessary to run the programs. The fully outsourced solution requires the Company to review potential violations. Labour costs represent a significant portion of total expenses and occur within operations, engineering, business development and administration cost centres. Other operating expenses include depreciation of property, plant and equipment, business development costs and administration costs, including rent, as well as accounting, legal and management costs.	Section 3.5.1

1. Investment Overview continued

Topic	Summary	For more information
Who are Acusensus' customers?	Acusensus has a strategy and focus to target government and enforcement agencies with a clear mandate for road safety initiatives. These institutions represent the greatest opportunities for the adoption of the technology solution and will underpin the Company's expansion plan. Acusensus currently has four major contracts supporting its business operations: • NSW Government as a sole supply contract to detect drivers who are illegally using a mobile phone whilst driving; • NSW Government mobile speed cameras predominantly in the south of NSW on a separate multi-year contract, which commenced operations in July 2021; • Queensland Government (through the Department of Transport and Main Roads) in its efforts to address dangerous driver behaviour across the road network through the provision of technology to detect drivers who are illegally using a mobile phone whilst driving and who are not wearing seatbelts whilst driving; and • ACT Government as a sole supply contract to detect drivers who are illegally using a mobile phone whilst driving. Acusensus also has submitted a number of tenders for opportunities across services including speed, mobile phone enforcement, seatbelt compliance and licence plate recognition and is in an advanced stage of the tender process for certain material contract opportunities.	Section 3.1 and 3.6
Where are Acusensus' customers located?	Acusensus currently has a number of material contracts and tender opportunities with government departments in Australia, as well as a contract for data collection in the USA and India. The Company has undertaken (or will undertake) revenue generating pilot programs, demonstrations and data collection partnerships focused on distracted driving and/or seatbelt enforcement technology across 10 countries.	Section 3.6

Topic	Summary	For more information
What is Acusensus' growth strategy?	Acusensus invests a considerable amount into ongoing research and development, mostly utilising internal team capabilities. Acusensus has a pipeline of potential new features, adjacent opportunities and new products that the Company can explore for future growth including the new product programs. Acusensus has two key pillars to its growth strategy: Market Strategy Acusensus is focused on reaching the global market with its distracted driving enforcement solution. To assist with market penetration, the Company will implement an "on the ground" sales presence in select regions and partner with select distribution partners for particular regions. Product Strategy Acusensus will continue to improve its product offering, addressing adjacent applications and pursuing complementary technology to meet the needs of similar customers. Acusensus is pursuing certification including ISO9001 and ISO27001 to further support its delivery and product offerings. The Company will also explore solutions to other major road safety challenges where they meet the strategic initiatives of the Company.	Section 3.7.1 and 3.8
What is Acusensus' key intellectual property?	Acusensus' core intellectual property asset is the Acusensus Heads-Up solution design, including its architecture, hardware, camera system software, cloud software, data accumulated for machine learning, insights generated over time and business processes applied to this solution. The Company has been granted an examined innovation patent in Australia for the Heads-Up camera solution, covering the capture and analysis of photographs through a windshield for the purpose of detecting mobile phone offences. The Company's application for a utility patent over the Heads-Up solution in the USA has also been allowed after passing the examination stage and will progress through administrative stages to be fully granted. A number of related patent applications are in progress for both its core technology and new developments in Australia and overseas jurisdictions, such as the EU and USA.	Section 3.7.2
Who does Acusensus compete with?	Acusensus has focused on developing intelligent traffic enforcement solutions for distracted driver detection. Several companies have competed for tenders and pilots to date and have advertised their capabilities in the distracted driver enforcement subsector. These companies include: Sensen Networks (ASX: SNS), One Task and Hazen.ai. General traffic enforcement systems potential competitors include Verra Mobility, Jenoptik, Idemia, Bosch Security Systems, Siemens, Zhejiang Dahua Technology, Sensor Dynamics, Arvoo and more.	Section 2.6

1. Investment Overview continued

1.3 COMPETITIVE ADVANTAGES

Topic	Summary	For more information
Technology & hardware	The Acusensus Heads-Up technology solution has been proven through deployment across multiple contracts, trials, demonstrations and pilots to reliably take high-quality photographs through vehicle windshields day or night, in almost any weather conditions, with minimal motion blur, and to automatically analyse those images using AI. Acusensus has developed other solutions based on its core Heads-Up technology to meet customer requirements, including Harmony for mobile speed detection and Heads-Up Realtime to assist in enforcement of offences.	Section 3.9
First to market advantage	It is expected that being first to market globally with mobile phone and seatbelt enforcement contracts will help Acusensus gain market share early and management anticipates that this will reinforce its advantage as a preferred technology partner for enforcement authorities.	Section 3.9
Data security	Evidence captured by the Acusensus solutions is envelope encrypted such that only end customers can decrypt and view the data – Acusensus itself cannot open its own incident files except if a customer provides the keys.	Section 3.9
Customer-centric approach	Enforcement agencies who are current and prospective customers have stringent validation and quality requirements for new products and technologies. As a pioneer of new technology, Acusensus works closely with enforcement agencies to achieve the required objectives of the enforcement camera program.	Section 3.9
Human capital	Acusensus is made up of a team of highly capable results-driven and dedicated personnel with a strong focus on improving road safety through the delivery of each solution designed.	Section 3.9
Product Innovation	Acusensus continues to innovate and develop technology solutions to support road safety enforcement.	Section 3.9
Values-based approach	Societal benefit drives what the Company does and how it does it. The Company's headline long-term goal is to deliver societal benefit. The strong emphasis on the Acusensus mission and values improves its reputation, employee retention and employee attraction.	Section 3.9

1.4 KEY FINANCIALS AND DIVIDEND POLICY

Topic	Summary	For more information																																																																																										
How does the Company expect to fund operations?	The Company intends to fund its operations by a combination of funds generated from operations and funds raised in the Offer.	Section 8																																																																																										
What is Acusensus' pro forma historical and forecast financial performance?	<table><thead><tr><th></th><th colspan="3">Pro Forma Historical</th><th>Pro Forma Forecast</th></tr><tr><th>\$000</th><th>FY20</th><th>FY21</th><th>FY22</th><th>FY23F</th></tr></thead><tbody><tr><td>Total revenue</td><td>2,296</td><td>6,746</td><td>28,729</td><td>36,978</td></tr><tr><td>Direct cost of sales</td><td>(1,166)</td><td>(2,844)</td><td>(16,169)</td><td>(21,079)</td></tr><tr><td>Gross profit</td><td>1,130</td><td>3,902</td><td>12,560</td><td>15,899</td></tr><tr><td>Salaries & wages</td><td>(1,641)</td><td>(4,622)</td><td>(5,153)</td><td>(8,905)</td></tr><tr><td>Contracting</td><td>(197)</td><td>(560)</td><td>(1,144)</td><td>(795)</td></tr><tr><td>Marketing costs</td><td>(127)</td><td>(27)</td><td>(225)</td><td>(86)</td></tr><tr><td>Offer costs</td><td>—</td><td>—</td><td>—</td><td>—</td></tr><tr><td>Administration expenses</td><td>(1,134)</td><td>(1,896)</td><td>(2,348)</td><td>(2,958)</td></tr><tr><td>Operating expenses</td><td>(3,099)</td><td>(7,105)</td><td>(8,870)</td><td>(12,744)</td></tr><tr><td>EBITDA</td><td>(1,969)</td><td>(3,203)</td><td>3,690</td><td>3,155</td></tr><tr><td>Depreciation and amortisation</td><td>(142)</td><td>(609)</td><td>(3,183)</td><td>(4,351)</td></tr><tr><td>EBIT</td><td>(2,111)</td><td>(3,812)</td><td>507</td><td>(1,196)</td></tr><tr><td>Finance costs</td><td>—</td><td>(73)</td><td>(38)</td><td>(58)</td></tr><tr><td>Profit/(loss) before tax</td><td>(2,111)</td><td>(3,885)</td><td>469</td><td>(1,254)</td></tr><tr><td>Income tax benefit/(expense)</td><td>—</td><td>—</td><td>—</td><td>—</td></tr><tr><td>Net profit/(loss) after tax</td><td>(2,111)</td><td>(3,885)</td><td>469</td><td>(1,254)</td></tr></tbody></table>		Pro Forma Historical			Pro Forma Forecast	\$000	FY20	FY21	FY22	FY23F	Total revenue	2,296	6,746	28,729	36,978	Direct cost of sales	(1,166)	(2,844)	(16,169)	(21,079)	Gross profit	1,130	3,902	12,560	15,899	Salaries & wages	(1,641)	(4,622)	(5,153)	(8,905)	Contracting	(197)	(560)	(1,144)	(795)	Marketing costs	(127)	(27)	(225)	(86)	Offer costs	—	—	—	—	Administration expenses	(1,134)	(1,896)	(2,348)	(2,958)	Operating expenses	(3,099)	(7,105)	(8,870)	(12,744)	EBITDA	(1,969)	(3,203)	3,690	3,155	Depreciation and amortisation	(142)	(609)	(3,183)	(4,351)	EBIT	(2,111)	(3,812)	507	(1,196)	Finance costs	—	(73)	(38)	(58)	Profit/(loss) before tax	(2,111)	(3,885)	469	(1,254)	Income tax benefit/(expense)	—	—	—	—	Net profit/(loss) after tax	(2,111)	(3,885)	469	(1,254)	Section 6.3
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What is Acusensus' dividend policy?	The Company does not expect to pay dividends in the foreseeable future as its focus will primarily be on using available funds to expand its business and continue to develop its technology.	Section 6.15																																																																																										
What will the Company's capital structure be on Admission?	The capital structure of the Company following Admission is summarised in the table below: <table><thead><tr><th>Securities</th><th>Number</th></tr></thead><tbody><tr><td colspan="2">Shares</td></tr><tr><td>Shares on issue as at the Prospectus Date</td><td>20,114,995</td></tr><tr><td>Shares to be issued under the Offer</td><td>5,000,000</td></tr><tr><td>Total Shares on issue at Listing</td><td>25,114,995</td></tr><tr><td colspan="2">Options</td></tr><tr><td>Options on issue as at the Prospectus Date</td><td>1,531,787</td></tr><tr><td>Options to be issued prior to Listing</td><td>50,000</td></tr><tr><td>Total Options on issue at Listing</td><td>1,581,787</td></tr></tbody></table>	Securities	Number	Shares		Shares on issue as at the Prospectus Date	20,114,995	Shares to be issued under the Offer	5,000,000	Total Shares on issue at Listing	25,114,995	Options		Options on issue as at the Prospectus Date	1,531,787	Options to be issued prior to Listing	50,000	Total Options on issue at Listing	1,581,787	Section 10.4																																																																								
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1. Investment Overview continued

1.5 KEY RISKS

The Company is subject to a number of risks, both specific to the Company's business activities and of a general nature, which may either individually or in combination adversely impact the Company's future operating and financial performance, investment returns and the value of the Company's Shares. The occurrence or consequences of some of the risks described here are partially or completely outside of the Company's control, or the control of the Company's current and proposed Directors and management.

There are also risks that are common to all investments in equity securities and which are not specific to an investment in the Company – for example, risks associated with other external events which are not related directly to the Company.

The following table is a select summary of certain key risks that Acusensus is exposed to. Further details about the risks specific to an investment in the Company are set out in Section 4. You should read this Prospectus in its entirety and seek advice from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to apply for Shares.

Topic	Summary	For more information
Reliance on key contracts and risk of not securing new contracts	Acusensus currently has two long-term customer contracts with Transport for NSW and one long-term customer contract with the Department of Transport and Main Roads in Queensland. These contracts represented approximately 96% of the Company's revenue in FY22 and are expected to represent approximately 95% in FY23. These contracts can be terminated for convenience on short notice by the government counterparties. If any of these long-term contracts were to not be renewed or terminated early for any reason, this would have a material adverse effect on the Company's ability to generate revenue and therefore on the Company's performance and cash flows.	Section 4.1.1
Government policy, legislation and public sentiment	Changes in government policies, laws and public sentiment may impact Acusensus and its operations and the multi-year contracts that Acusensus has with government entities may be terminated by the government counterparty for convenience and on short notice. Any decisions by governments not to pursue policies in the areas that Acusensus' technology address would have a material adverse effect on the Company's business, financial position and performance.	Section 4.1.2
Contract tendering	Acusensus' customers are largely government entities that generally require a competitive tender process to be undertaken before awarding a contract. There is no guarantee that Acusensus will be awarded any, some portion of or all of the proposed contracts under these tender processes.	Section 4.1.3
Reliance on/loss of key persons	There is no guarantee that the Company will be able to recruit and retain suitable staff to carry out its business operations, including the Company's Chief Executive Officer Alexander Jannink. Loss of Mr Jannink or other members of the management team who hold significant knowledge of the business and its products, or the inability of the Company to recruit new personnel with the required technical skills, may disrupt operations, adversely affect the Company's ability to implement its growth strategies and may negatively affect the Company's future financial performance.	Section 4.1.4

Topic	Summary	For more information
Reliance on IT suppliers	Acusensus' platform, which incorporates its website, databases and systems, are critically important to Acusensus' ability to attract and retain customers. Acusensus is reliant on third-party providers to maintain its network infrastructure and software, including AWS to host its platform. Any significant or prolonged disruption of the hosting services or platform inaccessibility may cause irreparable harm to Acusensus' reputation and relationships with customers and may have a material adverse effect on Acusensus' business and financial performance.	Section 4.1.5
Protection and potential infringement of intellectual property and potential dispute with competitor	The Company is dependent on its ability to effectively identify, protect, defend and, in certain circumstances, keep secret its intellectual property, including business processes and know-how, copyrights, patents, trade secrets and trade marks. There is a risk that the Company's intellectual property may be copied or stolen and that the Company may be unable to detect and prevent the unauthorised use of its intellectual property rights in all instances. There is also a risk that the Company may unknowingly infringe the intellectual property rights of third parties. In the future, the Company may be subject to intellectual property or other claims, which are costly to defend, could result in significant damage awards, and could limit its ability to use certain technologies in the future. In December 2020, a competitor alleged that the Company and/or Alexander Jannink may have infringed copyright in certain code of that competitor and may have breached confidence and contract. After correspondence between lawyers for both parties, the Company received no further communications. The Board is of the firm view that the allegations are without merit. Notwithstanding this, if such allegations were successfully pursued by the competitor, this could result in the Company having to pay compensation or impact on the Company's use of key intellectual property which may have a material adverse effect on the Company's reputation, financial performance and ability to operate.	Section 4.1.6 and 4.1.7
Technological and product development	An important element of the Company's business strategy is to continue to make investments in innovation and related product opportunities, and the Company is currently investing into new R&D initiatives and new technologies that are still at an early stage of development and validation. The Company may not, however, receive any revenues from these investments for several years, or may not realise such benefits at all, as new product development efforts may be unsuccessful or the cost of developing those products greater than anticipated. In addition, new products brought to market may not be well received by the Company's existing customers or adopted by new customers.	Section 4.1.8
Cybersecurity and privacy risks	The technological infrastructure that Acusensus has in place may be subjected to external cyberattacks or security breaches, which could cause the company to lose control of its core systems or lose data, which could include personal information in some cases, despite the privacy controls that the Company has in place. If an attack or breach of this kind does occur, this could result in a breach of law by the Company or the breach of a customer agreement, which may have a material adverse effect on Acusensus' business and its reputation.	Section 4.1.9

1. Investment Overview continued

Topic	Summary	For more information
Competition	The Company faces the risk that the level of competition could increase, and existing and potential competitors may have significantly more resources to develop new products or improve existing products to compete with the Company's products. The Company may fail to anticipate and respond to changing opportunities, technology or customer requirements as quickly as competitors, and competitors may enhance their product offering to improve their competitive positioning relative to the Company.	Section 4.1.10
Expanding international operations	The Company is seeking to expand its operations internationally including into the UK, Europe and North America. Such international operations may not be profitable or succeed due to added difficulties in managing foreign operations, including building reliable relationships with local partners and complying with local laws, regulations and customs.	Section 4.1.13
Adverse weather events and natural disasters	Adverse weather conditions particularly over prolonged periods of time and natural disasters may affect the Company's activities. Under the terms of certain multi-year contracts that Acusensus has entered into, if there is a prolonged adverse weather event, the government counterparty may have the right to suspend the provision of the relevant services by the Company for the period of time while the event is subsisting. If such action were taken, this could impact the Company's operations.	Section 4.1.16
Other key risks	The above risks are a summary of some of the key risks associated with an investment in Acusensus. They are not an exhaustive list of all the key risks that may affect Acusensus or that may be associated with an investment in the Shares. A number of other key risks are included in Section 4, including additional Acusensus-specific risks and general risks associated with investing in the Shares. Investors should review all of these carefully before making an investment decision.	Section 4

1.6 BOARD AND SENIOR MANAGEMENT

Topic	Summary	For more information
Who are the Directors of Acusensus?	The Directors of the Company at listing will be: • Ravin Mirchandani – Not independent, Non-Executive Chairman; • Alexander Jannink – Managing Director and Chief Executive Officer; • Thomas (Tom) Patterson – Not independent, Non-Executive Director; and • Susan (Sue) Klose – Independent Non-Executive Director.	Section 5.1

Topic	Summary	For more information
Who are the senior managers of Acusensus?	The senior managers of the Company are: • Alexander Jannink – Managing Director and Chief Executive Officer; • Mark Lawrence – Chief Financial Officer; • Olivia Byron – General Counsel and Company Secretary; • Christopher Kells – Chief Technology Officer; • Andrew Matthews – Head of Operations; and • Shaun Miller – Head of Customer Engagement.	Section 5.3

1.7 SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS

Topic	Summary						For more information
Will any related party have a significant interest in the Company or the Offer?		Shares at the Prospectus Date	Options held at the Prospectus Date	Shares at Listing	Options held at Listing	Percentage at Listing (undiluted)	Percentage at Listing (fully diluted)
	Associated entity of Alexander Jannink	3,350,000	102,132	3,350,000	102,132	13.34%	12.93%
	Ador Powertron	4,112,727	-/-	4,112,727	-/-	16.38%	15.41%
	Ravin Mirchandani ¹	88,752	150,000	88,752	150,000	0.35%	0.89%
	Associated entity of Tom Patterson	44,812	200,000	44,812	200,000	0.18%	0.92%
	Sue Klose	-/-	-/-	-/-	50,000	0.00%	0.19%
	Note: 1. Ravin Mirchandani is the Chairman, a director and a shareholder in Ador Powertron. The table above does not include any investment by Directors in the Offer. As at the date of this Prospectus, certain existing shareholders and employees have indicated, but not committed to, an interest in participating in the Priority Offer. A subsidiary of the Company entered into a Distribution Agreement with Ador Powertron Limited in relation to distribution, marketing and supply of Acusensus International’s traffic enforcement solutions in India. Ravin Mirchandani, Chairman and Non-Executive Director of the Company, is the chairman and a director of Ador Powertron. Although Ador Powertron is not a ‘related party’ for the purposes of the Corporations Act, it will be a substantial holder of the Company under Listing Rule 10.1.3.						
Section 5.7, 5.8 and 9.7							

1. Investment Overview continued

Topic	Summary	For more information
Who are the Existing Holders and what will their interests be following completion of the Offer?	The table below sets out the interests of the Existing Holders as at the date of this Prospectus and immediately following the Offer. The table does not reflect any Shares which the Existing Holders may subscribe for under the Offer.	Section 10.7

Topic	Summary	For more information
What are the Company's material contracts?	The key contracts which the Company relies on for its business operations are: • Agreements with Transport for NSW being the: – MPDC Contract – mobile phone detection; and – MSC Contract with its associated MSC Subcontract – speed detection, • Queensland Standing Offer Arrangement – Mobile Phone and Seatbelt Safety Technology; • Mobile Device Detection Cameras Agreement with the Australian Capital Territory; • The Amazon Web Services Agreement contract; • Distribution Agreement with Ador Powerton; • EBO Design, Manufacturing and Supply Agreement; and • US Supply Agreement – Westat. The Company is also in advanced negotiations with certain potential customers with respect to new contracts.	Section 9

1.8 OVERVIEW OF THE OFFER

Topic	Summary	For more information
Who is the issuer of this Prospectus?	Acusensus Limited ACN 625 231 941 (Company).	Section 8.1
What is the Offer?	The Company is offering for subscription 5,000,000 New Shares under the Offer to raise \$20.0 million at an issue price of \$4.00 per New Share. All Shares available under the Offer are fully paid ordinary shares and will rank equally with the Shares on issue as at the date of this Prospectus.	Section 8.1
What is the Offer Price?	The Offer Price is A\$4.00 per Share.	Section 8.4

1. Investment Overview

Topic	Summary	For more information
What is the structure of the offer?	The Offers comprise: - the Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia, Cayman Islands, New Zealand, Hong Kong, Singapore and the United Kingdom; - the Broker Firm Offer, which is open to Australian resident retail investors and sophisticated investors who have received a firm allocation from their broker; and - the Priority Offer, which is open to persons in Australia who have received an invitation from the Company. No general public offer of Shares will be made under the Offer.	Section 8.1
Why is the Offer being conducted?	The Offer is being conducted to: - Fund continued product research and development; - Accelerate the growth of operations for the Company; - Provide sufficient working capital to fund expansion of operations into overseas jurisdictions; - Provide funding to acquire key components, trailers and operations resources; and - Provide working capital.	Section 8.3

Topic	Summary						For more information	
What is the proposed use of the funds raised under the Offer?	Sources		A\$m	%	Uses	A\$m	%	Section 8.3
	Cash Proceeds received by the Company for the issue of Shares under the Offer		\$20.0	100.0%	Research and development to enhance existing products and services	\$3.5	17.5%	
					Fund international expansion into North America	\$3.0	15.0%	
					Fund international expansion into Europe	\$2.5	12.5%	
					Fund international expansion into other markets	\$1.5	7.5%	
					Capital Expenditure	\$4.0	20.0%	
					Working Capital	\$3.6	18.0%	
					Costs of the Offer	\$1.9	9.5%	
	Total Offer Proceeds		\$20.0	100.0%	Total Offer Proceeds	\$20.0	100.0%	
	The above table is a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of sales performance, operational and development activities, regulatory developments, and market and general economic conditions. In light of this, the Board reserves its right to alter the way the funds are applied.							
Is the Offer underwritten?	The Offer is fully underwritten by the Lead Manager. A summary of the Underwriting Agreement, including the events which would entitle the Lead Manager to terminate the Underwriting Agreement is included at Section 9.10.						Section 8.4 and 9.10	
Who is the Lead Manager?	Bell Potter Securities Limited ACN 006 390 772, AFSL 243480.						Section 9.10	

1. Investment Overview continued

Topic	Summary	For more information
Will the Shares be quoted on ASX?	The Company will apply to ASX within seven days of the Prospectus Date for admission to the Official List of, and quotation of its Shares by, ASX under the code 'ACE'. Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such application (or any longer period permitted by law), the Offer will be withdrawn, and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	Section 8.4
What is the allocation policy?	The allocation of Shares between the Institutional Offer, Broker Firm Offer, and Priority Offer will be determined by the Lead Manager with the agreement of the Company. • The allocation of Shares among Applicants in the Institutional Offer will be determined by agreement between the Lead Manager and the Company. The Lead Manager and the Company have absolute discretion regarding the basis of allocation of Shares among Institutional Investors. • The allocation of Shares to Brokers under the Broker Firm Offer will be determined by agreement between the Lead Manager and the Company. It is a matter for Brokers as to how they allocate Shares among their retail clients. There is no assurance that any person will be allocated any Shares or the number of Shares for which they apply. • Allocations under the Priority Offer will be at the absolute discretion of the Company.	Sections 8.5, 8.6 and 8.7
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.	Section 8.4
What are the tax implications of investing in the Shares?	The taxation consequences of any investment in the Shares will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company. A general overview of the Australian taxation implications of investing in the Company is set out in Section 10.10 and is based on current tax law and ATO tax rulings. The information in Section 10.10 is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances.	Section 8.12
How can I apply?	• Broker Firm Applicants should refer to Section 8.5 for details on how to apply. • Priority Offer Applicants should refer to Section 8.7 for details on how to apply. • Institutional Offer Applicants were contacted by the Lead Manager in relation to applying under the Institutional Offer.	Sections 8.5, 8.6 and 8.7

Topic	Summary	For more information
What is the minimum and maximum Application size under the Offer?	The minimum Application size under the Broker Firm Offer, Institutional Offer and Priority Offer is A\$2,500 worth of Shares (625 Shares). There is no maximum value of Shares that may be applied for under the Offer. The Company and the Lead Manager reserve the right to reject any Application or to allocate a lesser number of Shares than that applied for.	Section 8.4
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be mailed to successful Applicants by standard post on or about Monday, 9 January 2023. Refunds (without interest) to Applicants who make an Application and receive an allocation of Shares, the value of which is smaller than the amount of the Application Monies received from them, will be made as soon as practicable after Completion of the Offer.	Section 8.4
Is there a cooling-off period?	Cooling off rights do not apply to an investment in Shares pursuant to the Offer. This means that, in most circumstances you cannot withdraw your Application once it has been accepted.	Important Notices
When are the Shares expected to commence trading?	It is expected that trading of the Shares on the ASX will commence on or about Thursday, 12 January 2023.	Important Dates
Can the Offer be withdrawn?	The Company may withdraw the Offer at any time before settlement of the issue of Shares to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest). The Company and the Lead Manager also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid for.	Section 8.8
How can I obtain further information?	If you have queries about investing under the Offer, you should contact your stockbroker, financial adviser, accountant or other professional adviser. If you have queries about how to apply under the Offer or would like additional copies of this Prospectus, please call the Acusensus Offer Information Line on 1800 425 578 (within Australia) or (+61) 1800 425 578 (outside Australia) between 8.30am and 5.30pm AEDT.	Section 8.14



2.

Industry Report

2. Industry Report

F R O S T & S U L L I V A N

Market Report

Market Report

The Global Market for Traffic Enforcement Solutions

Executive Summary

Traffic Enforcement Solutions Market Drivers

Potential to reduce fatalities and injuries

- 1.3 million deaths from road traffic crashes across the globe each year; between 20 and 50 million more people suffer non-fatal injuries
- Road traffic injury - the leading cause of death for people aged between 5 and 29 years globally
- Road traffic crashes to cause an additional 13 million deaths and 500 million injuries over 2021-2030 globally
- Road traffic crashes also cost most countries 3% of their gross domestic product GDP
- Every 1% increase in mean speed is a 4% increase in fatal crash risk and a 3% increase in serious crash risk
- Death risk for pedestrians hit by car fronts rises rapidly with speeding (4.5 times from 50 km/h to 65 km/h)
- In car-to-car side impacts, death risk for car occupants is 85% at 65 km/h
- Wearing a seatbelt reduces death risk among drivers and front seat occupants by 45 - 50%, and death risk and serious injuries among rear seat occupants by 25%
- Drivers using mobile phones four times more likely to be involved in a crash

Potential to reduce traffic delays and congestion

- Traffic incidents (vehicular crashes, breakdowns, and debris on the road) account for 25% of all causes of congestion and 45% of non-recurring congestion in urban areas in the U.S.
- Impacts include wasted fuel, higher vehicle emissions, productivity losses, poorer liveability outcomes, and pressure on urban infrastructure

Increased mobile phone use while driving

- 354,415 passenger vehicle drivers in the U.S. holding mobile phones to their ears while driving in a typical daylight moment
- Self-declared prevalence of mobile phone use while driving a car in Europe - 47.7% for hands-free devices, 28.6% for talking on hand-held mobile phones, 24.2% for text reading/checking social media

Introduction of legislation and enforcement programs

- UN 'Decade of Action' target to prevent at least 50% of road traffic deaths and injuries by 2030
- Australia's National Road Safety Strategy 2021-2030 target to reduce annual fatalities by at least 50% and serious injuries by at least 30% by 2030

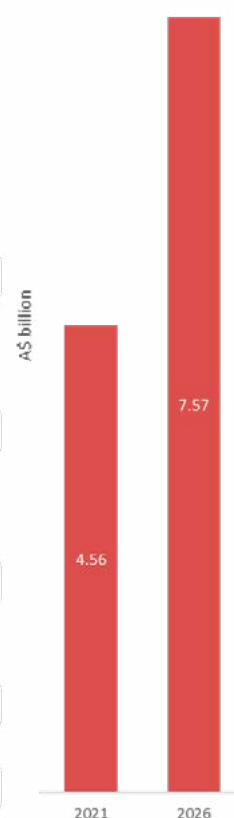
Advances in technology to improve accuracy and reliability

- Artificial intelligence (AI), cloud computing, big data, the Internet of Things (IoT), etc.

ITS focus and funding as part of smart city and safe city projects

- Global smart city solutions market to grow from A\$2.26 trillion in 2021 to A\$3.57 trillion in 2025

Global Traffic Enforcement Solutions Market



The Global Addressable Market Opportunity for Mobile Phone Enforcement Solutions

A\$1.765 billion a year

Source: Various; as cited in the report

2. Industry Report continued

FROST & SULLIVAN

Market Report

This report describes the global traffic enforcement solutions market and has been commissioned from Frost & Sullivan by **Acusensus Limited** (or the Company) to support its initial public offering (IPO) process.

1. Introduction and Background

Acusensus offers intelligent transport systems (ITS)¹ technology to deliver road safety compliance outcomes by detecting and capturing prosecutable evidence of drivers illegally using mobile phones, as well as by detecting speeding, seatbelt non-compliance, and license-plate based detection and enforcement.

Available either as fixed or trailer-based systems, the main value propositions of this technology include the ability to capture images 24/7 in any weather conditions (including sun glare), by consistently penetrating through a windshield.

The solution uses radar to detect vehicles and high-resolution shutter images with extremely fast exposure times to eliminate blur in moving vehicles.

2. Market Definition and Methodology

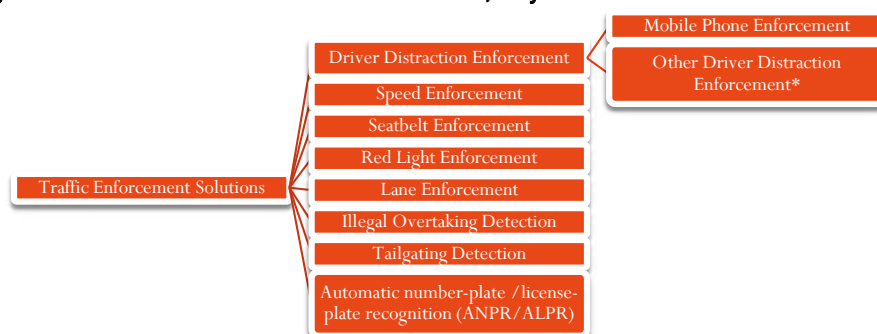
Definitions

Key definitions used in this report include the following:

Traffic enforcement solutions: Acusensus' total available market is the global traffic enforcement solutions market (main current use cases as shown below).

Of this total market, driver distraction enforcement is the immediate addressable opportunity globally, and within Australia almost all use cases are targeted (except red light enforcement and automatic number-plate/license-plate recognition (ANPR/ALPR) when used in applications outside law enforcement i.e., parking, tolls, access control, etc.).

Figure 1: Traffic Enforcement Solutions Market, Key Use Cases



Source: Frost & Sullivan

*Other driver distraction refers to that from drivers adjusting radio/CD, temperature control, mirrors, talking to passengers, eating/drinking while driving, personal grooming while driving, smoking, handling or reaching for other objects in the vehicle

¹ ITS refers to an application, platform, or service that uses advanced sensing, data processing, analytics, or geospatial capabilities to improve the safety, efficiency, reliability, and continuity of mobility.

Driver distraction: Distraction is the diversion of attention away from activities critical for safe driving towards a competing activity.²

Figure 2: Types of Driver Distraction

Visual
• Eyes off the road whilst engaging in a non-driving task
Cognitive
• Attention not on the road as a result of conversing on the phone
Physical
• Using hand(s) to hold or operate a mobile phone
Auditory
• Distracted by mobile phone ring or volume when in use

Source: *Mobile phone use: a growing problem of driver distraction, WHO 2011*

Figure 3: Sources of Driver Distraction

Internal	External
• Mobile phone • Radio/ CD • Temperature control • Mirrors • Talking to passengers • Eating/drinking while driving • Personal grooming while driving • Smoking • Handling or reaching for other objects brought into the vehicle	• Distraction from pedestrians, other motorists, buildings, advertising billboards, events outside the vehicle such as accidents, animals, etc

Source: *Mobile phone use: a growing problem of driver distraction, WHO 2011*

Driver distraction has only recently become an area of focus for road safety agencies and law enforcement agencies, and its prevalence may be significantly under-reported as a contributing crash factor (especially since it is difficult for on-scene law enforcement officers to verify whether the driver was distracted at the time of the crash and drivers may be unwilling to disclose the fact post the incident).

Speeding: While increases in speed are often required in the course of using motor vehicles on the road, and are not always illegal, speeding refers to exceeding the speed limit or driving at the speed limit but too fast for road conditions.³ It can result in loss of control over the vehicle, as well as an increase in likelihood of a crash and the severity of injuries sustained.⁴ Whilst driver education (through advertising campaigns) and lowering speed limits in areas with high levels of pedestrian and cycling activity or on high-risk roads has

² Mobile phone use: a growing problem of driver distraction, WHO 2011

³ Implement a Comprehensive Strategy to Eliminate Speeding-Related Crashes, NTSB, 25 March 2022

⁴ Ibid

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been a common approach to address the problem of speeding, speed enforcement programmes, especially through increased use of mobile and fixed cameras have increasingly become a critical component of any national or regional strategy to curb speeding (with license demerit point penalties and fines applied for infringement).

Seatbelt use: Seatbelt use has been made compulsory in most developed countries for all vehicle occupants (with license demerit point penalties and fines applied for infringement). However, levels of compliance are variable despite the acknowledged fact that unrestrained vehicle occupants are more likely to be killed if involved in a crash. At present, in most instances, infringement is observed only in stopped vehicles at intersections or stoplights.

Methodology

In writing this report, Frost & Sullivan has used existing published data sources from government statistics, journals, articles, analyst reports and company reports and presentations, which are considered reliable. Currency used in the report is Australian dollars (\$) unless stated otherwise. Exchange rate used is US\$1 = \$1.45.⁵

3. Traffic Enforcement Solutions Market Drivers

The key trends supporting growth in the traffic enforcement solutions market are described in more detail below.

The potential to reduce fatalities and injuries

Road traffic crashes are the seventh leading cause of death amongst low-income countries globally, the tenth leading cause of death amongst lower-middle-income countries, and the tenth leading cause of death amongst upper-middle-income countries globally.⁶ Each year, they account for 1.3 million deaths globally (with between 20 and 50 million more people suffering non-fatal injuries) and road traffic injury is the leading cause of death for people aged between 5 and 29 years.⁷ Moving forward, road traffic crashes are estimated to cause an additional 13 million deaths and 500 million injuries during the next decade (2021-2030).⁸

Road traffic crashes also cost most countries 3% of their gross domestic product (GDP).⁹

The need to reduce this significant burden of road traffic deaths is the single biggest driver of demand for traffic infringement expenditure and demand for specific solutions to the problem.

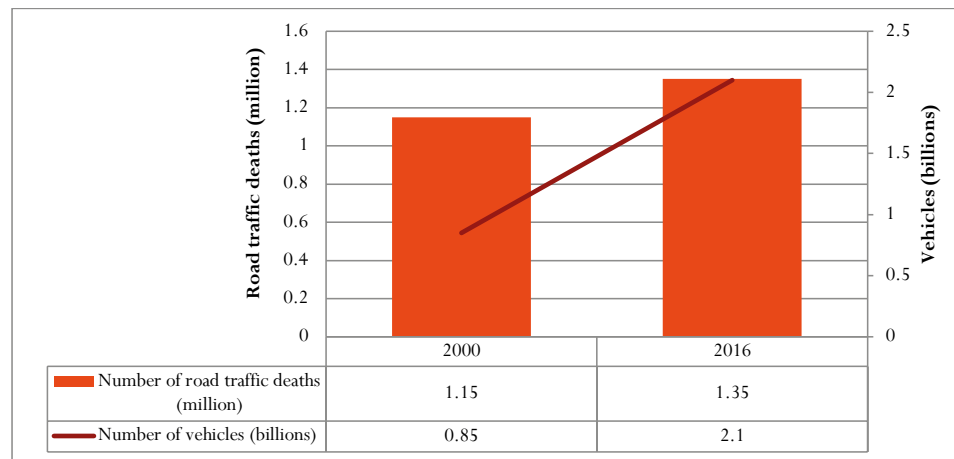
⁵ <https://www.xe.com/>, accessed 29 Aug 2022

⁶ World Health Organization (WHO) Global Health Estimates, 9 December 2020

⁷ Road traffic injuries, Factsheet, WHO, 20 June 2022

⁸ Decade of Action for Road Safety 2021-2030, WHO

⁹ Ibid

Figure 4: Number of Road Traffic Deaths and Number of Vehicles, World, 2000 and 2016

Source: *Global status report on road safety 2018*, World Health Organization (WHO)

- Every 1% increase in mean speed results in a 4% increase in the fatal crash risk and a 3% increase in the serious crash risk.
- The death risk for pedestrians hit by car fronts rises rapidly with speeding (4.5 times from 50 km/h to 65 km/h).
- In car-to-car side impacts, the fatality risk for car occupants is 85% at 65 km/h.
- Wearing a seatbelt reduces the risk of death among drivers and front seat occupants by 45 - 50%, and the risk of death and serious injuries among rear seat occupants by 25%.
- Drivers using mobile phones are approximately four times more likely to be involved in a crash than drivers not using a mobile phone.¹⁰

Implementing a comprehensive strategy to eliminate speeding-related crashes and eliminating distracted driving were listed on the 2021-2022 'Most Wanted List' of Transportation Safety Improvements from the U.S. National Transportation Safety Board (NTSB).¹¹

In 2020 in the U.S.,

- 51% of passenger vehicle occupant fatalities were unrestrained;
- 29% of total traffic fatalities were speeding-related;
- 13% of total people injured were in speeding-related crashes; and
- In fatal crashes, 53% of speeding drivers of passenger vehicles were unrestrained at the time of crashes, compared to 24% of non-speeding passenger vehicle drivers.¹²

¹⁰ Road traffic injuries, Factsheet, WHO, 20 June 2022

¹¹ 2021–2022 NTSB Most Wanted List (MWL), NTSB, 6 April 2021

¹² Speeding, Traffic Safety Facts 2020, U.S. NHTSA, June 2022

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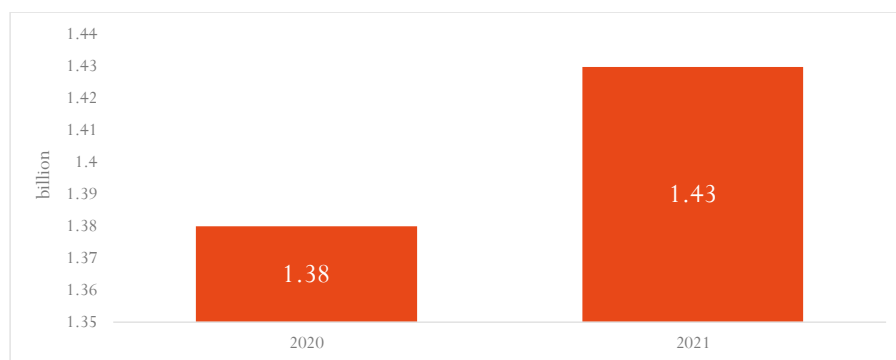
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In addition, in 2020 in the U.S.,

- 8% of fatal crashes, 14% percent of injury crashes, and 13% of all police-reported motor vehicle traffic crashes were reported as distraction-affected crashes; and
- 12% of all distraction-affected fatal crashes were related to mobile phone use.¹³

Apart from driver behaviour, the number of traffic incidents is impacted by the number of vehicles in operation and commute time (which is influenced by road network length). It is estimated that the world will need to add nearly 25 million paved road lane-kilometres (km) by 2050 to support the doubling of global passenger and freight travel between 2010 and 2050.¹⁴ Increased vehicles in operation and road network length will increase the need for more comprehensive coverage with robust safety programs to prevent road fatalities and injuries.

Figure 5: Vehicles in Operation, World, 2020 and 2021



Source: Global Automotive Aftermarket Outlook 2022, Frost & Sullivan, Jun 2022

The potential to reduce traffic delays and congestion

Traffic incidents (such as vehicular crashes, breakdowns, and debris on the road) account for 25% of all causes of congestion in urban areas in the U.S. and 45% of the non-recurring congestion¹⁵ in urban areas in the U.S.¹⁶ Overall, in 2021, congestion resulted in 148 hours lost for the average driver in London and 102 hours for the average driver in New York.¹⁷ This has significant implications in terms of wasted fuel, vehicle emissions, productivity losses, liveability outcomes, and pressure on urban infrastructure. For example, in London, of the 14.8 megatonnes of CO₂ emitted by vehicles in 2021, 2.2 megatonnes (15%) was on account of inefficient traffic and congestion.¹⁸

¹³ Distracted Driving, Traffic Safety Facts 2020, NHTSA, May 2022

¹⁴ Global Land Transport Infrastructure Requirements, The International Energy Agency (IEA), 2013

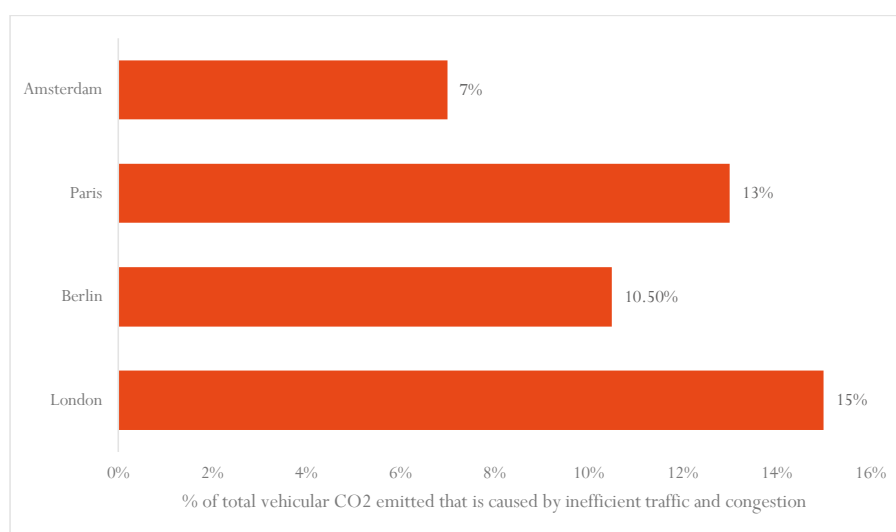
¹⁵ Non-recurring congestion includes causes that are not typical, such as traffic incidents, bad weather, special events, work zones, etc.

¹⁶ Federal Highway Administration (FHWA) estimates, quoted in Congestion Pie Chart for Different Sources of Congestion, Support for Urban Mobility Analysis (SUMA), Aug 2021

¹⁷ 2021 Global Traffic Scorecard, INRIX, Inc.

¹⁸ TomTom Traffic Index, Feb 2022, <https://www.tomtom.com/blog/traffic-and-travel-information/the-true-environmental-cost-of-inner-city-congestion/>, accessed 05 Sep 2022

Figure 6; Proportion of Total Vehicular CO2 Emitted that is Caused by Inefficient Traffic and Congestion, 2021



Source: TomTom Traffic Index, Feb 2022 <https://www.tomtom.com/blog/traffic-and-travel-information/the-true-environmental-cost-of-inner-city-congestion/>, accessed 05 Sep 2022

As a result, solutions that identify unlawful activities to drive behavioural change and help reduce traffic accidents are being explored as part of the strategy to help address the problem of congestion (to improve environmental-social-and-governance (ESG) outcomes, as well as reduce costs).

Increased mobile phone use while driving

The number of mobile subscribers is forecast to rise from around 5.3 billion in 2021 (67% of the population) to 5.5 billion in 2025 (70% of the population).¹⁹ By 2025, there will be 5.0 billion (60% of the population) mobile internet subscribers which will support increased use of mobile devices.²⁰ Continued investment in mobile connectivity infrastructure by operators is expected to support wider coverage and faster connectivity, and hence underpin mobile phone use on-the-go. By 2025, 5G²¹ is expected to account for 25% of all mobile connections.²²

¹⁹ The Mobile Economy 2022, GSMA

²⁰ Ibid

²¹ Fifth generation technology standard for mobile phone networks

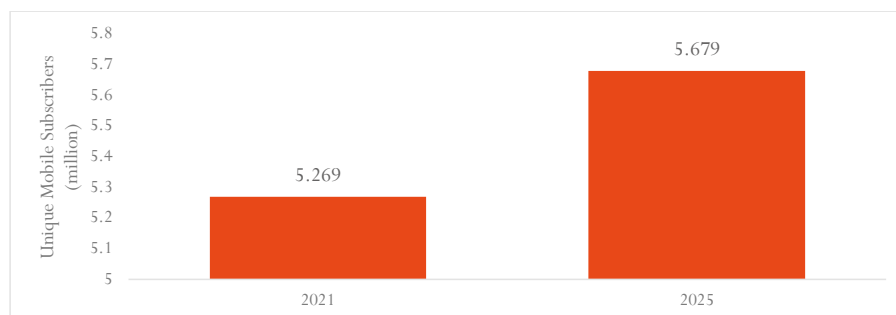
²² The Mobile Economy 2022, GSMA

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Figure 7: Unique Mobile Subscribers, World, 2021 and 2025



Source: *The Mobile Economy 2022, GSMA*

Aside from mobile phone uptake penetration, time spent on mobile phones is another influencing factor. A global study in 2022 found that the average hours spent on mobile per day per user rose 30% from 2019 to reach 4 hours 48 minutes in 2021.²³

- Phone use while driving increases the likelihood of a crash by a factor of four.²⁴
- Texting while driving increases the likelihood of a crash by around 23 times.²⁵
- In-vehicle phone conversations impair drivers more than listening to radio or talking to passengers.²⁶

Mobile phone use whilst driving can not only result in hands-off-wheel/eyes-off-road scenarios, but more importantly can result in cognitive distraction which can compromise reaction times (both in terms of braking and in terms of response to traffic signals), reduce following distance and hinder the ability to stay in the correct lane. Whilst authorities continue to educate the public through awareness campaigns, the more direct approach to minimising this risk is through legislated tracking of mobile phone use while driving and enforcing appropriate penalties and fines.

Across different countries, a high proportion of drivers report using a mobile phone at least sometimes while driving. For example,

- In 2020, 354,415 passenger vehicle drivers in the U.S. were estimated to be holding mobile phones to their ears while driving in a typical daylight moment.²⁷
- In Europe, self-declared prevalence of mobile phone use while driving a car was 47.7% for the use of hands-free devices, 28.6% for talking on a hand-held mobile phone, and 24.2% for text reading/checking social media.²⁸

²³ State of Mobile 2022, data.ai

²⁴ Farmer CM, Braitman KA, Lund AK. Cell phone use while driving and attributable crash risk. *Traffic Injury Prevention*. Oct 2010

²⁵ Ibid

²⁶ Née M, Contrand B, Orriols L, Gil-Jardiné C, Galéra C, Lagarde E. Road safety and distraction, results from a responsibility case-control study among a sample of road users interviewed at the emergency room. *Accid Anal Prev*. Oct 2018

²⁷ Driver Electronic Device Use in 2020, *Traffic Safety Facts 2020*, NHTSA, November 2021

²⁸ ESRAproject (E-Survey of Road users' Attitudes) (Pires et al., 2019), quoted in European Road Safety Observatory, *Road Safety Thematic Report – Driver distraction*, March 2022

- During the pilot of the Mobile Phone Detection Camera Program in the state of New South Wales (NSW) in Australia (Jan to Jun 2019), over 100,000 drivers were found to be using a mobile phone illegally.²⁹
- In 2018, a survey of drivers in Western Australia showed that 81% reported using their mobile phone while in control of a vehicle at least some of the time.³⁰

Introduction of legislation and enforcement programs

In October 2021, the United Nations (UN) launched the 'Decade of Action', with the target of preventing at least 50% of road traffic deaths and injuries by 2030.³¹

Globally, various jurisdictions have taken proactive steps to develop roadmaps and implement legislation that can support traffic enforcement. Infringement can result in loss of license, demerit points on the license, impounding of the vehicle, and/or fines (with many jurisdictions increasing the penalties for novice/young drivers).

For example, in the U.S., the Bipartisan Infrastructure Law (BIL) (also known as the Infrastructure Investment and Jobs Act) of November 2021 established the new 'Safe Streets and Roads for All' (SS4A) program with \$7.25 billion (US\$5 billion) in funds over the next five years. This funding includes grants for a range of safety initiatives, including strategic use of speed safety cameras, promoting the adoption of innovative technologies or strategies to promote safety, and deploying advanced transportation technologies, such as the installation of connected intersection-based safety solutions and vehicle-to-infrastructure (V2I) ³² advisory speed limit systems.³³

Similarly, Australia's National Road Safety Strategy 2021-2030 (released in December 2021) aims to reduce the annual number of fatalities by at least 50% and serious injuries by at least 30% by 2030.³⁴ To achieve this target, one area of focus is 'risky road use' (including speeding, illegal mobile phone use and not wearing a seatbelt).³⁵

Case Study: New South Wales (NSW), Australia³⁶

Mandate: The NSW Mobile Phone Detection Camera Program is one of several activities towards achieving the State Government's target of reducing road fatalities and serious injuries to zero by 2056.

Pilot: The pilot of the mobile phone detection cameras that ran from January to June 2019 found illegal mobile phone use among 100,000 drivers.

²⁹ Centre for Road Safety, Transport for NSW, <https://roadsafety.transport.nsw.gov.au/stayingsafe/mobilephones/technology.html>, accessed 19 Aug 2022

³⁰ Mobile phone distraction survey, RAC, 2019

³¹ WHO, <https://www.who.int/teams/social-determinants-of-health/safety-and-mobility/decade-of-action-for-road-safety-2021-2030>, accessed 02 Sep 2022

³² Exchange of data between the vehicle and road infrastructure such as lane markings, road signs, and traffic lights

³³ Safe Streets and Roads for All (SS4A) Grant Program, U.S. Department of Transportation, 2022,

<https://www.transportation.gov/grants/SS4A#:~:text=The%20SS4A%20program%20funds%20regional,injuries%20on%20our%20nation's%20roadways.>, accessed 08 Sep 2022

³⁴ National Road Safety Strategy 2021-2030, © Commonwealth of Australia, December 2021

³⁵ Ibid

³⁶ Centre for Road Safety, Transport for NSW,

<https://roadsafety.transport.nsw.gov.au/stayingsafe/mobilephones/technology.html>, accessed 29 Aug 2022

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Solution: Acusensus was selected by Transport for NSW to deliver, install and maintain the camera systems (cameras and infra-red flash, as well as AI software to automatically analyse captured images to detect potential offending drivers).

Estimated Program Impact: Monash University Accident Research Centre (MUARC) analysis suggests that the program can contribute to a reduction in road trauma of approximately 100 fatal and serious injury crashes over a five-year period.

Similarly, in Queensland, in the first two months of enforcement (Nov-Dec 2021), over 14,800 mobile phone offences and over 5,700 seat belt offences were detected.³⁷

Across Australia, fully licensed drivers are permitted to use a mobile phone while driving if it is secured in a cradle affixed to the vehicle, or it can be operated without touch (only to make or receive audio phone calls, use audio functions, and navigate). Email, texting, playing games, taking photos or video, or using any other functions are prohibited. These restrictions apply even when the vehicle is stopped but not parked (for example, at a traffic light). Fines may apply if the mobile phone is touching any part of the driver's body, or even on the lap. Learner (L) or first provisional license (P1) holders are not permitted to use mobile phones while driving at all in NSW, Queensland, South Australia, Tasmania and Victoria. Second provisional license (P2) holders can use mobile phones in accordance with the above restrictions in most states, except in NSW or Queensland.³⁸

Table 1: Mobile Phone Enforcement Penalties, Australia, 2022

State/Territory	Fine	Demerit Points
NSW	\$352 (\$469 in a school zone)	5 points
Victoria	\$545	4 points
Queensland	\$1033	4 points
Australian Capital Territory	\$487 - \$598	3 - 4 points
Tasmania	\$346	3 points
South Australia	\$554	3 points
Western Australia	\$500 - \$1,000	3 - 4 points
Northern Territory	\$500	3 points

Source: Australian laws for using your mobile phone while driving, Allianz, 09 June 2022, <https://www.allianz.com.au/news-and-articles/car-insurance-articles/using-mobile-phone-while-driving-laws.html>, accessed 08 Sep 2022

Beyond Australia, mobile phone enforcement bans or restrictions are in place across major markets, including those highlighted below:

³⁷ Queensland Road Safety Strategy 2022–2031

³⁸ Australian laws for using your mobile phone while driving, Allianz, 09 June 2022, <https://www.allianz.com.au/news-and-articles/car-insurance-articles/using-mobile-phone-while-driving-laws.html>, accessed 08 Sep 2022

Table 2: Mobile Phone Enforcement Bans or Restrictions, Examples in Other Major Markets

Country	Mobile Phone Enforcement Regulation
U.S.	• Hand-held mobile phone use ban: 24 states, D.C., Guam, Northern Mariana Islands, Puerto Rico and the U.S. Virgin Islands • All mobile phone use ban: 36 states and D.C. ban for novice or teen drivers; and 18 states and D.C. prohibit any mobile phone use for school bus drivers • Text messaging ban: 48 states, D.C., Puerto Rico, Guam and the U.S. Virgin Islands³⁹
UK	• Illegal for motorists in the UK to hold and use a phone, sat nav, tablet, or any device that can send or receive data, while driving (penalties and fines apply)⁴⁰
Canada	• All provinces and territories have legislation which bans or restricts using hand-held mobile phones or other similar devices while driving (penalties and fines apply)⁴¹

Sources: Various, as cited

Advances in technology to improve accuracy and reliability

Intelligent transport systems (ITS) facilitate a higher rate of detection of traffic violations than traffic systems that do not leverage digital tools. Enabled by advances in sensing, communication and computing technologies, ITS includes automatic enforcement systems such as solutions that identify speed limit violations, detect vehicles running a red light, vehicles violating lane requirements etc. Technologies that are disrupting this sector include artificial intelligence (AI), cloud computing, big data, the Internet of Things (IoT), etc. As a result, the global ITS market is expected to grow from \$39.9 billion (US\$27.5 billion) in 2020 to \$51.6 billion (US\$35.6 billion) in 2025.⁴² This growth is expected to support further research & development and partnerships within the wider ITS ecosystem that will help progress innovations in driver distraction enforcement solutions.

ITS focus and funding as part of smart city and safe city projects

Apart from domains such as healthcare, energy, buildings, security, governance, etc., mobility is a key pillar for building a smart city.⁴³ The global smart city solutions market is projected to grow from \$2.26 trillion (US\$1.56 trillion) in 2021 to \$3.57 trillion (US\$2.46 trillion) in 2025.⁴⁴ This trend toward smart city development is driven by rising urbanisation and increasing urban wealth. By 2030, the world is projected to have 43 megacities with more than 10 million inhabitants each.⁴⁵ It is also supported by increased collaboration across various government agencies, improved connectivity and the leverage of digital

³⁹ Distracted Driving - Cellphone Use, National Conference of State Legislatures, Jul 2021, <https://www.ncsl.org/research/transportation/cellular-phone-use-and-texting-while-driving-laws.aspx>, accessed 23 Sep 2022

⁴⁰ Using a phone, sat nav or other device when driving, Gov.uk, <https://www.gov.uk/using-mobile-phones-when-driving-the-law>, accessed 23 Sep 2022

⁴¹ Distracted Driving Laws in Canada, <https://www.caa.ca/driving-safely/distracted-driving/distracted-driving-laws-in-canada/>, accessed 23 Sep 2022

⁴² Intelligent Transportation System Growth Opportunities, Frost & Sullivan, Oct 2021

⁴³ Frost & Sullivan considers a city 'smart' when it has active and verifiable pursuits in at least 5 of the 8 following smart concepts, namely, smart governance and education, smart healthcare, smart buildings, smart mobility, smart infrastructure, smart technology, smart energy, and smart citizens.

⁴⁴ Transformational Trends Shaping Future Cities, Frost & Sullivan, Apr 2022

⁴⁵ Revision of World Urbanization Prospects, UN, 2018

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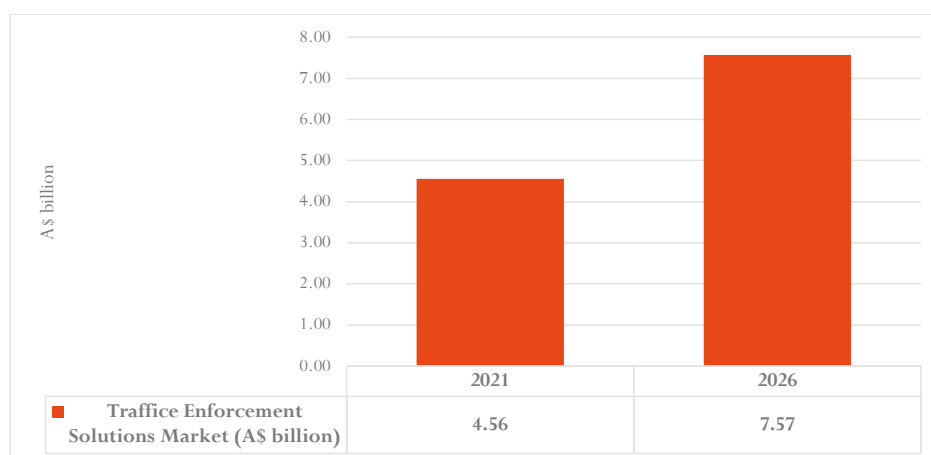
technologies. Despite initial roadblocks, the smart city mega trend is approaching a tipping point. Whereas the prior decade was characterised by several pilot projects and the dominance of a select group of innovator cities, the coming decade will see a widespread uptake of smart city solutions, especially in medium sized cities and cities in developing nations. Typically, cities with access to more financial resources—particularly a stronger tax and consumer base—will adopt smart city solutions more quickly than other cities. As technology is proven and becomes less expensive, it will then spread to less affluent cities. This will also be supported by the expansion of applications for smart infrastructure (for example, leveraging cameras not only for driver distraction, but also for other traffic offences, traffic congestion management, crime deterrence, etc.)

Whilst traffic enforcement in rural and remote regions is also likely to see increased focus from governments (on account of disproportionately high road fatality rates in rural and remote regions), the concentration of populations and wealth in the urban hubs (as well as the better connectivity and infrastructure available) is likely to see more driver distraction enforcement projects being approved in smart cities.

4. Total Traffic Enforcement Solutions Market

The total revenues generated in the global traffic enforcement solutions market (primarily speed enforcement, red light enforcement, lane enforcement, and ANPR/ALPR) is estimated at \$4.56 billion in 2021, growing at a compound annual growth rate (CAGR) of 10.7% to reach \$7.57 billion in 2026. This includes revenues from systems sales (where the vendor sells traffic enforcement systems to customers who manage and maintain them), as well as managed services (where the vendor retains ownership of the systems installed and manages and maintains them on behalf of the customer).

Figure 8: Traffic Enforcement Solutions, Actual Market Revenue, Global, 2021 and 2026



Source: Frost & Sullivan estimates

Refers to actual market revenues and not total addressable opportunity should 100% market penetration be achieved

Revenue stability for traffic enforcement solutions providers increases with an increase in the proportion of managed services delivered (as compared to system sale) as these drive annual recurring revenues (ARR).

Revenue growth can come from new contracts, expansion into new geographic markets, upselling to existing customers, as well as creation of new revenue streams in emerging use cases (for example, mobile phone enforcement, which is at a nascent stage of growth and is expected to grow the overall traffic enforcement solutions market considerably).

Potential customers include federal, state and local government departments, road safety authorities and law enforcement agencies.

5. Estimated Addressable Market Opportunity for Mobile Phone Enforcement Solutions

Considering that the NSW rollout represents the first major field use of the technology, mobile phone enforcement solutions is an emerging market without historical market revenue estimates. Therefore, the global addressable market opportunity (potential revenues should the solution be applied across the globe to cover all passenger and light commercial vehicles in operations) is estimated by extrapolating the NSW contract value.

The NSW contract with Acusensus is a full lease model for both fixed and transportable units, with the contract value covering lease of cameras, installation services, license fee, system maintenance fee, storage and maintenance of data, and cost of moving transportable units.

This estimation assumes conservatively that the 2+1-year contract serves a significant proportion of the total vehicles in operation in the state. Extrapolating NSW's light vehicles in operation to the global number of light vehicles in operation, the global addressable market opportunity is estimated at \$1.765 billion a year.

Table 3: Estimation of Global Total Addressable Market for Mobile Phone Enforcement Solutions

Variable	Actuals/Estimates
NSW Mobile Phone Detection Camera Enforcement Program - Contract Value	A\$21.8 million ⁴⁶
Contract Period	3 years (1-Dec-2019 to 29-Nov-2022)
Average Annual Contract Value	A\$7.27 million
Total number of registered motor vehicles in NSW in 2021	5.89 million ⁴⁷
Total number of vehicles in operation globally in 2021	1.43 billion ⁴⁸
Potential Annual Mobile Phone Detection Camera Enforcement Expenditure, Global	A\$1.765 billion

Sources: NSW Government, ABS, Frost & Sullivan Analysis

Refers to total addressable opportunity should 100% market penetration be achieved and not actual market revenues

⁴⁶ Mobile Phone Detection Camera Enforcement Program, Contract Award Notice Details, Jan 2020, <https://www.tenders.nsw.gov.au/rms/?event=public.cn.view&CNUIID=24D85F5D-053B-F088-4F9E3AE81D646E6B>, accessed 8 Sep 2020

⁴⁷ ABS Motor Vehicle Census, Australia, 2021

⁴⁸ Global Automotive Aftermarket Outlook 2022, Frost & Sullivan, Jun 2022

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This estimate focuses on mobile phone offences only and does not include:

- Other distracted driving offences, such as the enforcement of speeding, licence plate recognition, seatbelt enforcement, and tailgating recognition; and
- Other adjacent use cases that can be supported by Acusensus' technology, such as railway crossing monitoring, drugs or alcohol induced driver impairment recognition, and dangerous situation detection for first responders and road workers.

These could increase the total addressable opportunity even further.

This estimate is indicative only since the appetite for enforcement varies significantly across jurisdictions and as a result the policy, legislation and funding for such programs are not expected to be consistent across geographies.

Actual mobile phone use detection solutions market revenues are at this point limited to NSW, Queensland and pilots in some other jurisdictions. However, it is expected that market revenues will enjoy strong year-on-year growth as governments and enforcement authorities move from pilots to full scale rollouts. For example, the state government of Victoria (which commenced a mobile phone use detection trial in July 2020) has allocated over \$120 million to increase mobile camera enforcement by 75% over the coming years and investigate new road safety camera capabilities.⁴⁹

In terms of regions, apart from the early activity in Australia, the large developed economic regions are likely to be early adopters owing to the financial resources available and the technology infrastructure maturity in these regions. For example, by 2025, more than 50% of smart cities globally will be in North America and Europe.⁵⁰

Given that mobile phone use detection systems are still at the emerging phase of market growth, the trajectory of a related segment can prove indicative of the expected pace of growth:

- The global unit shipments for IP surveillance cameras (used for a range of applications apart from safety; for example, security and crime deterrence) more than doubled from 67.0 million units in 2017 to 151.1 million units in 2020 and is expected to double again to 315.7 million units in 2024.⁵¹

Significant investments are being made into the development of fully autonomous vehicles (also referred to as self-driving or driverless vehicles). This may impact the addressable opportunity for driver distraction solutions as fully autonomous driving eliminates human error (and consequently the need for driver distraction detection). This would be particularly relevant when automation levels⁵² of 3 to 5 are commercialised eventually i.e. true automated driving, as opposed to driver support features in levels 0 to 2. However, the

⁴⁹ Mobile phone camera trial starts, Department of Transport, Jul 2020, <https://transport.vic.gov.au/about/transport-news/news-archive/mobile-phone-camera-trial-starts>, accessed 11 Sep 2020

⁵⁰ Global Mega Trends to 2030, Frost & Sullivan, Sep 2019

⁵¹ Global IP Surveillance Cameras Market, Forecast to 2024, Frost & Sullivan, Apr 2019

⁵² SAE International, <https://www.sae.org/news/press-room/2018/12/sae-international-releases-updated-visual-chart-for-its-%E2%80%9Clevels-of-driving-automation%E2%80%9D-standard-for-self-driving-vehicles>, accessed 7 Oct 2020

scenario where most or all of vehicles in use are fully autonomous is unlikely before 2080.⁵³ This is owing to the following reasons:

- Autonomous vehicle reliability in all traffic (vehicles, pedestrians, cyclists, animals), road and weather conditions is still a major technical challenge for vehicle OEMs.
- The ability of autonomous vehicles to make the right decisions in different situations depends on the considerable scenario and training data required to enhance their self-learning capabilities, which will take a significant amount of time to collect and deploy.
- The process of testing and obtaining regulatory approval will be time-consuming on account of the risk of crashes/accidents. In addition, concerns around data privacy and cybersecurity breach risks are yet to be addressed.
- Initial commercially available autonomous vehicles are expected to be significantly more expensive than conventional vehicles; thus limiting uptake to those who can afford such purchases.
- Use of autonomous vehicles on a large scale will require higher infrastructure spend to design and maintain roads to acceptable standards.
- Resistance to travel in a self-driving vehicle amongst some proportion of drivers is likely to hamper widespread uptake.

As a result, autonomous vehicles should not be a material factor impacting the addressable opportunity for Acusensus until post-2060 when around half the total fleet⁵⁴ is expected to be autonomous.

6. Competitive Environment for Driver Distraction Enforcement Solutions

Key trends in the competitive landscape for distracted driving enforcement solutions are outlined below:

Competitive tools: Key factors providing competitive advantage in this market include:

- **Accuracy and reliability:** The ability to penetrate windshields for a clear image capture despite glare and reflections in all-weather conditions is critical to ensuring high resolution, prosecutable evidence.
- **Cloud-based solution:** The benefits of accessing technologically advanced solutions and secure storage without the customer having to invest upfront in such resources is likely to make cloud-based platforms more attractive to enforcement authorities and city councils.
- **As-a-service capability:** As the number of system installations increase, a key competitive factor will be the ability to manage and maintain systems on behalf of customers or other contractors. For example, Sensys Gatso Group's TRaas enforcement as a Service (TRaaS) revenue accounted for 49% of the company's net sales in 2021 (with their long term objective being to reach 60% of total by 2025).⁵⁵ This provides recurring revenue stability to competitors who can successfully deliver as-a-service models.

⁵³ Exhibit 26 Autonomous Vehicle Sales, Fleet, Travel and Benefit Projections, Autonomous Vehicle Implementation Predictions - Implications for Transport Planning, Todd Litman, Victoria Transport Policy Institute, June 2020

⁵⁴ Ibid

⁵⁵ Annual Report 2021, Sensys Gatso Group

2. Industry Report continued

FROST & SULLIVAN

Market Report

- **Data security:** Given the highly sensitive nature of data captured, strong encryption, thorough audit capabilities, anonymised images for human review, and the deletion of sensitive data that is not required becomes crucial.

Competitors: The table below highlights some of the driver distraction enforcement competitors globally:⁵⁶

Table 4: Driver Distraction Enforcement Solutions, Examples of Competitors, World, 2022

Company Name	Headquarters	Solution and Customers
Sensen Networks (ASX: SNS)	Melbourne, Australia	AI and video capture and analytics solution for speeding, parking enforcement. Customers in Australia, Canada, USA, Europe and Asia
One Task	Sydney, Australia	Video capture and analytics for mobile phone use detection
Sensys-Gatso Group Nasdaq Stockholm: SENS	Jönköping, Sweden	Speed, red light, license plate recognition and mobile phone use detection systems. Customers across the globe including in Australia, USA, Sweden, Germany, The Netherlands, Saudi Arabia, Costa Rica, Malaysia, etc.
Hazen.ai	Mecca, Saudi Arabia	AI-based analytics software for speeding, red light violation, mobile phone use detection, speed belt violation. Trials in UK, USA, Egypt, Saudi Arabia, Pakistan, Oman, Peru

Source: Company sources and Frost & Sullivan

General traffic enforcement systems competitors include Verra Mobility, Jenoptik, Idemia, Bosch Security Systems, Siemens, Zhejiang Dahua Technology, Sensor Dynamics, Arvoo, etc.

Barriers to entry: The intellectual property (IP) to deliver accurate and reliable capture and analysis of driver distraction in all-weather conditions and in moving vehicles is critical to winning contracts with government. Since output from such a solution is used as prosecutable evidence, this outcome is difficult to achieve. In addition, the ability to ensure automation and reduced human involvement comes from the AI solution's self-learning capabilities. Also, the process of winning contracts entails trials and pilots that deliver successful outcomes.

Finally, incumbents enjoy revenue stability and certainty through multi-year contracts. For example, most contracts for red light and speed camera detection with Redflex (acquired by Verra Mobility in June 2021) are at least five years, with one or two year extension options.⁵⁷ This translates into a high proportion of total revenues coming in from ARR (which in the case of Redflex has historically been 80% of total revenue).⁵⁸

⁵⁶ Examples; not a comprehensive list

⁵⁷ Redflex Holdings Limited Annual Report 2020

⁵⁸ Redflex Holdings Limited FY20 Performance Summary

7. Conclusions

The urgent need to reduce road fatalities and injuries, the potential to improve ESG outcomes and reduce costs, the strong correlation between illegal mobile phone use and crashes, the introduction of appropriate legislation and enforcement measures to penalise distracted driving and other traffic violation behaviours, advances in image capture and analytics technologies and the continued rollout of smart city/safe city projects are expected to drive uptake of traffic enforcement solutions. As enforcement agencies work towards increasingly connected ecosystems and become more reliant on analytics, cloud-based AI services will feature more prominently.

The total revenues generated in the global traffic enforcement solutions market is estimated at \$4.56 billion in 2021, growing at a CAGR of 10.7% to reach \$7.57 billion in 2026.

The global addressable market opportunity for mobile phone detection solutions is estimated at \$1.765 billion a year. Actual market revenues are likely to enjoy strong year-on-year growth as various jurisdictions move from successful trials to full rollouts. In addition, the expansion of use cases of the same technology is likely to strengthen the business case and accelerate further uptake.

8. Disclosure

This is an independent report prepared by Frost & Sullivan. Save for the preparation of this report and services rendered in connection with this report for which normal professional fees will be received, Frost & Sullivan has no interest in Acusensus and no interest in the outcome of the IPO. Payment of these fees to Frost & Sullivan is not contingent on the outcome of the IPO. Frost & Sullivan has not and will not receive any other benefits (including any commissions) and there are no factors which may reasonably be assumed to have influenced the contents of this report nor which may be assumed to have provided bias or influence. Frost & Sullivan consents to the inclusion of this report in the Prospectus in the form and context in which it is included. As at the date of this report, this consent has not been withdrawn. Frost & Sullivan does not hold a dealer's license or Financial Services License. This report does not constitute advice in respect of the IPO.



3.

Company Overview

3. Company Overview

3.1 OVERVIEW

Acusensus pioneers intelligent solutions that can be rapidly deployed to address road safety challenges. Founded in 2018, Acusensus is a technology company that is driven by its mission to design and develop artificial intelligence (AI) enabled road safety applications. Collaborating with governments and commercial stakeholders to tackle distracted driving globally is the Company's first priority.

Acusensus has designed, developed, patented and commercialised technology focusing on the detection of distracted drivers who are illegally using mobile phones while driving and has expanded that technology offering to further address speed (point and average), seatbelt enforcement and registration/number plate review. Whilst the Company's initial focus was on the capture and referral to enforcement agencies of motorists using mobile phones illegally whilst driving, Acusensus has realised success with its other applications, including speed and seatbelt usage enforcement.

As part of its core functionality, the Acusensus Heads-Up solution is used by authorities to enforce distracted driving. The solution captures clear photographs through windscreens of illegal driver behaviour to meet the prosecutable evidence requirement of government and enforcement agencies. Acusensus has continuously improved and refined the Heads-Up solution, undergoing extensive testing and qualification processes to commercialise its products. A key milestone for Acusensus has been the further progress of its Heads-Up solution to allow evidence of distracted drivers to be sent to the tablet/device of a law enforcement officer within seconds, who may be stationed a few hundred metres further on from where the trailer-based Heads-Up solution is deployed. This is known as the Acusensus Heads-Up Real Time Enforcement solution.

Acusensus currently has four major contracts supporting its business operations. The first of these was awarded by the NSW Government (through the Department of Transport for New South Wales, Australia) in late 2019 as a sole supply contract to detect drivers who are illegally using a mobile phone whilst driving. Following this, in May 2021, Acusensus further contracted with the NSW Government to deliver mobile speed cameras predominantly in the south of NSW on a separate multi-year contract, which commenced operations in July 2021. A second distracted driver contract was realised in mid-2021 when Acusensus partnered with the Queensland Government (through the Department of Transport and Main Roads) in its efforts to address dangerous driver behaviour across the road network. The program went live at the end of July 2021 and captures both distracted driving and seatbelt enforcement. This program is a world-first simultaneous detection and enforcement of illegal mobile phone use and seatbelt non-compliance. Across these major contracts, the Company currently has 84 fixed, trailer-based and car-based enforcement units deployed, with these units capable of screening up to 2 million vehicles per day. Acusensus entered into a fourth major contract with the Australian Capital Territory Government for mobile phone detection services on 4 November 2022 which is expected to commence operations in 2023.

Acusensus has an experienced team to support its technology development and growth initiatives both in Australia (Victoria, New South Wales and Queensland) and offshore.

Acusensus products consist of commercial off-the-shelf components and outsourced manufactured components. Final assembly of all components and testing is performed only by Acusensus or trusted licenced partners.

3.1.1 Company history

Acusensus was founded in early 2018 by Alexander Jannink and was supported with seed investment from Indian power electronics company, Ador Powertron. The Company's mission is to improve road safety around the world by providing intelligent traffic solutions to drive behavioural change on the roads, reduce the instances of unlawful driving, and help reduce the number of deaths and serious injuries that result from it.

Since inception, Acusensus has raised approximately \$18.8 million from equity investors, predominantly in Australia, to fund its technology development and growth initiatives. Acusensus spent significant time and expense both developing a technology solution to detect distracted driving and in engaging with key stakeholders across Australia, Europe and North America to open a market for its enforcement camera solution.

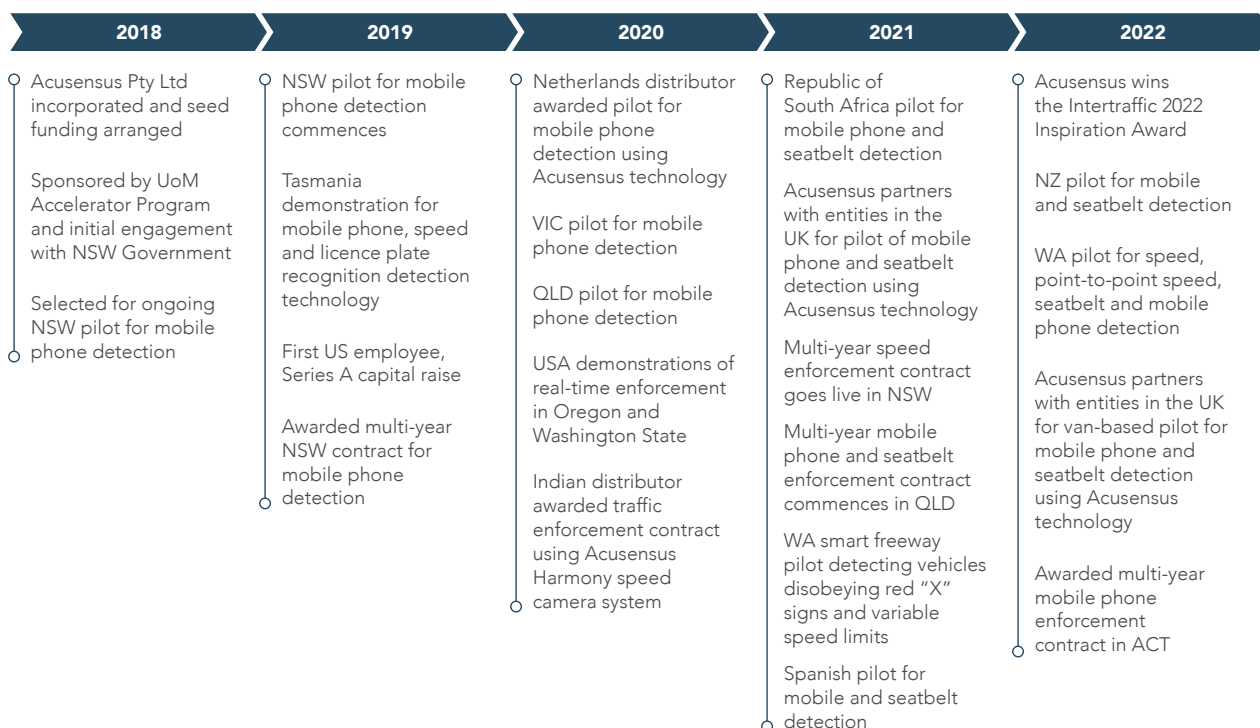
The Company has now secured four major government contracts and has a pipeline of opportunities across Australasia, Europe and North America.

As Acusensus has grown, it has entered into new markets and is currently working with partners and enforcement authorities to undertake pilots and trials for a range of solutions including for distracted driving, seatbelt compliance and speeding across key European, North American, South African and Australasian jurisdictions. The Company aims to progress each of those trials into enforcement programs.

3. Company Overview continued

3.1.2 Summary timeline of Acusensus operational history

Since its incorporation in March 2018, Acusensus has carried out a number of pilots and demonstrations, which have led to it entering into four multi-year government contracts. The key milestones in the Company's progression are as follows:



3.2 OVERVIEW OF SOLUTIONS

Acusensus has developed a number of innovative road safety enforcement solutions which enable sales into Australian and international markets. These market offerings include:

3.2.1 Acusensus Heads-Up

The Company's main product is its Acusensus Heads-Up solution, based on its patented technology, used to detect and capture prosecutable evidence of drivers illegally using mobile phones whilst driving. Since its inception, the Heads-Up technology has been enhanced to simultaneously provide enforcement of other offences including seatbelt non-compliance by front seat occupants, driver speeding at a set point or over a distance and automatic number plate recognition to detect unregistered vehicles and vehicles that are being driven in closed lanes of freeways. Acusensus considers other adjacent, non road-safety opportunities where it can deploy its core intellectual property, including the provision of vehicle monitoring services for potential government customers. Acusensus is currently involved in a tender process for one such opportunity.

The solution has the ability to capture images day or night in almost any weather conditions (including sun glare), by consistently penetrating through a windshield, and uses a steadily improving AI system to detect dangerous driving behaviours such as illegal phone use and seat belt non-compliance. The Heads-Up solution can detect vehicles travelling at up to 300km/h and capture images with minimal motion blur or distortion via high performance sensor technology.

3.2.2 Acusensus Heads-Up Realtime

The Heads-Up Realtime solution is targeted at the North American market and provides real-time alerts to police officers of drivers using a phone, speeding, not wearing a seatbelt or on an automatic number plate recognition wanted list.

The trailer-based Heads-Up solution is deployed a few hundred metres in advance of waiting police patrol cars where images of offending vehicles are transmitted to a waiting law enforcement officer within seconds.

The digital evidence is presented to the law enforcement officer positioned downstream within the Heads-Up Real Time Interface window. The officer can visually verify the content of the evidence and determine if a violation occurred and if a traffic stop should be initiated. The officer is presented with photos of the vehicle and the licence plate, as well as a countdown timer indicating when the vehicle will pass the officer.

3.2.3 Acusensus Harmony

The Harmony enforcement camera system is a base version of the core Heads-Up solution, running the same camera system capture software and utilising similar components. The Harmony solution provides high-tech speed enforcement at a lower price point.

The solution boasts market-leading features, such as secondary speed measurement for all offences and a special all-weather imaging system that can capture photos in adverse conditions, such as against a rising or setting sun.

The solution has been deployed in developed and developing countries to discourage speeding behaviour. It has been deployed as a fixed system, as a trailer system and mounted inside cars as a mobile system.

3.3 HEADS-UP TECHNOLOGY OVERVIEW

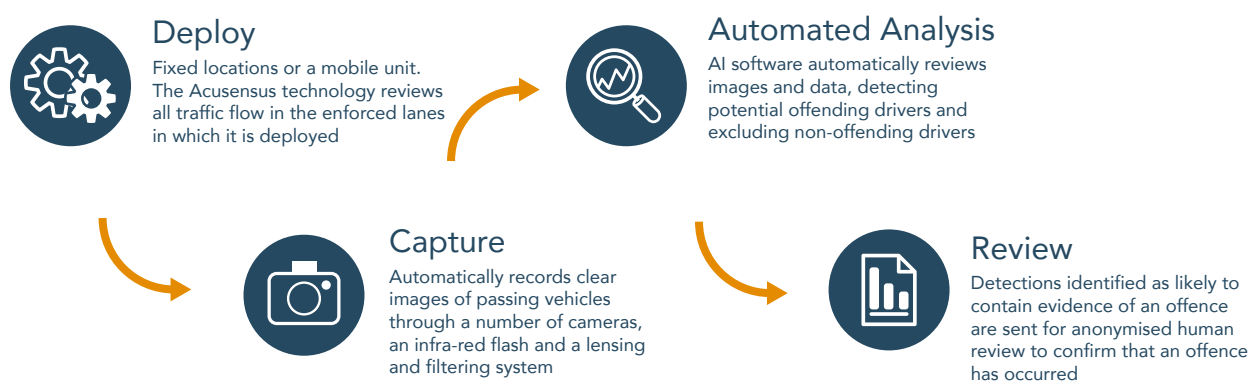
Deployment of the Heads-Up solution involves the positioning of the physical camera system, the provision of a cloud-based camera management and image review system and the implementation of security and data protection systems.

The Heads-Up solution can be implemented on a fixed position basis (such as when attached to a gantry) or via a mobile trailer solution. The mobile solution is designed to position a camera at the appropriate angle and height to see into a vehicle's cabin using a telescopic mast and boom arm. It is powered by combining solar and generator energy sources to ensure ongoing, reliable performance. It is fitted with surveillance and anti-vandalism features and can be deployed on undulating surfaces.

3.3.1 Deployment Overview

A live deployment of the Acusensus technology solution with respect to distracted driving and certain other applications such as seatbelt enforcement operates with four key steps:

Typically, all four steps are performed by Acusensus. Once an offence is confirmed by step 4, the encrypted offence file is transmitted to the customer. The customer will process the evidence through an adjudication process to verify details within the images, including number plates, before a penalty notice is issued.



3. Company Overview continued

3.3.2 Acusensus Cloud Solution

Acusensus operates a cloud solution for management of all aspects of camera control, monitoring and data transfer between cameras, review processes and customers. The solution has been designed to ensure efficiency of information flow, continuity of operations and data security. Access to the cloud is traced and logged and user access is restricted based on roles and permissions.

The Acusensus cloud facilitates actions such as customer interactions, review interactions, camera system connections, camera system management, data flows and the management of machine learning systems and data via a web browser. Access to this system is restricted on a user-by-user, role-by-role basis. A separate virtual private network (VPN) connection is required to perform many of the interactions with this system. Every user interaction with the solution is audited and logged and the solution will automatically alert when any new, unusual or suspicious activity is detected. Customers are also provided with a mechanism to undertake audits of the system and its processes.

Acusensus encrypts all incident data using public/private key encryption. Access to incident file decryption keys is restricted to customer designated persons only. The design ensures the security of data through multiple layers of redundancy.

3.3.3 Technology Security

The product incorporates the highest level of privacy and security protections including features such as the following:

- Typically over 95% of captured images are deleted and never seen by a human.
- Evidence packages are encrypted and digitally signed on-site using the public component of the customer's secret decryption key.
- Images going to first stage human review process are automatically cropped and anonymised, removing the ability to identify the location, time of day, vehicle type, registration plate or other occupants of the vehicle.
- Offence images going to further stages of review are typically automatically blurred such that only the offending occupant can be seen (restricting the ability to see occupants not involved in the commission of an offence). Only if images are presented for court purposes is full original evidence accessed.
- Deployed camera systems are monitored 24/7 by a security and surveillance system, contain GPS trackers and send alarms to control centres for various environmental, situational or data capture-based events.
- The camera hardware employs drive level encryption and uses randomly generated passwords. All routine access to deployed camera systems is facilitated through the Acusensus Cloud using credentialed access that is traced and audited. As outlined in Section 3.3.2, the Company employs a number of technology-based encryption, efficiency and security parameters to ensure data is protected and transmitted for the use of the customers only.

3.4 BUSINESS MODEL

The Acusensus business model is based around providing innovative, road safety compliance solutions to government and enforcement agencies globally. Utilising its AI technology platform, Acusensus offers a range of services to customers, including: distracted driving detection; seatbelt enforcement; speed detection; automatic number plate recognition and detection of vehicles that are being driven in closed lanes of freeways. Acusensus considers other adjacent, non road-safety opportunities where it can deploy its core intellectual property, including the provision of vehicle monitoring services for potential government customers. Acusensus is currently involved in a tender process for one such opportunity.

The Company's business model is based on the following key fundamentals:

- Development of innovative road safety traffic enforcement and AI-enabled compliance solutions;
- Providing innovative and scalable solutions designed to secure large, long-term contracts with reputable counterparties; and
- The ability to provide a suite of ancillary services to customers, such as ongoing maintenance activities, review functions and site deployment selection evaluations for additional revenue streams.

The parallel and coordinated development of the Acusensus technology solution and deployment platform and the successful launch of these into the market with enforcement agencies resulted in Acusensus securing the first contract globally for distracted driving enforcement technology. Acusensus has subsequently won contracts for its other technology offerings, including a speed camera contract with Transport for NSW and a distracted driving and seatbelt enforcement contract with the Queensland Department of Transport and Main Roads, as well as with the Australian Capital Territory Government for its distracted driving enforcement technology (see Section 9 for further details).

Acusensus employs different paths to market depending on the jurisdiction.

In common law countries such as in Australia, the United States and the UK, Acusensus aims to approach customers directly. It submits tender responses in its own name and seeks to secure all aspects of the camera deployment value chain – from camera supply, to installation, maintenance, deployment and image review services.

In other jurisdictions, Acusensus seeks to find and engage with a suitable third-party provider or distributor. The chosen partner is an entity that understands the local market and can secure market access for Acusensus solutions. Under this scenario, Acusensus will generally supply the camera equipment, the software systems and certain technical support services. Its partner will generally supply the other services.

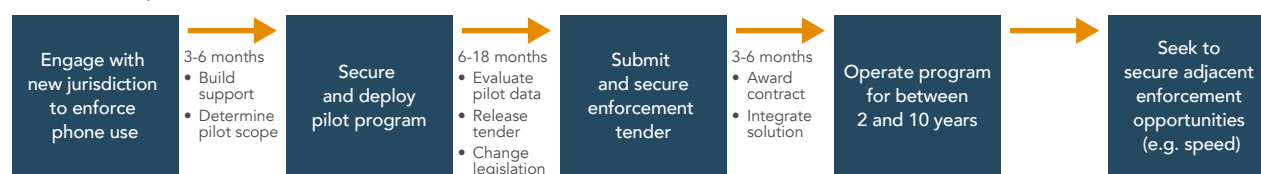
Acusensus is committed to road safety improvements, and this underpins its philosophy and approach to market. While Acusensus' leading distracted driver solution is usually the key differentiating factor in realising traction with new customers, this often leads to broader opportunities across its other product offerings.

3.4.1 Business to Government (B2G) Program Life-Cycle

The program life-cycle of Acusensus is structured around its customer base on a contract-by-contract basis. Customers are typically risk averse and require a high level of comfort before adopting new or emerging technologies. For example, there was an 18-month, extensive due diligence and trial process undertaken by Transport for NSW before it selected Acusensus as its technology partner for the state-wide mobile phone detection program. The Queensland Department of Transport and Main Roads had a period of 15 months between awarding the pilot program for mobile phone and seatbelt detection and awarding the full enforcement program.

3.4.2 Typical program life-cycle

The diagram below indicates the major steps involved between approaching a new jurisdiction and obtaining an ongoing enforcement camera program. Typical government steps and timeframes are indicated in the transitions between steps of the diagram.



Most jurisdictions require a change to legislation to allow automated camera enforcement of mobile phone and seatbelt infractions. Some jurisdictions pass this legislation early before any pilot activities commence (for example New South Wales and Queensland), while others wait until after the pilot program (for example, Victoria). The time taken to pass new legislation is highly variable, it can occur in just months or it can take a year or even multiple years. This time is impacted by political will, election/legislature cycles and the procurement cycle of the camera services themselves.

3. Company Overview continued

3.5 REVENUE MODEL

Acusensus prefers an annuity revenue model in which it is paid a fixed monthly fee to provide all services needed to provide the relevant services. The Company is flexible on the commercial model to appropriately respond to the needs, regulatory limits and budget constraints of its customers. The Company does not accept revenue models that are based on the number of offenders caught. Since inception, Acusensus has secured more than twenty contracted pilots and programs.

Typically, the Company's programs are awarded via a tender process and are likely to last for an initial period of between two and six years before renewal via a new tender process or the exercise of optional extensions of the existing contract. Revenue for Acusensus is generated from a number of sources including:

- Licence fees – for the use of the Company's products and intellectual property;
- Review fees – for the manual review of images taken using the Company's products;
- Maintenance fees – for the ongoing maintenance of purchased or rented products;
- Deployment fees – for the relocation of camera vehicles or trailers from one location to another;
- Sale and/or rental of hardware; and
- Fees related to peripheral activities such as recommendations to customers for potential suitable locations for fixed and/or mobile detection units.

Most customers to date (including Transport for NSW, the Queensland Department of Transport and Main Roads and the Australian Capital Territory Government) have had a preference for a fully-outsourced model, whereby the customer procures an end-to-end service rather than the customer buying camera equipment outright. As a result, the Company expects customer contracts for the provision of distracted driving enforcement solutions to be comprised of one or more services that result in the generation of multiple revenue streams for Acusensus.

Following the success of the programs in NSW and Queensland, other government agencies have gained comfort with the distracted driver enforcement technology as evidenced by a trend toward longer contract durations seen in newly released distracted driver enforcement program tenders. Recent tender opportunities have seen contract durations including optional extension periods of up to 10 years.

Contracted monthly revenue has created a steady growth profile for the business as the Company has continued to expand current operations and win new contracts.

3.5.1 Key expenses and costs

The Company typically provides fully outsourced programs which require resources to build, operate and maintain the equipment necessary to run the programs. The fully outsourced solution requires the Company to review potential violations.

Procurement cycles can be lengthy, and include responding to Requests for Further Information, Proof of Concept, Request for Tender and other pre-trial requirements in the lead up to being awarded a contract. Acusensus incurs sales and marketing expenses, together with legal and support costs in winning each contract. These expenses are not usually recoverable from customers. Most jurisdictions go through a pilot process before a full program, and this process is an essential step in securing new business, however, is rarely profitable. Pilot programs are scaled down versions of full programs, with costs in engineering and deployment to address the specific customer requirements.

During the initial deployment of a program, Acusensus incurs the costs of installation and/or provisioning of fixed or transportable solutions, as well as incurring significant costs as the engineering and operations teams manage the program and address customer specific requirements. Customer specific engineering customisation may be separately billed or may be incorporated into an overall bundled fee. The main costs relate to provision of equipment and employment costs for the effort involved.

Once a fully outsourced program has been contracted, Acusensus needs to supply and install the equipment set, which is attached to existing gantries, other roadside hardware for fixed systems or to specially designed trailers for deployment to various locations. The equipment set for each system includes a radar, multiple cameras, lenses and filters, an industrial computer and flash systems. Transportable systems are typically required to be relocated every three to five days. Acusensus keeps on average six months of inventory on hand to ensure supply chain challenges do not impact the Company's ability to meet customer demand or impact on the uptime of hardware for existing contracts.

In relation to the MSC Contract, the most significant cost comes from resourcing the team of operators who drive speed camera vehicles to and from certain locations for deployment. Acusensus sub-contracts this work to G4S (see Section 9.2 for further details). There are further recurring costs involved in the lease of each vehicle and the depreciation of camera equipment installed at the start of the program.

Labour costs represent a significant portion of total expenses and occur within operations, engineering, business development and administration cost centres.

Other operating expenses include depreciation of property, plant and equipment, business development costs and administration costs, including rent, as well as accounting, legal and management costs.

3.6 CUSTOMERS AND CONTRACTS

3.6.1 Acusensus Customers

Acusensus has a strategy and focus to target government and enforcement agencies with a clear mandate for road safety initiatives. These institutions represent the greatest opportunities for the adoption of the technology solution and will underpin the Company's expansion plan.

Acusensus has established customer target criteria under which any jurisdiction can be assessed for program engagement and implementation. This criteria includes:

- Enforcement legislation: any prospective jurisdiction should have supporting legislation whereby the handheld use of mobile phones by drivers is illegal;
- Established rule of law: Acusensus' ability to apply and provide enforcement solutions is dependent on a jurisdiction having a rule of law to support enforcement;
- Technology history: the relevant jurisdiction should have a history of the successful introduction of road safety camera technology;
- Road safety focus: clear road safety mandate such as having a 'Vision Zero' goal or program or other strong government support for road safety programs;
- Economics: an economic environment (both public and private) conducive to the adoption of advanced enforcement camera technology;
- Political environment: clean corruption perception index score and a high human freedom index score;
- Competition: a favourable assessment of barriers to entry;
- Intellectual property: A favourable assessment of the ability to protect intellectual property from theft and payment risks; and
- Market: a favourable assessment of the ability to access the market directly or the ability to identify a suitably qualified distribution partner.

3. Company Overview continued

3.6.2 Current customer programs

Acusensus currently has a number of material contracts with government departments in Australia, as well as a contract for data collection in the USA. Over time, the Company has also supplied a number of speed enforcement solutions to India on a project order basis:

Client	Service	Term of Contract	Services Commencement	Scope of Operations
Transport for NSW	Mobile Phone Enforcement Framework Contract	Project Orders can be made over a 2-year term + 1-year + 1-year Both options exercised Services to end by Dec 2025	December 2019	State-wide deployment of fixed and transportable cameras
Ador Powertron (India)	Harmony Speed Enforcement	Project order based	August 2020	Supply of Acusensus Harmony camera systems
Main Roads Western Australia	Smart Freeway Safety Camera Trial	1-year term + 11 months	February 2021	Proof of concept at two freeway locations
Transport for NSW	Mobile Speed Enforcement	3-year term + 1-year + 1-year	July 2021	55 vehicles supplying 8,300 hours per month across Southern NSW ¹
QLD Department of Transport and Main Roads	Mobile Phone & Seatbelt Enforcement Framework Contract	Project orders can be made over a 5-year term + 1-year + 1-year	July 2021	State-wide deployment of fixed and transportable cameras
Western Australian Police	Multi-Function (Mobile Phone, Seatbelt, Point Speed, Point-to-Point Speed) pilot	Up to 1-year term + 0.25 year + 0.25 year	July 2022	Deployment of transportable trailer-based cameras
Westat Inc (USA)	Mobile phone & seatbelt study	1-year term	October 2022	Deployment of transportable trailer-based cameras across four different geographies in the US (one trailer per region)
Australian Capital Territory	Mobile Phone Enforcement	3-year term + 1-year + 1-year	2023	Deployment of fixed and transportable cameras

Note:

1. Acusensus is currently negotiating an amendment to this agreement to cater for new signage requirements (see Section 9.1).

3.6.3 Pilots, Demonstrations and Partnerships

The Company has undertaken (or has been contracted to undertake) revenue generating pilot programs, demonstrations and data collection partnerships focused on distracted driving and/or seatbelt enforcement technology across 10 countries. The majority are focused on illegal mobile phone usage, with seat belt enforcement opportunities emerging.

Country	Service
Australia	Speed, Mobile Phone, Railway, Seatbelt
New Zealand	Mobile Phone
India	Mobile Phone
South Africa	Mobile Phone
Belgium	Mobile Phone
Netherlands	Mobile Phone
USA	Mobile Phone, Seatbelt
Spain	Mobile Phone, Seatbelt
United Kingdom	Mobile Phone, Seatbelt
Canada	Mobile Phone

In addition to its Heads-Up offering, Acusensus has been engaged by the Australian Rail Track Corporation (ARTC) and also by Transport for NSW for data collection focused on tracking how cars fail to stop at stop sign controlled and signalled rail intersections.

3.6.4 Potential new material contracts following tender process

The Company has responded to a number of tender requests from government entities and enforcement agencies for the provision of services across areas including speed, mobile phone enforcement, licence plate recognition and seatbelt compliance in various jurisdictions including in a number of States in Australia, the United States and countries within the European Union.

Acusensus is at differing stages of the tender process across these opportunities, including being in advanced stages of negotiation on certain potential contracts, with some contracts expected to be awarded during FY23. While there is no guarantee that Acusensus will be successful in winning these contracts, in the event that some or all of these contracts are awarded to Acusensus, this may result in the Company generating material additional revenue (and incurring associated costs). However, these revenues are not expected to be generated in FY23.

3.6.5 Customer case study – NSW Government (Australia)¹

In the years before the mobile phone enforcement camera program commenced in New South Wales, each year around 350 lives were lost and 11,000 people were seriously injured in road crashes – at a cost to the community of around \$8 billion. The current New South Wales Government road safety target is a 50% reduction in road fatalities by 2030 (<165 deaths per annum) and zero serious road trauma by 2050. The Mobile Phone Detection Program implemented by Transport for NSW is a key initiative by the New South Wales Government to target reducing road fatalities and serious injuries.

Acusensus worked with Transport for NSW to meet rigorous government, legal and community requirements. The Acusensus solution was shortlisted and then selected for extensive capability testing. A non-enforcing pilot checked millions of vehicles, proving the performance of both fixed and trailer-mounted Heads-Up solutions.

Prior to awarding the MPDC Contract to Acusensus, Transport for NSW undertook extensive consultation with the New South Wales Privacy Commissioner to ensure the product's compliance with its privacy requirements.

The formal contract in New South Wales began operating on 1 December 2019, with warning letters issued instead of fines for the first three months of the contract term. After six months of operation, the rate of offences fell steadily to 0.3% compared with a rate of 1.2% from the January 2019 pilot.²

1. <https://roadsafety.transport.nsw.gov.au/stayingsafe/mobilephones/technology.html>.

2. <https://www.dailytelegraph.com.au/news/nsw/mobile-phone-traffic-cameras-detect-tens-of-thousands-during-covid19/news-story/9eddbde067234bb20dc236faa87a04b8>.

3. Company Overview continued

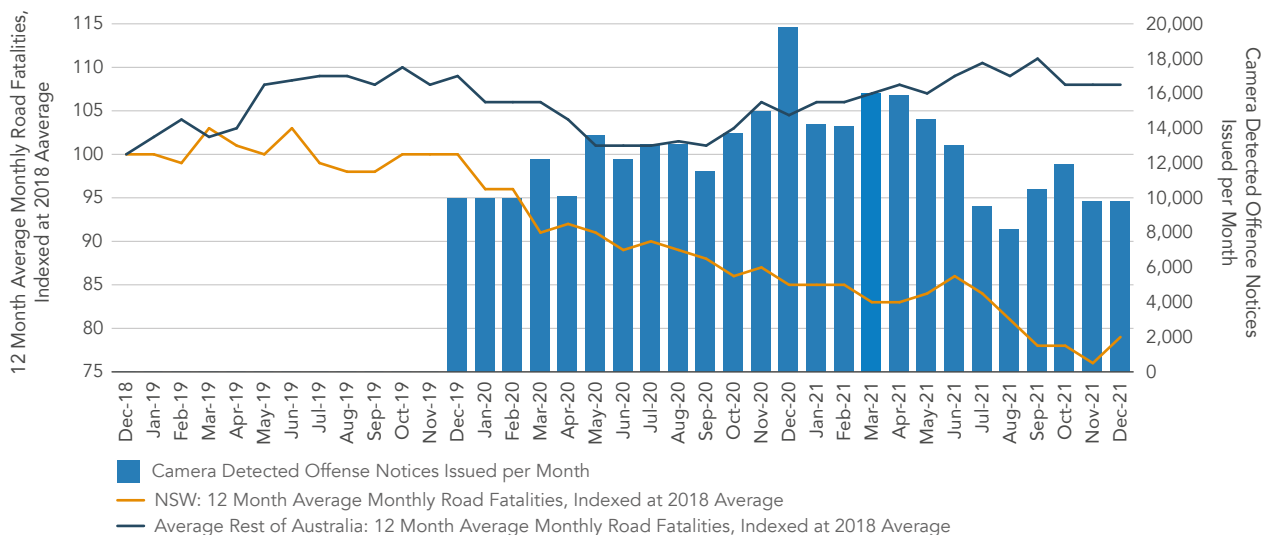
The program has been expanded over the past three years with Transport for NSW's target to have the cameras conduct more than 135 million annual vehicle checks by 2022-23 from 45 camera systems.

The existing MPDC contract with Transport for NSW (see Section 9.3) is a two-year master contract with two options for a one-year extension, both of which have been exercised by Transport for NSW in 2021 and 2022 respectively. Under this contract, the government places project orders for camera systems to be deployed for two years. Each project order provides for a fixed monthly fee to Acusensus for the duration of the project order. A project order can be extended by the government with an option for a one-year extension. Under the terms of the master contract, project orders can also extend after the master contract has expired up until 30 November 2025. For example, a project order placed in November 2022 would extend to November 2024, even though the master contract will have expired on 30 November 2023. By agreement between the parties in October 2022, the existing project orders under the MPDC Contract will now continue until at least 30 November 2023.

The government has placed project orders with Acusensus progressively since this contract started in December 2019. The government has released that its estimated total contract value with Acusensus is \$29.68 million including GST. The program has had remarkable effect in changing driver behaviour, with average offence rates reducing sixfold compared with the 2019 pilot. With each phone distracted driver estimated to have a 4x greater risk of crashing, this change will have resulted in a significant reduction in crash risk across the NSW road network. Over the life of the enforcement program to date, road fatality rates in NSW have declined significantly – reducing by 0.9 deaths per 100,000 per annum from 4.4 to 3.5. Over the same time period, the road fatality rate for the rest of Australia unfortunately increased from 4.9 to 5.0.

Through the delivery of the mobile phone enforcement camera program, Acusensus was able to demonstrate its capabilities as a reliable and trustworthy partner to Transport for NSW. In early 2021, Transport for NSW ran a competitive tender process to expand its fleet of speed camera services, and Acusensus was selected as one of two successful vendors for this program. This program involves a 3 year contract with 2 options to extend for 1 year with 55 vehicles supplying 8,300 hours of enforcement per month.

Monthly Rolling Average Road Fatalities – NSW, Rest of Australia² and NSW Camera Detected Mobile Phone Offence Notices Issued³



Notes:

- Information sourced from Acusensus data.
- Sourced from data at https://www.bitre.gov.au/publications/ongoing/road_deaths_australia_monthly_bulletins.
- <https://www.revenue.nsw.gov.au/help-centre/resources-library/statistics>.

3.6.6 Impact of COVID-19 on Customer Acquisition and Operations

COVID-19 had impacts on the Company's sales and marketing activities. Most notably it caused the closure of major trade shows that the Company was going to attend in North America and Europe, a key customer acquisition channel. It also moved all customer acquisition engagements outside of North America and Australia to a virtual teleconference method.

The Company had to adapt its methods of operational delivery to embrace a remote support model rather than relying on sending staff to each installation location. This remote support model has been implemented successfully in many jurisdictions including Queensland, the Netherlands and India, and the Company has found the model to improve resilience, reduce reliance on key staff and reduce travel costs.

The supply chain problems caused by COVID-19, particularly with respect to new vehicles, coupled with the outbreak of the Delta strain of COVID-19 in NSW and Victoria in mid-2021 had a dramatic impact on the early delivery of the speed camera program in NSW, slowing that rollout and resulting in increased costs to deliver the program. The Company recovered well and had the program fully operational before the end of 2021.

Through the first half of 2022, staff personal leave, including employees of its sub-contractor, G4S, as a result of COVID-19 isolation requirements impacted operational programs. Those issues have now stabilised and are no longer having a material impact on operations.

3.7 RESEARCH AND DEVELOPMENT AND INTELLECTUAL PROPERTY

3.7.1 Research and development

Acusensus invests a considerable amount into ongoing research and development, mostly utilising internal team capabilities. The internal team consists predominantly of experienced software engineers. The Acusensus team has particular experience in real-time sensor integration, software design, machine learning, cloud service architecture, user interfaces and imaging system development.

Some activities are outsourced to external providers where they do not form core competencies. For example, Acusensus has outsourced security infrastructure development and testing, electronic circuit board development, electromagnetic compatibility and photobiological testing in the past.

Acusensus has a pipeline of potential new features, adjacent opportunities and new products that the Company can explore for future growth including the new product programs referred to in Section 3.8.2 below. The Company intends to continue to invest in significant internal research and development capability for the foreseeable future in order to diversify its product offering and strengthen its position in the markets it serves.

3.7.2 Intellectual property strategy

Acusensus' core intellectual property asset is the Acusensus Heads-Up solution design, including its architecture, hardware, camera system software, cloud software, data accumulated for machine learning, insights generated over time and business processes applied to this solution.

The Company has been granted an examined innovation patent in Australia for the Heads-Up camera solution, covering the capture and analysis of photographs through a windshield for the purpose of detecting mobile phone offences. The Company's application for a utility patent over the Heads-Up solution in the USA has also been allowed after passing the examination stage and will progress through administrative stages to be fully granted. A number of related patent applications are in progress for both its core technology and new developments in Australia and overseas jurisdictions, such as the EU (see Appendix 1 for a summary of the Company's registered intellectual property and applications).

The core strategy of the Company is to move quickly and rely on superior execution in delivery of its products and services rather than necessarily trying to seek or enforce patent protection to exclude competitors. To this end, while the Company will apply for further patents where warranted, it will not always seek patent applications for developed or acquired technologies and instead may retain such developments as proprietary knowledge. Acusensus intends to continuously innovate to consistently provide an improved solution and to maintain superior customer service.

3. Company Overview continued

Acusensus has implemented a series of robust measures to protect its intellectual property, know-how and trade secrets through legal frameworks such as confidentiality agreements and through the protection strategies described below.

Acusensus code access is restricted to the research and development team, code repositories are never shared with outside parties. Computers accessing Acusensus code repositories or other Acusensus data systems maintain a number of security protections, such as mandatory drive level encryption.

Training data used for AI development is a key asset since Acusensus has assessed millions of vehicle transits. For security purposes, Acusensus pre-processes this data into a proprietary format called a 'feature vector'; even if such data were to be accessed outside of Acusensus' environment, it is not particularly useful to a party other than Acusensus. Acusensus stores this data only in the audited and restricted access cloud environment.

Camera hardware is held by Acusensus or its trusted partners, reducing the opportunity for a third party to obtain access to perform reverse engineering. Of particular interest is the windshield glare elimination solution. Depending on where hardware is situated, Acusensus may install additional physical security protections to its housings. Even if a third party were to obtain physical access, key parts of the solution (including parts of the glare elimination system) are software and algorithm-based.

Further information on the risks associated with intellectual property protection are set out in Section 4.1.6.

3.8 GROWTH STRATEGY

Acusensus has two key pillars to its growth strategy: a market strategy and product strategy, as set out below.

3.8.1 Market strategy

Acusensus is focused on reaching the global market with its distracted driving enforcement solution.

To assist with market penetration, the Company will implement an "on the ground" sales presence in select regions and partner with select distribution partners for particular regions. The preferred market distribution method is dependent on the circumstances of each market.

3.8.1.1 Australia and New Zealand

In Australia and New Zealand, the Company's objective is to be engaged directly with the majority of States and Territories in the supply of road safety enforcement solutions and services. This has realised pilots and contracts across six states and territories. As the Company grows and secures additional contracts, it will seek to provide superior quality solutions, leverage existing customer relationships for complementary product and service offerings and work towards securing solutions to other driver enforcement challenges such as seatbelt use, speed and automatic number plate recognition. Acusensus considers other adjacent, non road-safety opportunities where it can deploy its core intellectual property, including the provision of vehicle monitoring services for potential government customers. Acusensus is currently involved in a tender process for one such opportunity.

3.8.1.2 North America

Acusensus considers that North America presents a unique and large potential market for its solutions. With over 18,000 potential customers (governmental and enforcement agencies), the approach to market is different to Australasia. The Company has now undertaken demonstrations and/or trials across 20 jurisdictions in 15 states and has recently secured its first material contract for data survey (see Section 9.9 for further details). The Company has focused its approach to this market with the Heads-Up Real-time solution, a tool to enhance law enforcement officer prosecution of dangerous behaviours, such as distracted driving. There are several funding sources available which governments and enforcement agencies may be able to access to purchase Acusensus' solutions. The US Federal Government has recently provided funding to the Federal Highway Administration of:

- up to \$5 billion for the new "Safe Streets and Roads for All" grant program; and
- \$15.6 billion in total funding for the Highway Safety Improvement Program, which helps fund each state's annual Highway Safety Plan.

To assist with market growth, Acusensus has established an office in the United States and has four employees operating in different parts of North America.

3.8.1.3 Europe

In Europe the Company has entered into exclusive arrangements with several distributors on a country-by-country basis. It continues with a process to identify strong local distributors in further target countries, seeking to engage proven, credible, local partners and work with them to approach each market. Consistent with its market strategy, the Company will continue to explore distribution arrangement or partnership opportunities.

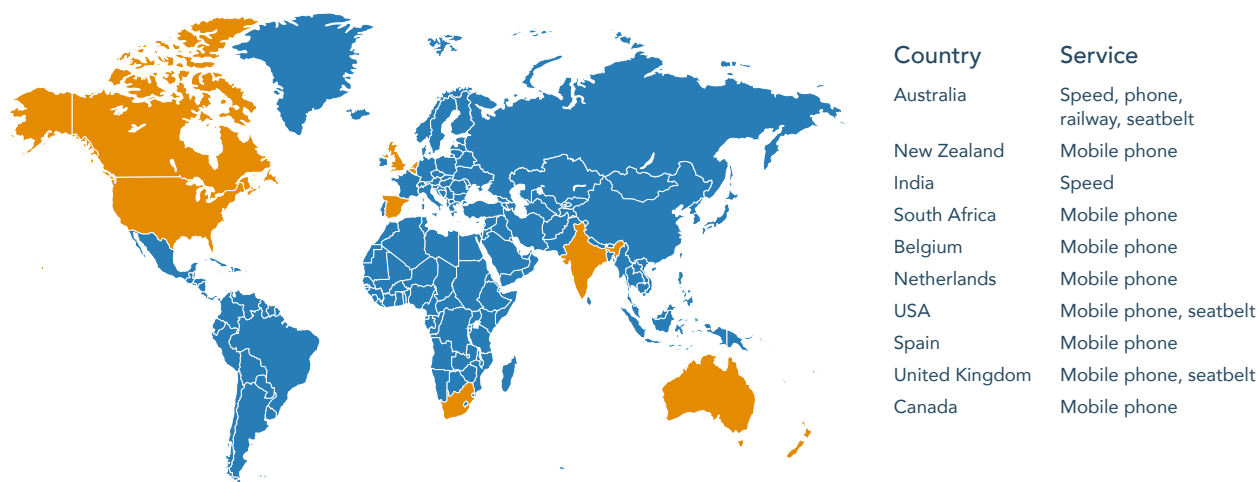
The Company has undertaken pilots in four European jurisdictions, focusing its approach to market its Heads-Up solution, while also exploring Heads-Up Realtime opportunities.

In the United Kingdom the Company has secured several pilots and has incorporated a subsidiary entity. The Company intends to establish an office and employee base there to focus on opportunities in this market.

3.8.1.4 Rest of World

For the rest of the world, Acusensus will pursue opportunities as they are presented, typically through distribution partners.

Pilots, Demonstrations and Tenders



3.8.2 Product strategy

Acusensus will continue to improve its product offering, addressing adjacent applications and pursuing complementary technology to meet the needs of similar customers. Acusensus is pursuing certification including ISO9001 and ISO27001 to further support its delivery and product offerings.

Acusensus is initially focused on road safety enforcement solutions for analysis and reporting of distracted driving offences, the enforcement of speeding, licence plate recognition, seatbelt enforcement and monitoring lane closures on freeways. The Company will also explore solutions to other major road safety challenges where they meet the strategic initiatives of the Company.

Acusensus is investing in research and development of new product initiatives and adjacent opportunities to its current offering. These include:

- a railway crossing monitoring solution tracking how cars fail to stop at stop sign controlled and signalised rail intersections. The Company has been engaged to conduct surveys in NSW and Victoria using this solution;
- a phone use warning solution that detects drivers who are engaged in dangerous behaviours, which provides warning to those drivers through dynamically activated roadside signage;
- through partnership with Griffith University and with funding from the federal government, Acusensus is researching how to use Heads-Up style technology to detect in real-time when drivers are impaired by drugs or alcohol; and
- the Acusensus 'Guardian Project' which aims to detect dangerous situations for first responders and road workers, and is being developed in partnership with Swinburne University.

3. Company Overview continued

3.9 COMPETITIVE ADVANTAGES

The key competitive advantages that underpin Acusensus' business strategy and current operations are set out below:

Competitive Advantage	Explanation
Technology & hardware	- The Acusensus Heads-Up technology solution has been proven through deployment across multiple contracts, trials, demonstrations and pilots to reliably take high quality photographs through vehicle windshields day or night, in almost all-weather conditions, with minimal motion blur, and to automatically analyse those images using AI. - Designed and developed to be deployed in a range of scenarios both fixed and transportable, the solution is scalable for multi-lane use and can provide multiple enforcement options. - Acusensus has developed other solutions based on the core technology to meet customer requirements including Harmony for speed detection and Heads-Up Realtime to assist in enforcement of offences. - The solution is provided to the customer as an outsourced managed service. It runs on a cloud-based platform providing secure camera monitoring, image review and audit functionality, reducing the need for customer-specific integration into aging bespoke enforcement platforms.
First to market advantage	- In the short to medium-term Acusensus products are most suited to the large developed economic regions operating under a common law system, which are likely to be early adopters of the technology Acusensus deploys, owing to the financial resources available and the technology infrastructure maturity in these regions. - It is expected that being first to market globally with enforcement contracts will help Acusensus gain market share early and management anticipates that this will reinforce its advantage as a preferred technology partner for enforcement authorities. - Once Acusensus' technology is integrated with a customer it creates a naturally embedded structure that provides a level of certainty for operations moving forward for the Company. In the traffic enforcement solutions industry, a typical contract length is commonly between two and six years.
Data security	- Acusensus technology has been designed from the ground up to protect privacy and ensure data security. - Acusensus solutions operate with a secure network architecture that heavily restricts and traces all access. - Evidence captured by the Acusensus solutions is envelope encrypted such that only end customers can decrypt and view the data – Acusensus itself cannot open its own incident files except if a customer provides the keys. - Data presented for human review is anonymised, and Acusensus automatically blurs parts of images not related to the relevant traffic offence. - This encryption and security standard helps embed Acusensus in the network infrastructure requested by its customers.

Competitive Advantage	Explanation
Customer-centric approach	- Enforcement agencies who are current and prospective customers have stringent validation and quality requirements for new products and technologies. As a pioneer of new technology, Acusensus works closely with enforcement agencies to achieve the required objectives of the enforcement camera program. - Acusensus works with its customers tailoring the solution to their unique local public policy or business objectives. - Acusensus has established deep relationships with enforcement agencies to ensure the successful delivery of an effective and efficient program at scale.
Human capital	- Acusensus is made up of a team of highly capable results-driven and dedicated personnel with a strong focus on improving road safety through the delivery of each solution designed. - There is considerable experience in delivering enforcement camera solutions and a strong track-record of designing and delivering innovative solutions and camera program globally.
Product Innovation	- Acusensus continues to innovate and develop technology solutions to support road safety enforcement. - Acusensus leverages core intellectual property into adjacent road safety areas in order to create a safer road environment for all road users.
Values-based approach	- Societal benefit drives what the Company does and how it does it. The Company's headline long-term goal is to deliver societal benefit. The strong emphasis on the Acusensus mission and values improves its reputation, employee retention and employee attraction. - Acusensus has a number of initiatives in the ESG space. Acusensus provides employee assistance programs including ones for employees living with PTSD. Acusensus also partners with Spinal Cord Injuries Australia to place and support employees living with disabilities, often as a result of a road accident. Acusensus sponsors the Acusensus Scholarship for Women in Engineering at The University of Melbourne. - Core values of Care, Impact, Integrity and Collaboration form a key part of the hiring process and are a daily guiding force in how team members go about the Company's business. Adherence to these values aims to ensure that customers can trust Acusensus to deliver in an open, honest and transparent way.

3.10 ACUSENSUS TEAM

Acusensus has grown from its initial founder to approximately 118 employees, with approximately 60% full time equivalent personnel. Roles span engineering, technology, quality control, operations, R&D, corporate, finance, sales and marketing and administration functions.

Acusensus' approach to planning and building its business has been to recruit and employ experienced personnel. The Company has recruited employees with relevant backgrounds from leading road safety organisations. Personnel with relevant skills and experience have also been recruited where relevant sector experience is not a key requirement.

The approach has aimed at recruiting the most experienced people possible while also ensuring that there is a strong cultural alignment with Acusensus' values in a customer centric, fast paced and entrepreneurial environment.

Acusensus' sub-contractor, G4S, also has approximately 113 full time equivalent staff involved in operating the MSC Contract.

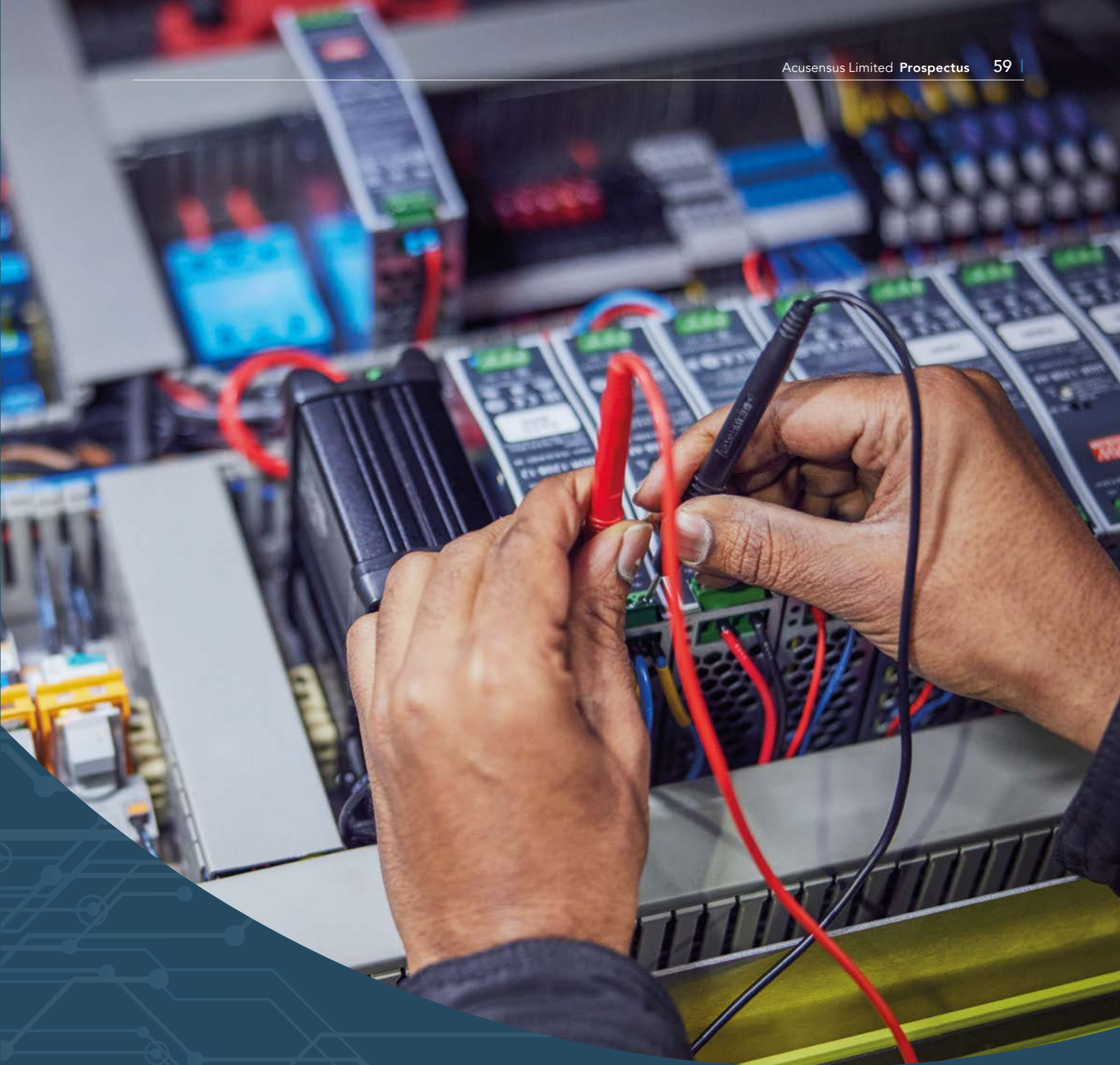
3. Company Overview continued

3.11 MANUFACTURING

Acusensus designs and develops a complete solution, utilising commercial off-the-shelf components and outsourced manufactured components. Software is developed in house by the R&D team in Australia.

The relatively simple assembly and manufacturing process allows the Company to scale production efficiently to meet growing demand from existing and new programs. Final assembly of all components and testing is performed only by Acusensus in Sydney or the USA, or through trusted licenced partners, such as Acusensus' current partner in the Netherlands.

Trailer-based deployment platforms for the Acusensus technology are manufactured by multiple suppliers to Acusensus' specifications. In Australia, Acusensus sources trailer deployment platforms from trailer-based lighting solutions manufacturer T Light in addition to sourcing units from overseas. In Europe, partner Ebo van Weel is able to assemble the complete trailer and camera enforcement equipment, which are then used in Europe or shipped elsewhere.



4.

Risk Factors

4. Risk Factors

This Section describes some of the potential material risks associated with the Company's business, the industry in which the Company operates and the risks associated with an investment in Shares. The Company is subject to a number of risks, both specific to the Company's business activities and of a general nature, which may either individually or in combination adversely impact the Company's future operating and financial performance, investment returns and the value of the Company's Shares. The occurrence or consequences of some of the risks described here are partially or completely outside of the Company's control, or the control of the Company's current and proposed Directors and Management.

There are risks that are common to all investments in equity securities and which are not specific to an investment in the Company – for example, risks associated with other external events which are not related directly to the Company.

This Section does not purport to list every risk that may be associated with the Company's business or the industry in which the Company operates, or an investment in Shares, now or in the future. The selection of risks has been based on an assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur. This assessment is based on the knowledge of the current Directors as at the Prospectus Date, but there is no guarantee or assurance that the risks will not change or that other risks or matters that may adversely affect the Company will not emerge.

Any of these risks, or any other risks or other matters, may emerge and may have a material adverse effect on the business and its financial position and performance. There can be no guarantee that the Company will achieve its stated objectives, deliver on its business strategy, or that any forward-looking statement contained in this Prospectus will be achieved or realised. You should note that past performance may not be a reliable indicator of future performance.

Before applying for Shares, you should be satisfied that you have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment for you, having regard to your investment objectives, financial circumstances and taxation position. You should read this Prospectus in its entirety and seek advice from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to apply for Shares.

4.1 RISKS RELATED TO THE COMPANY'S BUSINESS

4.1.1 Reliance on key contracts and risk of not securing new contracts

Whilst there has been significant interest in Acusensus products, Acusensus currently has two long-term customer contracts with Transport for NSW and one long-term customer contract with the Department of Transport and Main Roads in Queensland as summarised in Section 9. These contracts represented approximately 96% of the Company's revenue in FY22 and are expected to represent approximately 95% in FY23. Acusensus has also recently entered into a further long-term customer contract with the Australia Capital Territory Government, which is also summarised in Section 9. These contracts can be terminated for convenience on short notice by the Government counterparties. The master contract for the MPDC Contract expires in November 2023, although project orders under this contract will continue until at least 30 November 2023 and new project orders placed prior to 30 November 2023 can remain on foot up to 30 November 2025. See Section 9 for further details on the Company's material contracts. If any of these long-term contracts were to not be renewed or terminated early for any reason, including either due to a government action or for a material breach of the relevant agreement, this would materially adversely affect Acusensus' ability to generate revenue and therefore would have a material adverse effect on the Company's business, financial position and performance and cash flows could be materially and adversely effected. In addition, Acusensus sub-contracts the performance of some of the speed camera services under the MSC Contract to G4S (see Section 9.2). If G4S were to fail to perform the services or ceased performing the services, this may materially adversely impact Acusensus' ability to comply with its obligations under the MSC Contract and this could have a material adverse impact on the Company's financial performance. See also other risk factors, including key risk 4.1.2, "Government policy, legislation and public sentiment" for further discussion on the factors that may lead to a long-term government contract not being renewed or subject to termination.

Further to the above, breaches of any of these material contracts could lead to Acusensus' reputation suffering and such breaches may result in limitations on the Company's ability to interact with governments or participate in government tender processes in the future.

4.1.2 Government policy, legislation and public sentiment

The relationships that Acusensus has with its government customers are important to its existing operations and to any future opportunities that it may enter into. Governments may change and there may be changes in government policies, laws and taxes as a result. Such changes may impact Acusensus and its operations and the multi-year contracts that Acusensus has with government entities may be terminated by the government counterparty for convenience and on short notice.

Legislative change is required in most markets to permit the use of technology for enforcement of offences, such as the use of mobile phones while driving. Introduction of legislative changes can be slow and subject to political uncertainties.

Public sentiment may move against the programs that Acusensus deploys for reasons such as prevailing economic conditions, including interest rates and geopolitical events, which are outside of the control of Acusensus. Changes to privacy laws or public sentiment regarding privacy may negatively impact sales of the solutions that Acusensus deploys or prevent the introduction of legislative changes by governments to permit the use of such technologies for enforcement purposes. All of these factors may have an impact on the public perceptions of the services that the Company deploys and the policy decisions of governments in turn. Any decisions by government not to pursue policies in the areas that Acusensus' technology address would have a material adverse effect on the Company's business, financial position and performance.

4.1.3 Contract Tendering

Acusensus' customers are largely government entities that generally require a competitive tender process to be undertaken before awarding a contract. There is no guarantee that Acusensus will be awarded any, some portion of or all of the proposed contracts under these tender processes.

Tender processes may require a large volume of information within rigid and often short timetables. Acusensus may not be able to commit sufficient resources to respond timely and adequately which may impact Acusensus' ability to win government contracts in response to tenders which would likely have a material adverse effect on the Company's business, as well as its financial performance, cash flows and financial performance.

In particular, it is noted that the MPDC Contract with Transport for NSW will end on 30 November 2023. Although project orders placed under the MPDC Contract prior to 30 November 2023 can remain on foot up to 30 November 2025, Acusensus will be required to participate in a competitive tender process in order to be awarded a new contract. If Acusensus is not awarded a new MPDC Contract, this would have a material adverse effect on the Company's ability to generate revenue, and its financial position and performance.

4.1.4 Reliance on/loss of key persons

There is no guarantee that the Company will be able to recruit and retain suitable staff to carry out its business operations, including the Company's Chief Executive Officer Alexander Jannink. Mr Jannink founded the Company and has significant knowledge of the Company's business and products and well established relationships with the Company's customers and suppliers. Loss of Mr Jannink or other members of the management team, or the inability of the Company to recruit new personnel with the required technical skills, may disrupt operations, adversely affect the Company's ability to implement its growth strategies and may negatively affect the Company's future financial performance. There is no guarantee the Company will be able to recruit and retain suitable staff, especially those with the right technical skills and experience required.

4.1.5 Reliance on IT suppliers

Acusensus' platform, which incorporates its website, databases and systems, are critically important to Acusensus' ability to attract and retain customers. Acusensus is reliant on third-party providers to maintain its network infrastructure and software, including AWS to host its platform. Despite the measures that Acusensus has in place to manage and mitigate any disruptions, such network infrastructure and hosting involves major risks including:

- (a) a breakdown or system failure as a result in a sustained shutdown of all or a material part of Acusensus' servers, including failures which may be attributable to power shutdowns, or loss or corruption of data or malfunctions of hardware; and
- (b) any disruption or failure in a national telecommunication network, resulting in customers being unable to use the Acusensus platform.

4. Risk Factors continued

AWS may terminate its hosting services on 30 days' notice, or on short or no notice in certain circumstances (see Section 9.6 for further details). A termination of these hosting services on short or no notice may result in Acusensus' platform being inaccessible for a period of time. Any significant or prolonged disruption of the hosting services or platform inaccessibility may cause irreparable harm to Acusensus' reputation and relationships with customers, and may have a material adverse effect on Acusensus' business and financial performance.

4.1.6 Protection and potential infringement of intellectual property

The Company is dependent on its ability to effectively identify, protect, defend and, in certain circumstances, keep secret its intellectual property, including business processes and know-how, copyrights, patents, trade secrets and trade marks. There is a risk that the Company's intellectual property may be copied or stolen and that the Company may be unable to detect and prevent the unauthorised use of its intellectual property rights in all instances. Actions taken by the Company to protect its intellectual property may not be adequate or enforceable and therefore may not prevent the misappropriation of its intellectual property and proprietary information.

There is also a risk that the Company may unknowingly infringe the intellectual property rights of third parties. The ability of the Company to operate without infringing the proprietary intellectual property rights of third parties is an integral part of its business. In the future, the Company may be subject to intellectual property or other claims, which are costly to defend, could result in significant damage awards, and could limit its ability to use certain technologies in the future. Regardless of the merits of the claims, intellectual property claims are often time consuming, expensive to litigate or settle, and cause significant diversion of management attention. To the extent such intellectual property infringement claims are successful, they may have a material adverse effect on the Company's business and financial performance.

4.1.7 Potential dispute with competitor

In December 2020, a competitor alleged that the Company and/or Alexander Jannink may have infringed copyright in certain code of that competitor, and may have breached confidence and contract. The competitor was seeking access to documents to assess whether its belief had any merit. Access to the documents was refused by the Company after careful consideration. After correspondence between lawyers for both parties, the Company received no further communications. The Board is of the firm view that the allegations are without merit and that the Company would be in a strong position to defend the allegations if they were pursued in legal action. Despite this, there is no guarantee that the competitor will not pursue the allegations including by taking legal action, which the Company would need to defend, incur costs of defence and divert the attention of the Company's management for the duration. If such allegations were successfully pursued by the competitor, this could result in the Company having to pay compensation or impact on the Company's use of key intellectual property. Such consequences may have a material adverse effect on the Company's reputation, financial performance and ability to operate.

4.1.8 Technological and product development

Developing technology is expensive and the investment in development of new product offerings often involves extended periods of time to achieve a return on investment. An important element of the Company's business strategy is to continue to make investments in innovation and related product opportunities, and the Company is currently investing into new R&D initiatives and new technologies that are still at an early stage of development and validation. The Company believes that it must continue to dedicate resources to such innovation and R&D efforts to develop product offerings in order to maintain the Company's competitive position and expand the total addressable market opportunity. The Company may not, however, receive any revenues from these investments for several years, or may not realise such benefits at all, as new product development efforts may be unsuccessful or the cost of developing those products greater than anticipated. In addition, new products brought to market may not be well received by the Company's existing customers or adopted by new customers.

Technical issues with the Company's products could cause existing or future contracts to be unprofitable or be terminated, or limit the Company's ability to secure new customers and would be expected to materially adversely impact the Company's reputation.

4.1.9 Cybersecurity and privacy risks

The Acusensus business is founded on technology. The technological infrastructure that Acusensus has in place may be subjected to external cyber-attacks or security breaches, which could cause the company to lose control of its core systems, lose data and may result in breaches related to the images that the Company transmits to its customers, which could include personal information in some cases, despite the privacy controls that the Company

has in place. While measures are taken to prevent or mitigate such cyber risks, there is no assurance that these preventative measures will prove successful against an attack or breach. If an attack or breach of this kind does occur, this could result in a breach of law by the Company or the breach of a customer agreement, which may have a material adverse effect on the business, reputation, regulatory compliance, cash flow, financial condition and results of the operations of Acusensus.

4.1.10 Competition

The Company faces the risk that the level of competition could increase, and existing and potential competitors may have significantly more resources to develop new products or improve existing products to compete with the Company's products. The Company may fail to anticipate and respond to changing opportunities, technology or customer requirements as quickly as competitors, and competitors may enhance their product offering to improve their competitive positioning relative to the Company. New market entrants into the road safety industry could develop products that compete with the Company's products or technological developments in future technologies that improve road safety may render the Company's existing and new products obsolete unless the Company evolves so that its solutions remain relevant. Any of these risks may limit the Company's ability to achieve its growth objectives and impact its financial performance where the Company's products are inferior to those of such competitors, where the Company may be forced to lower its prices in order to successfully compete or where the Company's solutions become redundant. Any of the above risks could have a material adverse effect on the business, reputation, cash flow, financial condition and results of the operations of Acusensus.

4.1.11 Health and safety

Any roadside activity in relation to the installation, maintenance and use of the Company's products carries an inherent risk of injury to staff, contractors or the public. While the Company currently has in place what it reasonably believes to be sufficient levels of insurance to cover potential claims, there is a possibility that events may arise which are not covered by the Company's insurance policies. In addition, the Company is subject to health and safety regulations under Australian Commonwealth and state laws and all applicable international jurisdictions where it is operating. Although the Company has processes in place to assist it to comply with all relevant health and safety regulations, there can be no assurance that it will not be subject to potential liability for health and safety incidents that may occur, including fines, penalties and damages or consequences under its contractual arrangements. If such an eventuality were to occur, it may result in significant liability to the Company and therefore impact its financial performance and/or cause substantial damage to its reputation.

4.1.12 Further funding

The nature of the Company's main contracts requires significant upfront working capital and capital expenditure in manufacturing and assembling components prior to the commencement of revenue generation. These working capital requirements may be greater than anticipated and the Company may require further funding to meet these working capital requirements. There is no guarantee that the Company will be able to obtain the funding it requires, or that such funding will be available to the Company on favourable terms. The Company may issue further Shares to raise funds for such purpose, which may have a dilutive effect on existing Shareholders or may enter into debt funding arrangements to fund such purposes.

4.1.13 New international operations are not successful

The Company is seeking to expand its operations internationally including into the UK, Europe and North America. Such international operations may not be profitable or succeed due to added difficulties in managing foreign operations, including building reliable relationships with local partners and complying with local laws, regulations and customs. As Acusensus expands its presence in new international jurisdictions, it is subject to the risks associated with doing business in regions that may have political, legal and economic instability or less sophisticated legal and regulatory systems and frameworks, including:

- (a) unexpected changes in, or inconsistent application of, applicable foreign laws and regulatory requirements;
- (b) less sophisticated technology standards;
- (c) difficulties engaging local resources; and
- (d) potential for political upheaval or civil unrest.

4. Risk Factors continued

As Acusensus increases its operations in existing regions or enters newer regions there is a risk that Acusensus fails to understand the laws, regulations and business customs of these regions. This gives rise to risks relating to labour practices, foreign ownership restrictions, tax regulation, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regimes and other issues in foreign jurisdictions in which Acusensus may operate. This could interrupt or adversely affect parts of Acusensus' business and may have an adverse effect on Acusensus' operations and financial performance.

4.1.14 Foreign Exchange

The Company generates revenue and incurs costs in a number of different currencies and this is anticipated to increase as the business develops. Fluctuations in currency exchange rates, the introduction of foreign exchange controls which restrict or prohibit repatriation of funds, and technology export and import restrictions, prohibitions or delays may adversely impact the Company's operating and financial performance.

4.1.15 Supply chain issues

The Company's products are manufactured using certain parts and components supplied by third parties. The Company is reliant on these suppliers continuing to be able to provide these parts and components and would be adversely affected if a supplier could no longer provide such parts and components, or if there were disruptions in supply chain, for example due to theft or vandalism or as a result of disruptions caused by the COVID-19 pandemic. There is continued uncertainty as to the further impact of the COVID-19 pandemic, including any further governmental action, which may include work stoppages, lockdowns, quarantines, travel restrictions and other unforeseen changes. Any resurgence of the COVID-19 pandemic may disrupt suppliers' supply chains, for example due to disruptions and interruptions to manufacturing and distribution of products and workforce issues. There is also the potential for future epidemics or pandemics to lead to the imposition of governmental restrictions in the future similar to those seen to address the COVID-19 pandemic. Such circumstances could lead to the Company's supply chain being impacted and may impact on demand for the solutions that Acusensus supplies to government entities.

A disruption in the supply of components or the manufacturing of the Company's products could have a material adverse effect on the Company's ability to generate revenue, or result in increased costs, while the disruption or delays remain in place. If the disruptions were prolonged and another third-party supplier could not be sourced, this could have a material adverse effect on the Company's ability to meet its obligations to customers and to continue to grow the business, which may adversely impact the financial performance and reputation of the Company.

4.1.16 Adverse weather events and natural disasters

Adverse weather conditions particularly over prolonged periods of time and natural disasters may affect the Company's activities. Employees and contractors may be restricted from undertaking work due to severe, unsafe or unreasonable weather conditions. Such conditions could also result in the technology that Acusensus deploys being damaged, resulting in Acusensus needing to incur additional costs in repairing the affected system. Examples of adverse weather include heavy rain and storms. Examples of natural disasters include bushfires, floods and cyclones. Any adverse weather events or natural disaster may impact Acusensus' ability to undertake its activities, such as deploying its mobile cameras and may mean that Acusensus is unable to satisfy the minimum level of service requirements under its contracts which may result in Acusensus being in default under its contracts.

There can be no assurance that Acusensus maintains, or will continue to maintain, sufficient insurance coverage for the risks associated with such events interrupting to operation of its business. In particular, there can be no assurance that events that result in a prolonged disruption to the services that Acusensus provides will be adequately covered by relevant insurance policies.

Under the terms of certain of the multi-year contracts that Acusensus has entered into, if there is a prolonged adverse weather event, the government counterparty may have the right to suspend the provision of the relevant services by the Company for the period of time while the event is subsisting. While the Company has not been materially affected financially by such rights to date (such as the government counterparty terminating the contract), there is the possibility that government counterparties could take such action in the future.

The occurrence of any of these risks could materially adversely affect the business, cash flow, financial condition and results of operations of Acusensus.

4.1.17 Technology faults and errors

In relation to the existing products of Acusensus, there is the potential for technical errors to take place, such that the data or information that is provided to customers is inaccurate. This could cause Acusensus to be liable to a customer for lost fine revenue under the terms of some of the key contracts. Such liability could significantly impact on the financial position of Acusensus.

4.2 GENERAL RISKS

The Shares to be issued pursuant to this Prospectus should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or the market value of the Shares. The prices at which an investor may be able to trade the Shares may be above or below the Offer Price. Prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

4.2.1 Impact of COVID-19 on market and share price

The events relating to COVID-19 have at times resulted in a decline in general economic conditions together with market falls and volatility, including in the prices of securities trading on the ASX and other foreign share markets. There is continued uncertainty as to the future impact of the COVID-19 pandemic, including any further governmental action, which may include work stoppages, lockdowns, quarantines, travel restrictions and other unforeseen changes and the impact these will have on the Australian and global economy and share markets. However, the continuation of these impacts will likely have a material adverse effect on global economic conditions and share markets and may materially adversely affect the price of the Company's shares trading on the ASX.

4.2.2 General business risk

The future viability and profitability of the Company is dependent on a number of other business risks which are applicable to many companies, including (but not limited to) the following:

- international currency fluctuations;
- changes in interest rates;
- new or increased government taxes or duties or changes in taxation laws;
- changes in government regulatory policy; or
- potential fluctuations in price of Shares.

Once the Company becomes a publicly listed company on ASX, it will become subject to general market risk that is inherent in all securities listed on a stock exchange. This may result in fluctuations in its Share price that are not explained by the operations and activities of the Company.

The price at which the Shares are quoted on ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of the Shares will increase following the quotation of the Shares on ASX, even if the Company's earnings increase.

Some of the factors which may adversely impact the price of the Shares include fluctuations in the domestic and international market for listed securities, general economic conditions including interest rates, inflation rates, exchange rates, consumer sentiment, commodity and oil prices, changes to government fiscal, monetary or regulatory policies and settings, changes in legislation or regulation, inclusion in or removal from market indices, the nature of the markets in which the Company operates and general operational and business risks.

4. Risk Factors continued

4.2.3 Liquidity of Shares

There can be no guarantee that an active market in Shares will develop. On Listing, the Company will have 7,462,727 Shares held between two substantial shareholders, and 20,061,913 Shares (representing 79.88% of the Shares at Listing) will be subject to voluntary escrow (see Section 10.8), which means that they will not be able to be traded after Listing until the applicable escrow period ends.

New investors of the Company should note that liquidity post Listing may be constrained given a significant portion of the Company's Shares will be held between a small group of Shareholders and/or subject to escrow. The absence of any sale of Shares by the escrowed Shareholders during this period may cause, or at least contribute to, limited liquidity in the market for the Shares.

The market price of Shares may fall or be made more volatile because of the relatively low volume of trading in the Shares particularly having regard to the number of Shares which are subject to voluntary escrow (see Section 10.8). When trading volume is low, significant price movement can be caused by the trading in a relatively small number of Shares.

Sales of a substantial number of Shares following the Offer, or the perception that these sales may occur, could also cause the market price of the Shares to decline. Sales by the Company's Shareholders of a substantial number of Shares after the Offer (which could, for example, occur on release of the Shares from escrow arrangements), or the expectation that such sales may occur, could significantly reduce the market price of the Shares. The Company may also offer additional Shares in subsequent offerings, which may adversely affect the market price of its Shares.

4.2.4 Inability to pay dividends or make other distributions

In the foreseeable future, the Company intends to reinvest all of its earnings in order to grow the business and does not intend to pay dividends or make other distributions to Shareholders. The ability for future dividends or other distributions to be paid by the Company will be contingent on its ability to generate positive cash flows. There is no guarantee that dividends will be paid on Shares in the future, as this is a matter to be determined by the Board in its discretion, and the Board's decision will have regard to, amongst other things, the financial performance and position of the Company relative to its capital expenditure and other liabilities and its business plans and objectives.

4.2.5 Shareholder dilution

In the future, the Company may elect to issue Shares or other securities in capital raisings to fund growth or acquisitions that the Company may decide to make, or as consideration for such acquisitions. While the Company will be subject to the constraints of the ASX Listing Rules regarding the issue of Shares or other securities, Shareholders may be diluted as a result of such issues of Shares or other securities.

4.2.6 Litigation Risks

The Company may in the ordinary course of its business be subject to litigation, claims, disputes and regulatory investigations, including by customers, suppliers, government agencies, regulators or other third parties. These disputes may be related to personal injury, health, intellectual property, environmental, safety or operational concerns, negligence or failure to comply with applicable laws and regulations. There can be no assurance that legal claims will not be made against the Company or that any insurance will be adequate to cover liabilities resulting from any such claim.

4.2.7 Taxation

An investment in Shares involves taxation and duty considerations which differ for each Shareholder dependent on their individual financial affairs. Each prospective Shareholder is encouraged to seek independent financial advice about the consequences of acquiring Shares pursuant to the Offer, from a taxation and duty viewpoint and generally.

Any changes to the current rate of the Company's income tax in Australia or abroad may affect Shareholder returns. Any changes to relevant tax laws, the way they are interpreted and applied or to the current rate of taxes could have an adverse effect on the Company's financial performance or results. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of dividend imputation or franking and Shareholder returns.



5.

Board, Management and Governance

5. Board, Management and Governance

5.1 BOARD OF DIRECTORS

The Directors bring to the Board a breadth of expertise and skills, including industry and business knowledge, financial management skills and corporate governance experience.

The following table details the directors, their positions and independence:

Name	Independence ¹ & Position	Experience
Ravin Mirchandani 	Not independent, Non-Executive Chairman	- Ravin is the co-founder and Chairman of Acusensus. - He is also the Executive Chairman of Ador Powertron, a company incorporated in India that is a major shareholder of Acusensus. - He is a non-executive director on the board of Ador Welding Ltd, a company listed on the Bombay Stock Exchange and is part of the Audit Committee and Chair of the Shareholders Grievances Committee. He was previously also part of the Remuneration Committee. - Ravin has extensive commercial experience across a range of sectors including defence, energy, gas, manufacturing, power electronics and traffic enforcement. - Ravin is a member of the Road Safety Partnership Panel for the World Economic Forum Global Road Safety Initiative and Chairman of the West India Chapter of the Indo Australian Chamber of Commerce. - Qualifications: MBA International Business from Queensland University of Technology, B. Commerce (Accounting & International Business), University of Pune, India. - Membership: GAICD.
Alexander Jannink 	Not independent, Managing Director and Chief Executive Officer	- Alexander is a founder of Acusensus and has pioneered the design, development and deployment of radar and camera enforcement technologies in multiple applications, markets and geographies across the globe. Before founding Acusensus, Alexander was responsible for research and development as the Head of Future Product Group for Redflex Traffic Systems Limited (previously ASX: RDF) responsible for leading a team of over twenty professional staff spanning Australia and the USA. - Qualifications: MBA(Exec) from RMIT University, BE(Hons) in Mechatronics from the University of Melbourne, BCS from the University of Melbourne. - Memberships: GAICD, MIEAust.
Tom Patterson 	Not independent, Non-Executive Director	- Tom has worked with investors, private and small cap ASX-listed companies on a range of matters, providing practical and innovative financial, taxation and commercial solutions during his time at accounting and advisory firms Deloitte and Pitcher Partners. - Tom has considerable accounting, finance and tax experience having managed significant and complex Australian and international transactions whilst working alongside US and Australian based businesses. - Qualifications: Chartered Accountant, Chartered Tax Advisor, Master of Applied Taxation UNSW, B. Commerce (Corporate Finance) University of Adelaide. - Membership: MAICD.

Name	Independence ¹ & Position	Experience
Sue Klose 	Independent, Non-Executive Director (to be appointed prior to Listing)	- Sue is an experienced non-executive director and executive, with a diverse background in digital business growth and operations, corporate development, strategy and marketing. - Sue is currently a Non-executive Director of Nearmap (ASX: NEA), Envirosuite (ASX: EVS), Halo Foods (ASX: HLF) and Pureprofile (ASX: PPL). - Previously the Head of Digital and CMO of GraysOnline, she was responsible for digital product strategy, brand strategy and marketing operations. - In prior roles in digital and media companies including 12WBT and News Ltd, Sue led strategic planning and development and is passionate about helping businesses continually seek new opportunities for growth and innovation. - As Director of Digital Corporate Development for News Ltd, Sue screened hundreds of potential investments, leading multiple acquisitions, establishing the CareerOne and Carsguide joint ventures, and holding multiple board roles in high-growth digital and SaaS business. - Prior to her move to Australia, Sue held various digital media management and strategy roles in the United States, primarily with Tribune Publishing and as a consultant with Marakon Associates. - Qualifications: MBA (Finance, Strategy and Marketing) from Northwestern University, B. Science (Economics) from the University of Pennsylvania. - Membership: GAICD.

Note:

1. The Company has assessed the independence of its Directors having regard to the requirements for independence which are set out in Principle 2 of the ASX Corporate Governance Principles and its Board Charter.

Each current and proposed Director has confirmed to the Company that they anticipate being available to perform their duties as Non-Executive or Executive Director, as the case may be, without constraints from other commitments.

The following Directors are not currently considered by the Board to be independent for the reasons set out below:

- Ravin Mirchandani is Chairman and a Director of Ador Powertron which holds approximately 20.5% of the issued share capital of the Company, and is expected to hold around 16.4% of the issued share capital of the Company following Listing. Ravin is also Chairman and a nominee Director for Ador Powertron appointed to the Company's Board;
- Alexander Jannink, due to his executive role as Managing Director and Chief Executive Officer of the Company pursuant to the terms of his Executive Employment Agreement detailed in Section 5.5 below; and
- Tom Patterson, having regard to his role as a consultant to a substantial holder of the Company.

5.2 DIRECTOR DISCLOSURES

No current or proposed Director of the Company has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director of the Company or which is relevant to an investor's decision as to whether to subscribe for Shares.

No current or proposed Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after they ceased to be an officer.

5. Board, Management and Governance continued

5.3 SENIOR MANAGEMENT

The Company has a highly experienced senior management team as set out below:

Name	Position	Experience
Alexander Jannink 	Managing Director and Chief Executive Officer	See profile in Section 5.1.
Mark Lawrence 	Chief Financial Officer	- Mark is an experienced ASX listed Chief Financial Officer. - Mark commenced his career at Deloitte Touche Tohmatsu Chartered Accountants, progressed to senior finance roles with Lendlease Corporation and Programmed Group. Mark was Chief Financial Officer for Boom Logistics (ASX: BOL) and Chief Operating & Financial Officer for SelfWealth (ASX: SWF) when they listed on the ASX. - Mark has strong commercial skills, a solid track record in developing high growth companies, and extensive merger and acquisition experience. - Qualifications: ACA, Institute of Chartered Accountants and Bachelor of Business (Accounting), Monash University.
Olivia Byron 	General Counsel and Company Secretary	- Olivia is an experienced and highly qualified lawyer. Prior to joining the Company, Olivia commenced her legal career in the corporate team at Corrs Chambers Westgarth, then spent eight years as in-house counsel at ASX Top 20 company, Transurban. - Olivia received her Bachelor of Commerce/Bachelor of Laws (Hons) degree from The University of Melbourne and was a student in the inaugural year of The University of Cambridge's master's degree in Corporate Law, which she undertook several years after she commenced her legal career at Corrs. Olivia graduated from the MCL with Honours after finishing third overall in her cohort. - Olivia has particular expertise in corporate, financing, technology and projects law. - Qualifications: Master of Corporate Law (Hons), University of Cambridge Bachelor of Commerce/Bachelor of Laws (Hons), University of Melbourne Graduate Diploma of Legal Practice, College of Law. - Membership: FGIA.

Name	Position	Experience
Christopher Kells 	Chief Technology Officer	- Chris has extensive technical expertise in imaging, enforcement and machine learning. Chris has delivered road safety technology solutions for a number of public sector customers across the world through his past employment in senior R&D positions for a multinational enforcement camera vendor. This includes for Redflex Traffic Systems, where Chris held various senior positions including Senior Engineer and Team Leader. Chris led the adoption of various integral technologies for the Redflex group, including the scrum framework and JIRA software within Redflex's Future Product Group. - Chris has acquired significant experience in the research, design and development of photo enforcement solutions. Chris also has significant experience in the deployment, demonstration and user acceptance testing of enforcement solutions both in Australia and internationally. - Qualifications: Bachelor of Engineering (Mechatronics) and Bachelor of Computer Science, University of Melbourne.
Andrew Matthews 	Head of Operations	- Andrew has formed the operations teams, image review teams and camera deployment teams for Acusensus, working in partnership with not for profits such as Spinal Cord Injuries Australia and NSW Police Legacy to provide these services to Acusensus customers. - Prior to the formation of Acusensus, Andrew held the position of Head of Delivery and Operations for a multinational enforcement camera provider. Among numerous delivery achievements he was responsible for the introduction of the NSW Speed Camera program in 2010. - Qualifications: Advanced Diploma Electrical Engineering from Southern Sydney Institute of TAFE.
Shaun Miller 	Head of Customer Engagement	- Shaun has led business development activities for both Fortune 500 and start-up companies in Australia and internationally. Shaun's business development and management expertise has contributed growth and stability to a range of industries including manufacturing and technology companies. - Shaun has led export and business development programs to countries including India, USA and Europe, China and South-East Asia. - Shaun also has extensive experience working in and with layers of Government both in Australia and globally, including seeing a sister-city program being managed by Shaun as recognised by RMIT university as best practice in Australia. - Qualifications: GradCert in Business Administration, Master of Global Development (current) from Griffith University.

5. Board, Management and Governance continued

5.4 DIRECTORS' INTERESTS AND REMUNERATION

The following sets out the Non-Executive Directors' annual remuneration payable for the years ending 30 June 2022 and 30 June 2023:

Director	FY22 Director's Fees	FY23 Director's Fees ¹
Ravin Mirchandani	\$45,000	\$71,825
Tom Patterson	\$40,000	\$71,825
Sue Klose ²	N/A	\$71,825 and 50,000 options

Notes:

1. FY22 remuneration will apply until Listing.
2. To be appointed as Director prior to Listing.

See Section 10.5 for details of the terms of the Proposed Directors' options noted above.

5.5 EXECUTIVE EMPLOYMENT AGREEMENTS

Details regarding the employment of Alexander Jannink (Managing Director and Chief Executive Officer) and Mark Lawrence (Chief Financial Officer) are set out below.

Managing Director and Chief Executive Officer

Mr Jannink is employed in the position of Managing Director and Chief Executive Officer of the Company. The Company has entered into an employment contract with Mr Jannink to govern his employment.

Mr Jannink receives a fixed remuneration package of \$346,500 per annum. Mr Jannink is eligible to receive other employment benefits in connection with the performance of his duties under his employment agreement.

Mr Jannink is eligible to receive a monetary bonus of up to 25% of his base salary subject to achievement of certain key performance indicators and the Company's financial performance. Mr Jannink is also eligible to participate in the Equity Incentive Plan.

Under the terms of Mr Jannink's employment contract, the Company has the right to terminate Mr. Jannink's employment by giving 6 months' written notice. Mr Jannink can also resign from his employment on 6 months' written notice. In either case, the Company can also elect in its discretion to make a payment in lieu of that notice to Mr Jannink for all or part of that notice period.

After termination of employment, the employment contract provides that Mr Jannink will be subject to non-competition, non-solicitation of clients, and non-poaching of employees restrictions for a maximum period of 12 months.

Mr Jannink's employment contract acknowledges that the Company owns all right, title and interest in or derived from the intellectual property rights developed or created by Mr Jannink in connection with his employment with the Company. Intellectual property rights include rights to any procedure, formula, method of production, invention or any patentable apparatus or process.

Chief Financial Officer

Mr Lawrence is employed in the position of Chief Financial Officer of the Company. The Company has entered into an employment contract with Mr Lawrence to govern his employment which commenced on 1 November 2020.

Mr Lawrence receives a fixed remuneration package of \$300,000 per annum.

Mr Lawrence is eligible to receive a monetary bonus of up to 25% of his base salary subject to achievement of certain performance criteria as determined by the Company. Mr Lawrence is eligible to receive other employment benefits in connection with the performance of his duties under his employment agreement.

Under the terms of Mr Lawrence's employment contract, the Company has the right to terminate Mr. Lawrence's employment by giving 3 months' written notice. Mr Lawrence can also resign from his employment on 3 months' written notice. In either case, the Company can also elect in its discretion to make a payment in lieu of that notice to Mr Lawrence for all or part of that notice period.

After termination of employment, the employment contract provides that Mr Lawrence will be subject to non-competition, non-solicitation of clients and non-poaching of employees restrictions for a maximum period of 12 months.

Mr Lawrence's employment contract acknowledges that the Company owns all right, title and interest in or derived from the intellectual property rights developed or created by Mr Lawrence in connection with his employment with the Company. Intellectual property rights include rights to any systems, patents, client and supplier lists, formula, method of production or invention, among others.

Other executives

All other executives are employed under written employment agreements with the Company. The key terms and conditions of their employment include:

- remuneration packages comprising fixed annual remuneration and discretionary short-term incentives;
- entitlement to participate in the Company's Equity Incentive Plan (as summarised in Section 5.6.2);
- express provisions protecting the Company's confidential information and intellectual property;
- termination notice provisions of between 1 and 6 months; and
- post-termination restraints for a maximum period of 12 months.

5.6 EQUITY INCENTIVE PLANS

5.6.1 Employee Share Option Plan

The Company's previous Employee Share Option Plan (**ESOP**) provided for the grant of share options and rights to eligible employees, contractors and directors of the Company, as determined by the Board.

As at the Allotment Date, the Company will have on issue 1,581,787 options held by eligible participants under the ESOP. Details of these options are included at Section 10.5.

The Company adopted the new Equity Incentive Plan as described at Section 5.6.2 in 2020 in place of the ESOP. No further share options and rights will be issued under the ESOP following Listing.

5.6.2 Equity Incentive Plan

The Company adopted an employee incentive plan known as the Acusensus Equity Incentive Plan in 2020 (**Equity Incentive Plan or Plan**), to assist in the reward, retention and motivation of the Company's Directors, senior management, employees and other persons providing services to the Company.

Under the rules of the Equity Incentive Plan, the Board has discretion to offer any of the following awards:

- options to acquire Shares;
- performance rights to be issued Shares; and/or
- Shares, including Shares to be acquired under a limited recourse loan funded arrangement.

In each case subject to vesting conditions and/or performance hurdles as determined by the Board (collectively, the **Awards**).

5. Board, Management and Governance continued

The terms and conditions of the Equity Incentive Plan are set out in comprehensive rules. A summary of the rules of the Equity Incentive Plan is set out below:

- The Equity Incentive Plan is open to Directors, senior management and employees and other persons providing services to the Company or its related bodies corporate, as determined by the Board. Participation is voluntary.
- The Board may determine the type and number of Awards to be issued under the Equity Incentive Plan to each participant and other terms of issue of the Awards, including but not limited to:
 - the conditions and/or performance hurdles that must be met by a participant in order for an Award to vest (if any);
 - the fee to be paid by a participant on the grant of Awards (if any);
 - the exercise price of any option granted to a participant;
 - the period during which a vested option can be exercised; and
 - any forfeiture conditions or disposal restrictions applying to the Awards and any Shares that a participant receives upon exercise of their options or vesting of performance rights.
- The Board may, in its discretion, also determine that the Company will issue limited recourse loans to participants to use for the purchase of Shares as part of a Share Award under the Equity Incentive Plan.
- When any conditions and/or performance hurdles have been satisfied, participants will receive fully vested Shares or their options/performance rights will become vested and will be exercisable into Shares (as applicable).
- Each vested option and performance right enables the participant to be issued or to be transferred one Share upon exercise or vesting (as applicable), subject to the rules governing the Equity Incentive Plan and the terms of any particular offer.
- Participants holding options or performance rights are not permitted to participate in new issues of Securities by the Company but adjustments may be made to the number of Shares over which the options or performance rights are granted and/or the exercise price (if any) to take into account changes in the capital structure of the Company that occur by way of pro rata and bonus issues in accordance with the rules of the Equity Incentive Plan and the ASX Listing Rules.
- The Equity Incentive Plan limits the number of Awards that the Company may grant without Shareholder approval, such that the aggregate of all Awards that may be issued under the Equity Incentive Plan and Securities that may be issued under other equity incentive plans of the Company (assuming all options and performance rights were exercised) do not at any time exceed in aggregate 12% of the total issued capital of the Company at the date of any proposed new Awards.
- Awards offered under the Plan in reliance on ASIC Class Order 14/1000 are subject to a cap of 5% of the total number of Shares on issue, to be calculated in accordance with the ASIC Class Order.
- In the event of a change of control of the Company, subject to the Listing Rules, an Award will vest to the extent determined by the Board.
- The Board may determine that upon a participant becoming a good leaver, the Awards of that participant may vest early or any holding period applicable to those Awards may be waived or reduced. In relation to a Bad Leaver (as defined in the Equity Incentive Plan), unless the Board determines otherwise, unvested options and performance rights will automatically lapse and unvested Share Awards and loan funded shares will automatically be surrendered.
- The Board may delegate management and administration of the Equity Incentive Plan, together with any of their powers or discretions under the Equity Incentive Plan, to a committee of the Board or to any one or more persons selected by them as the Board thinks fit.

Awards may be granted to the Company's Directors, senior management and employees residing in Australia, the United States, the United Kingdom or any other jurisdictions, as approved by the Board from time to time, under the Equity Incentive Plan subject to any local law and local tax requirements.

As noted above, the maximum number of Awards that may be issued under the Equity Incentive Plan is 12% of the number of Shares on issue at the time of issue (on a fully diluted basis), which at the time of Listing will be 3,203,614 Shares.

5.7 INTERESTS OF DIRECTORS

Other than as set out below or elsewhere in the Prospectus, no Director or proposed director:

- has or had at any time during the two years preceding the date of this Prospectus an interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company or in the Offer; and
- has been paid or agreed to be paid any amount, or has been given or agreed to be given any other benefit, either to induce him or her to become, or to qualify him or her as, a Director or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

Please see Section 5.5 for a summary of the fees and remuneration paid by the Company to its executive Directors.

Non-executive director compensation

Under the Company's Constitution, each Director (other than a Managing Director or an Executive Director) may be paid remuneration for ordinary services performed as a Director. Under the Constitution, the maximum aggregate annual cash fee pool from which Non-Executive Directors may be paid for their service, exclusive of expense reimbursement and equity grants, cannot exceed \$350,000. Any increase to the aggregate amount needs to be approved by Shareholders. Directors will seek approval of the Shareholders from time to time, as appropriate. This aggregate annual sum does not include any special remuneration which the Board may grant to the Directors for special exertions or additional services performed by a Director for or at the request of the Company, which may be made in addition to or in substitution for the Director's fees.

Directors' interests in Securities

Director	Securities as at the Prospectus Date	Securities at Listing	Percentage holding at Listing ⁴	Options held at Listing ¹
Associated entity of Alexander Jannink	3,350,000	3,350,000	13.34%	102,132
Ravin Mirchandani ²	88,752	88,752	0.35%	150,000
Associated entity of Tom Patterson	44,812	44,812	0.18%	200,000
Sue Klose ³	-/-	-/-	0.00%	50,000

Notes:

1. See Section 10.5 for terms of the Options.
2. Ravin Mirchandani is Chairman and a Director of Ador Powertron which is a substantial shareholder of the Company.
3. To be appointed as director prior to Listing.
4. Calculated on an undiluted basis.

Indemnification of Directors and Officers

The Company has entered into deeds of indemnity, access and insurance with each current Director, proposed Director and Officer. Under these deeds, the Company has agreed to indemnify, to the extent permitted by the Corporations Act, each Director and Officer in respect of certain liabilities which the Director or Officer may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Company. These liabilities include losses or liabilities incurred by the Director or Officer to any other person as an officer of the Company, including legal expenses. The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are officers and for seven years after they cease to act as officers.

5. Board, Management and Governance continued

5.8 RELATED PARTY INTERESTS AND TRANSACTIONS

Related party interests

Other than as set out below or elsewhere in this Prospectus, there are no existing agreements or arrangements and there are no currently proposed transactions in which the Company was, or is to be, a participant, and in which any related party had or will have a direct or indirect material interest:

- the compensation arrangements with current and proposed Directors and executive officers, which are described in this Section 5.7; and
- the indemnification arrangements with the current and proposed Directors which are described in Section 5.7.

Distribution Agreement with Ador Powertron

Acusensus International Pty Ltd (ACN 644 581 153) (**Acusensus International**) entered into a Distribution Agreement with Ador Powertron on 29 October 2020, which gives Ador Powertron certain rights in relation to distribution, marketing and supply of Acusensus International's traffic enforcement solutions (**Solutions**) in India.

Ravin Mirchandani, Chairman and Non-Executive Director of the Company, is the chairman and a director of Ador Powertron. As set out in Section 8.9 Ador Powertron holds approximately 20.5% of the issued share capital of the Company at the date of this Prospectus, and is expected to hold 16.4% following completion of the Offer. Although Ador Powertron is not a 'related party' for the purposes of the Corporations Act, it will be a substantial holder of the Company under Listing Rule 10.1.3. A summary of the key terms of the Distribution Agreement is set out in Section 9.7.

Policy for approval of related party transactions

The Company's Audit & Risk Management Committee is responsible for reviewing and approving all transactions in which the Company is a participant and in which any parties related to the Company, including its executive officers, current and proposed Directors, beneficial owners of more than 5% of the Company's Shares, immediate family members of the foregoing persons and any other persons whom the Board determines may be considered related parties of the Company, has or will have a direct or indirect material interest.

The Audit & Risk Management Committee will only approve those related party transactions that are determined to be in, or are not inconsistent with, the best interests of the Company and its Shareholders, after taking into account all available facts and circumstances as the Audit & Risk Management Committee determines in good faith to be necessary. Transactions with related parties will also be subject to Shareholder approval to the extent required by the ASX Listing Rules or the Corporations Act.

5.9 BOARD COMPOSITION AND INDEPENDENCE

5.9.1 Composition of the Board

As at the Prospectus Date, the Company has three Directors serving on the Board. As at Listing, the Company will have the same three Directors, and an additional one Director, Sue Klose, who has consented to join the Board and will be appointed prior to Listing. Detailed biographies of these Directors are provided in Section 5.1.

Independence of the Board

The Board is responsible for the overall governance of the Company. Issues of substance affecting the Company are considered by the Board, with advice from external advisers as required. Each Director must bring an independent view and judgment to the Board and must declare all actual or potential conflicts of interest. Any issue concerning a Director's ability to properly act as a director will be discussed at a Board meeting as soon as practicable, and a Director may not participate in discussions or resolutions pertaining to any matter in which the Director has a material personal interest.

The Company considers that a Director is an independent Director where that Director is free from any business or other relationship that could materially interfere, or be perceived to interfere with, the independent exercise of the Director's judgement. The Company has also assessed the independence of its Directors having regard to the requirements for independence which are set out in Principle 2 of the ASX Corporate Governance Principles.

Board Charter

The responsibilities of the Board are set down in the Company's Board Charter, which has been prepared having regard to the ASX Corporate Governance Principles. A copy of the Company's Board Charter is available on the Company's website at www.acusensus.com. The Company will also send you a copy of its Board Charter, at no cost to you, should you request a copy during the Offer Period.

5.9.2 Board's role in risk oversight

The Board's role in risk oversight includes receiving reports from management and the Audit and Risk Management Committee on a regular basis regarding material risks faced by the Company and applicable mitigation strategies and activities. Those reports detail the effectiveness of the risk management program and identify and address material business risks such as technological, strategic, business, operational, financial, human resources and legal/regulatory risks. The Board and its committees consider these reports, discuss matters with management and identify and evaluate any potential strategic or operational risks including appropriate activity to address those risks.

5.9.3 Board Committees

As set out below, the Board has established two standing committees to facilitate and assist the Board in fulfilling its responsibilities. The Board may also establish other committees from time-to-time to assist in the discharge of its responsibilities.

Each committee has the responsibilities described in the relevant committee charter (which has been prepared having regard to the ASX Corporate Governance Principles) adopted by the Company. A copy of the charter for the committees listed below is available on the Company's website at www.acusensus.com. The Company will also send you a free paper copy of its charter should you request a copy during the Offer Period.

Committee	Overview	Members
Audit and Risk Management Committee	Responsible for monitoring and advising the Board on the Company's audit and regulatory compliance policies and procedures. Oversees the Company's corporate accounting and financial reporting, including auditing of the Company's financial statements and the qualifications, independence, performance and terms of engagement of the Company's external auditor. Monitors and develops the Company's risk strategy, including assessing the effectiveness of the Company's internal controls and risk management framework and making recommendations for improvement.	Sue Klose (Chair) Ravin Mirchandani Tom Patterson
Remuneration and Nomination Committee	Responsible for advising the Board on the composition of the Board and its committees, evaluating potential Board candidates and advising on their suitability, and ensuring appropriate succession plans are in place. Establishes, amends, reviews and approves the compensation and equity incentive plans with respect to senior management and employees of the Company including determining individual elements of total compensation of the Managing Director and Chief Executive Officer and other members of senior management. The Remuneration and Nomination Committee is also responsible for reviewing the performance of the Company's executive officers with respect to these elements of compensation.	Tom Patterson (Chair) Ravin Mirchandani Sue Klose

5. Board, Management and Governance continued

5.10 CORPORATE GOVERNANCE POLICIES

The Company has also adopted the following policies, each of which has been prepared having regard to the ASX Corporate Governance Principles and is available on the Company's website at www.acusensus.com.

- **Code of Conduct** – This policy sets out the standards of ethical behaviour that the Company expects from its Directors, officers, employees, authorised representatives, contractors and consultants of the Company and its subsidiaries and also includes a website link to the Company's values as approved by the Board;
- **Continuous Disclosure Policy** – Once listed on ASX, the Company will need to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act to ensure the Company discloses to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares. As such, this policy sets out certain procedures and measures which are designed to ensure that the Company complies with its continuous disclosure obligations;
- **Risk Management Policy** – This policy is designed to assist the Company to identify, assess, monitor and manage risks affecting the Company's business including any new and emerging sources of risk;
- **Securities Trading Policy** – This policy is designed to maintain investor confidence in the integrity of the Company's internal controls and procedures related to the trading of its Shares by personnel who may have non-public, price sensitive information and to provide guidance on avoiding any breach of the insider trading laws;
- **Shareholder Communications Policy** – This policy sets out practices which the Company will implement to ensure effective communication with its Shareholders;
- **Diversity Policy** – This policy sets out the Company's commitment to achieving diversity and inclusion amongst its personnel;
- **Whistleblower Policy** – This policy sets out how and to whom personnel and other people who have a connection with the Company and its subsidiaries may make confidential reports regarding illegal practices or violations of Company policies. The policy sets out processes to follow up and investigate reports and how to respond to them; and
- **Anti-Bribery and Corruption Policy** – This policy describes the Company's zero tolerance policy towards bribery and corruption. The policy sets out practices that constitute bribery and corruption and is designed to assist the Company, subsidiaries, Board and all personnel avoid committing acts of bribery or corruption.

The Company will also send you a free paper copy of any of the above policies should you request a copy during the Offer Period.

5.11 ASX CORPORATE GOVERNANCE PRINCIPLES

The Board is committed to best practice corporate governance and compliance arrangements for the Company to the extent appropriate given the Company's size and circumstances. The ASX Corporate Governance Council has developed and released its ASX Corporate Governance Principles and Recommendations for Australian listed entities (**ASX Corporate Governance Principles**) to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Corporate Governance Principles are not prescriptions, but guidelines. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report or on its website disclosing the extent to which it has followed the ASX Corporate Governance Principles in the reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and provide reasons for not following it.

The Board has evaluated the Company's current corporate governance policies and practices in light of the ASX Corporate Governance Principles. A brief summary of the approach currently adopted by the Company is set out below.

Principle 1 – Lay solid foundations for management and oversight

The Board's responsibilities are defined in the Board Charter.

The Company has also established a clear delineation between the Chairman's responsibility for the Company's strategy and activities, and the day-to-day management of operations conferred upon the Managing Director and Chief Executive Officer and certain other officers of the Company which is set out in the Board Charter. The Remuneration and Nomination Committee regularly reviews and evaluates the performance of senior executives.

Principle 2 – Structure the Board to be effective and add value

The majority of the Company's Board at Listing will be comprised of Non-Executive Directors but not a majority of independent Directors. However, the Board considers the composition of the Board to be appropriate given the stage of development of the Company. The roles of Chairman, Managing Director and Chief Executive Officer are exercised by two separate individuals. The Company's Chairman is not an independent director as recommended under ASX Principle 2 but is a Non-Executive Director. Although the Chair is not an independent Director (for the reasons set out in Section 5.1 above), the Board, has determined that the Chair is able to bring an independent judgement to bear on the issues before the Board and to act in the best interests of the Company as a whole rather than in the interests of an individual security holder or other party. As the Company is still in an early stage of development, it has not yet undertaken a formal review of the Board's performance. However, the Board Charter provides for an annual self-assessment of the Board's performance to be provided to the Remuneration and Nomination Committee.

Principle 3 – Instil a culture of acting lawfully, ethically and responsibly

The Company has approved a statement of values and inculcated those values across the organisation. The Company has also adopted a Code of Conduct, a Securities Trading Policy, a Diversity Policy, a Whistleblower Policy, an Anti-Bribery and Corruption Policy and a policy and procedure for related party transactions.

Principle 4 – Safeguard the integrity of corporate reports

The Company has established an Audit & Risk Management Committee to oversee the management of financial and internal risks and the Company's risk strategy and to assess the effectiveness of the Company's risk management framework. The Audit & Risk Management Committee is comprised of three Directors. Whilst a majority of the members are not independent Directors for ASX purposes, the Board believes that the composition and skills of the members of the Audit & Risk Management Committee are appropriate for the Company.

Principle 5 – Make timely and balanced disclosure

The Company is committed to providing timely and balanced disclosure to the market in accordance with its Continuous Disclosure Policy.

Principle 6 – Respect the rights of Shareholders

The Company has adopted a Shareholder Communications Policy for Shareholders wishing to communicate with the Board. The Company seeks to recognise numerous modes of communication, including electronic communication via its website, to ensure that its communication with Shareholders is frequent, clear and accessible.

All Shareholders are invited to attend the Company's annual general meeting, either in person or by representative. The Board regards the annual general meeting as an excellent forum in which to discuss issues relevant to the Company and accordingly encourages full participation by Shareholders. Shareholders have an opportunity to submit questions to the Board and to the Company's auditors.

Principle 7 – Recognise and manage risk

In conjunction with the Company's other corporate governance policies, the Company has adopted a Risk Management Policy, which is designed to assist the Company to identify, evaluate and mitigate risks affecting the Company, including economic, environmental and social sustainability risks. In addition, the Board has established two standing committees to provide focused support in key areas. Regular internal communication between the Company's management and Board supplements the Company's quality system, complaint handling processes, employee policies and standard operating procedures which are all designed to address various forms of risks.

Principle 8 – Remunerate fairly and responsibly

The Company has established a Remuneration and Nomination Committee as set out in this Section 5.9.3. The Company will provide disclosure of the remuneration of its Directors and relevant executives in its annual report.



6.

Financial Information

6. Financial Information

6.1 INTRODUCTION

The financial information of Acusensus contained in Section 6 includes statutory and pro forma historical financial information for the financial years ended 30 June 2020 (FY20), 30 June 2021 (FY21) and 30 June 2022 (FY22) and forecast financial information for the financial year ending 30 June 2023 (FY23F) (collectively the Financial Information) as summarised in Table 1 below.

Table 1: Overview of Acusensus Financial Information

	Statutory Financial Information	Pro Forma Financial Information
Historical Financial Information	Statutory Historical Financial Information comprises the: • statutory historical consolidated income statements for FY20, FY21 and FY22 (Statutory Historical Income Statements); • statutory historical consolidated cash flows for FY20, FY21 and FY22 (Statutory Historical Cash Flows); and • statutory historical consolidated statement of financial position as at 30 June 2022 (Statutory Historical Statement of Financial Position).	Pro Forma Historical Financial Information comprises the: • pro forma historical consolidated income statements for FY20, FY21 and FY22 (Pro Forma Historical Income Statements); • pro forma historical consolidated cash flows for FY20, FY21 and FY22 (Pro Forma Historical Cash Flows); and • pro forma historical consolidated statement of financial position as at 30 June 2022 (Pro Forma Historical Statement of Financial Position).
Forecast Financial Information	Statutory Forecast Financial Information comprises the: • statutory forecast consolidated income statement for FY23F (Statutory Forecast Income Statement); and • statutory forecast consolidated cash flows for FY23F (Statutory Forecast Cash Flows).	Pro Forma Forecast Financial Information comprises the: • pro forma forecast consolidated income statement for FY23F (Pro Forma Forecast Income Statement); and • pro forma forecast consolidated cash flows for FY23F (Pro Forma Forecast Cash Flows).

The Historical Financial Information and the Forecast Financial Information together form the Financial Information.

Also included in Section 6 are:

- The basis of preparation and presentation of the Financial Information (refer to Section 6.2);
- Information regarding certain non-AIFRS financial measures (refer to Section 6.2.4);
- Summary of key pro forma operating and financial metrics (refer to Section 6.5);
- The pro forma adjustments and reconciliations of the Statutory Historical Financial Information to the Pro Forma Historical Financial Information and the Statutory Forecast Financial Information to the Pro Forma Forecast Financial Information (refer to Sections 6.3.3, 6.6.3 and 6.7);
- Details of Acusensus' cash and cash equivalents and pro forma cash position at the assumed date of Completion (refer to Section 6.8);
- Information regarding liquidity and capital resources (refer to Section 6.9);
- Information regarding Acusensus' contractual obligations, commitments and contingent liabilities (refer to Section 6.10);
- Qualitative disclosures about market risk (refer to Section 6.11);
- General and specific assumptions underlying the Forecast Financial Information (refer to Section 6.12);

6. Financial Information continued

- Management discussion and analysis of the Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information (refer to Section 6.13);
- An analysis of the sensitivity of the Pro Forma Forecast Financial Information to changes in certain key assumptions (refer to Section 6.14); and
- A summary of Acusensus proposed dividend policy (refer to Section 6.15).

The information in Section 6 should also be read in conjunction with the risk factors set out in Section 4, Acusensus' significant accounting policies set out in Appendix 2, and the other information contained in this Prospectus.

All amounts disclosed in Section 6 and the Appendices are presented in Australian Dollars (AUD), unless otherwise noted and are rounded to the nearest thousand dollars. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any differences between totals and sums of components in tables or figures contained in this Prospectus are due to rounding.

6.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

6.2.1 Overview and preparation and presentation of the Financial Information

The Financial Information included in the Prospectus is intended to present potential investors with information to assist them in understanding the historical financial performance, cash flow and financial position of Acusensus, together with the Forecast Financial Information for FY23F.

The Statutory Financial Information has been prepared in accordance with the recognition and measurement principles of Australian equivalents to International Financial Reporting Standards ("AIFRS") and the significant accounting policies of Acusensus as summarised in Appendix 2.

The Pro Forma Financial Information has been prepared solely for inclusion in this Prospectus and does not reflect the actual financial results and cash flows of Acusensus for the periods indicated. Acusensus believes that it provides useful information as it permits investors to examine what it considers to be the underlying financial performance and cash flows of the business presented on a consistent basis with the Forecast Financial Information.

The Pro Forma Financial Information has been prepared in accordance with the recognition and measurement principles of AIFRS.

This Prospectus includes Forecast Financial Information based on the specific and general assumptions of Acusensus.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information required by AIFRS applicable to annual financial reports prepared in accordance with the *Corporations Act 2001*.

In addition to the Financial Information, Section 6.2.4 describes certain non-AIFRS financial measures that are used to manage and report on Acusensus' business that are not defined under or recognised by AIFRS (or Australian Accounting Standards).

The Directors are responsible for the preparation and presentation of the Financial Information.

The Pro Forma Historical Financial Information and Forecast Financial Information (as defined in Section 6.1) has been reviewed by KPMG Financial Advisory Services (Australia) Pty Limited, in accordance with the Australian Standard on Assurance Engagements, ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Independent Limited Assurance Report. Investors should note the scope and limitations of the Independent Limited Assurance Report (contained in Section 7).

6.2.2 Preparation of Historical Financial Information

As referred to in Section 6.2.1 the Statutory Historical Financial Information has been derived from the consolidated financial statements of Acusensus for FY20, FY21 and FY22. The consolidated financial statements of Acusensus were audited by Acusensus' external auditors in accordance with Australian Auditing Standards. Acusensus' external auditors have issued an unqualified audit opinion on the FY20, FY21 and FY22 financial statements respectively.

The consolidated financial statements of Acusensus for FY20, FY21 and FY22 will be lodged with ASX on Listing.

The Pro Forma Historical Financial Information has been prepared solely for inclusion in this Prospectus. The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information adjusted for the effects of the following pro forma adjustments:

- removal of stimulus funding received from the Australian Tax Office associated with COVID-19;
- removal of the impact of Offer costs and costs associated with the lodgement of a prospectus in November 2020;
- removal of net capital raising proceeds associated with historical capital raising events;
- inclusion of incremental costs associated with operating as a listed public company as if they were incurred from 1 July 2019;
- the impairment of deferred tax assets recognised as at 30 June 2022;
- removal of the impact of borrowings; and
- while the net impact of the above adjustments should be taxable, given the Company is forecast to make a pre-tax loss in FY23F, any deferred tax assets resulting from carried forward losses have not been recognised, there is nil impact.

Section 6.3.3, Table 4 sets out the pro forma adjustments made to the Statutory Historical Income Statements and a reconciliation of the Statutory Historical Income Statements to the Pro Forma Historical Income Statements.

Section 6.6.3, Table 8 sets out the pro forma adjustments to the Statutory Historical Cash Flows and a reconciliation of the Statutory Historical Cash Flows to the Pro Forma Historical Cash Flows.

Section 6.7, Table 9 sets out the pro forma adjustments to the Statutory Historical Statement of Financial Position, and a reconciliation of the Statutory Historical Statement of Financial Position to the Pro Forma Historical Statement of Financial Position. Pro forma adjustments were made to the Statutory Historical Statement of Financial Position to reflect the impact of the Offer as if it had occurred as at 30 June 2022.

In preparing the Historical Financial Information, Acusensus' accounting policies have been consistently applied throughout the periods presented. Investors should note that past results are not a guarantee of future performance.

6.2.3 Preparation of the Forecast Financial Information

The Forecast Financial Information has been prepared solely for the inclusion in this Prospectus. The Forecast Financial Information is presented on both a statutory and pro forma basis for FY23F. The basis of preparation and presentation of the Forecast Financial Information is consistent with the basis of preparation and presentation of the Pro Forma Historical Financial Information.

The Forecast Financial Information has been prepared by Acusensus based on an assessment of current economic and operating conditions and on the general and specific assumptions regarding future events and actions set out in Section 6.12. The disclosure of these assumptions is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and the effect on the Forecast Financial Information if they do not occur, and is not intended to be a representation that the assumptions will occur.

The Statutory Forecast Financial Information represents Acusensus' best estimates of the financial performance and cash flows that it expects to report in its general purpose statutory consolidated financial statements for FY23.

The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information, after adjusting for pro forma adjustments to reflect Acusensus' operating and capital structure following Completion, to eliminate Offer costs, to reflect public company costs and remove the impairment of deferred tax assets.

Section 6.3.3, Table 4 sets out the pro forma adjustments made to the Statutory Forecast Income Statement and a reconciliation of the Statutory Forecast Income Statement to the Pro Forma Forecast Income Statement.

Section 6.6.3, Table 8 sets out the pro forma adjustments made to the Statutory Forecast Cash Flows and a reconciliation of the Statutory Forecast Cash Flows to the Pro Forma Forecast Cash Flows.

The Forecast Financial Information is subject to the risk factors as set out in Section 4.

Acusensus believes the general and specific assumptions, when taken as a whole, to be reasonable at the time of preparing the Prospectus. However, the information is not fact, and investors are cautioned not to place undue reliance on the Forecast Financial Information. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information and that

6. Financial Information continued

this may have a material positive or negative effect on Acusensus' actual financial performance, cash flows or financial position. In addition, the assumptions upon which the Forecast Financial Information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of the Company, and their respective Directors and management, and are not reliably predictable. Accordingly, none of, the Company, their respective Directors or management or any other person can give investors any assurance that the outcomes disclosed in the Forecast Financial Information will arise. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

The Forecast Financial Information should be read in conjunction with the general and specific assumptions set out in Section 6.12, the sensitivity analysis described in Section 6.14, the risk factors described in Section 4, the significant accounting policies set out in Appendix 2, and the other information in this Prospectus. Acusensus does not intend to update or revise the Forecast Financial Information or other forward-looking statements or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law or regulation.

Due to its nature, the Pro Forma Forecast Financial Information does not represent Acusensus' actual or prospective financial performance or cash flows for the respective periods.

6.2.4 Explanation of certain non-AIFRS financial measures

Acusensus uses certain measures to manage and report on its business that are not recognised under AIFRS (or Australian Accounting Standards). These measures are collectively referred to in this Section 6 and under *Regulatory Guide 230 Disclosing Non-IFRS Financial Information* published by ASIC as "non-IFRS financial measures". The principal non-IFRS financial measures that are referred to in this Prospectus are as follows:

- **Direct cost of sales** comprises costs of fulfilling Acusensus' outsourced solution which include operating and maintaining required equipment and resources for the processing and reviewing of enforcement violations including the preparation of prosecutable evidence into pre-adjudication data packages;
- **Gross profit** is revenue less direct cost of sales;
- **Gross profit margin** is gross profit expressed as a percentage of total revenue;
- **EBITDA** is earnings or losses before interest (finance costs), taxation, depreciation and amortisation. Acusensus uses EBITDA to evaluate the operating performance of the business without the non-cash impact of depreciation and amortisation and before interest and taxation. EBITDA margin, which is EBITDA expressed as a percentage of total revenue is also presented. EBITDA can be useful to help understand the cash generation potential of the business. EBITDA and EBITDA margin should not be considered as an alternative to measures of cash flow under AIFRS and investors should not consider EBITDA in isolation from, or as a substitute for, an analysis of the results of Acusensus' operations;
- **EBITDA margin** is EBITDA expressed as a percentage of total revenue;
- **EBIT** is earnings or losses before interest (finance costs) and taxation;
- **EBIT margin** is EBIT expressed as a percentage of total revenue;
- **Operating cash flow** is EBITDA after the removal of non-cash items in EBITDA (e.g. share-based payment expenses) and movements in provisions, changes in working capital and net finance costs. Acusensus uses operating cash flow as a measure to indicate the level of operating cash flow generated from EBITDA;
- **Working capital** is trade and other receivables, inventories and other current assets less trade and other payables, accruals, deferred revenue, R&D tax credit balances and other current liabilities;
- **NPAT** is net profit after tax;
- **Net debt** represents total loans and borrowings and bank overdrafts, less cash and cash equivalents;
- **Capital expenditure** is a combination of capitalised development costs and other costs primarily related to property, plant and equipment;
- **Capitalised development costs** are related to enhancements to products that are expected to derive a future benefit to Acusensus and are capitalised in accordance with AASB 138 *Intangible Assets*; and
- **Research and development expense** is product design and development inclusive of product maintenance expenses (excluding depreciation and amortisation).

Although Acusensus believes that these measures provide useful information about the financial performance of the business, they should be considered as supplements to the income statement measures that have been presented in accordance with AIFRS and not as a replacement for them. As these non-AIFRS financial measures are not based on AIFRS (or Australian Accounting Standards), they do not have standard definitions, and the way Acusensus calculates these measures may differ from similarly titled measures used by other companies. Investors and readers of this Prospectus should therefore not place undue reliance on these non-AIFRS financial measures.

6.3 HISTORICAL AND FORECAST INCOME STATEMENTS

6.3.1 Pro Forma Historical Income Statements and Pro Forma Forecast Income Statement

Table 2 summarises Acusensus' Pro Forma Historical Income Statements for FY20, FY21 and FY22 and Pro Forma Forecast Income Statement for FY23F.

Table 2: Pro Forma Historical Income Statements and Pro Forma Forecast Income Statement

\$000	Notes	Pro Forma Historical			Pro Forma Forecast
		FY20	FY21	FY22	FY23F
Revenue from contracts with customers	1	2,270	6,267	28,651	36,978
Other revenue	2	26	479	78	–
Total revenue		2,296	6,746	28,729	36,978
Direct cost of sales		(1,166)	(2,844)	(16,169)	(21,079)
Gross profit		1,130	3,902	12,560	15,899
Salaries & wages		(1,641)	(4,622)	(5,153)	(8,905)
Contracting		(197)	(560)	(1,144)	(795)
Marketing costs		(127)	(27)	(225)	(86)
Administration expenses	3	(1,134)	(1,896)	(2,348)	(2,958)
Operating expenses		(3,099)	(7,105)	(8,870)	(12,744)
EBITDA		(1,969)	(3,203)	3,690	3,155
Depreciation and amortisation		(142)	(609)	(3,183)	(4,351)
EBIT		(2,111)	(3,812)	507	(1,196)
Finance costs		–	(73)	(38)	(58)
Profit/(loss) before tax		(2,111)	(3,885)	469	(1,254)
Income tax benefit/(expense)	4	–	–	–	–
Net profit/(loss) after tax	5	(2,111)	(3,885)	469	(1,254)

Notes:

1. Revenue from contracts with customers includes revenue from related parties of \$6,000 in FY23F, \$0.3 million in FY22, \$0.3 million in FY21 and \$25,000 in FY20.
2. Other revenue primarily relates to R&D tax credits for qualifying research and development activities.
3. Administration expenses include professional fees, software and subscriptions, travel, insurance, utilities, motor vehicle and foreign currency expenses.
4. While the impact of the pro forma adjustments outlined in Table 4 should be taxable, given the Company is forecast to make a pre-tax loss in FY23F, any deferred tax assets resulting from carried forward losses have not been recognised.
5. Table 4 summarises the pro forma adjustments that have been made to the net profit/(loss) after tax in the Statutory Historical Income Statements and the Statutory Forecast Income Statement.

6. Financial Information continued

6.3.2 Statutory Historical and Statutory Forecast Income Statements

Table 3 summarises Acusensus' Statutory Historical Income Statements for FY20, FY21 and FY22 and Statutory Forecast Income Statement for FY23F.

Table 3: Statutory Historical Income Statements and Statutory Forecast Income Statement

\$000	Notes	Statutory Historical			Statutory Forecast
		FY20	FY21	FY22	FY23F
Revenue from contracts with customers	1	2,270	6,267	28,651	36,978
Other revenue	2	126	479	78	–
Total revenue		2,396	6,746	28,729	36,978
Direct cost of sales		(1,166)	(2,844)	(16,169)	(21,079)
Gross profit		1,230	3,902	12,560	15,899
Salaries & wages		(1,436)	(4,417)	(4,947)	(8,844)
Contracting		(197)	(560)	(1,144)	(795)
Marketing costs		(127)	(27)	(225)	(86)
Offer costs	3	–	–	–	(528)
Administration expenses	4	(583)	(1,865)	(1,861)	(2,736)
Operating expenses		(2,343)	(6,869)	(8,177)	(12,989)
EBITDA		(1,113)	(2,967)	4,383	2,910
Depreciation and amortisation		(142)	(609)	(3,183)	(4,351)
EBIT		(1,255)	(3,576)	1,200	(1,441)
Finance costs		–	(73)	(38)	(58)
Profit/(loss) before tax		(1,255)	(3,649)	1,162	(1,499)
Income tax benefit/(expense)		–	–	264	(264)
Net profit/(loss) after tax		(1,255)	(3,649)	1,426	(1,763)

Notes:

- Revenue from contracts with customers includes revenue from related parties of \$6,000 in FY23F, \$0.3 million in FY22, \$0.3 million in FY21 and \$25,000 in FY20.
- Other revenue includes COVID-19 government stimulus received in FY20 and primarily relates to R&D tax credits for qualifying research and development activities.
- Total Offer costs are estimated at \$1.9 million, of which \$1.4 million are directly attributable to issue of new shares by Acusensus and will be offset against equity raised as part of the Offer. The remaining \$0.5 million relates to Offer costs which are treated as an expense in the income statement (within Offer costs).
- Administration expenses include professional fees, software and subscriptions, travel, insurance, utilities, motor vehicle and foreign currency expenses. In addition, administration expenses include costs associated with the prospectus lodged in November 2020 which have been further detailed in Table 4.

6.3.3 Pro forma adjustments to the Statutory Historical Income Statements and Statutory Forecast Income Statement

Table 4 summarises the pro forma adjustments that have been made to the net profit/(loss) after tax in the Statutory Historical Income Statements and the Statutory Forecast Income Statement.

Table 4: Pro forma adjustments to the Statutory Historical Income Statements and Statutory Forecast Income Statement

\$000	Notes	FY20	FY21	FY22	FY23F
Statutory revenue		2,396	6,746	28,729	36,978
COVID-19 government stimulus	1	(100)	–	–	–
Pro forma revenue		2,296	6,746	28,729	36,978
Statutory net profit/(loss) after tax		(1,255)	(3,649)	1,426	(1,763)
COVID-19 government stimulus	1	(100)	–	–	–
Offer costs and costs from lodgement of previous prospectus	2	–	520	63	528
Incremental listed company costs	3	(756)	(756)	(756)	(283)
Deferred tax asset impairment	4	–	–	(264)	264
Pro forma net profit/(loss) after tax		(2,111)	(3,885)	469	(1,254)

Notes:

1. Acusensus received COVID-19 funding from the Australian Tax Office which has been eliminated from the pro forma results on the basis it is not recurring.
2. Total Offer costs are estimated at \$1.9 million, of which \$1.4 million are directly attributable to the issue of new shares by Acusensus and will be capitalised against equity raised as part of the Offer. The remaining \$0.5 million relates to Offer costs which are treated as an expense in the income statement (within Offer costs). Costs reflected in FY21 and FY22 pertain to costs associated with the prospectus lodged in November 2020.
3. Reflects an estimate of the incremental costs that Acusensus will incur as a result of being a listed public company. These costs include non-executive Directors' remuneration, additional audit, legal and tax advice costs, Directors' and Officers' insurance premiums, ASX listing fees, share registry, investor relations, annual general meeting and annual report costs.
4. Reflects the impairment of deferred tax assets given the uncertainty of the timing of recoverability. As explained previously, while the net impact of the pro forma adjustments outlined above should be taxable, given the Company is forecast to make a pre-tax loss in FY23F, any deferred tax assets resulting from carried forward losses have not been recognised.

6. Financial Information continued

6.4 OPERATING SEGMENTS

Acusensus manages its operations as a single business operation. The Board assesses the financial performance of the Group on an integrated basis only and accordingly, Acusensus is managed on the basis of a single segment. Revenue by type has been presented further on in this Section.

6.5 KEY PRO FORMA OPERATING AND FINANCIAL METRICS

Table 5 summarises Acusensus' key pro forma historical operating and financial metrics for FY20, FY21 and FY22 and the key pro forma forecast operating and financial metrics for FY23F.

Table 5: Key pro forma operating and financial metrics for FY20 to FY23F

Pro Forma Historical					Pro Forma Forecast
\$000	Notes	FY20	FY21	FY22	FY23F
Key operating metrics					
Full time equivalent staff at financial year end		16	34	64	79
Average enforcement units deployed	1	6	11	65	84
Key financial metrics					
	2				
Revenue growth (%)		n.a	194%	326%	29%
Gross profit margin (%)		49%	58%	44%	43%
Gross profit growth (%)		n.a	245%	222%	27%
EBITDA margin (%)		(86%)	(47%)	13%	9%
EBITDA growth/(decline) (%)		n.a	(63%)	215%	(14%)
EBIT margin (%)		(92%)	(57%)	2%	(3%)
EBIT growth/(decline) (%)		n.a	(81%)	113%	(336%)

Note:

1. Average enforcement units deployed measures the cumulative average of all enforcement units deployed over the relevant financial year.
2. Key financial metric margins are calculated as a percentage of total revenue.

6.6 HISTORICAL AND FORECAST STATEMENTS OF CASH FLOWS

6.6.1 Pro Forma Historical Cash Flows and Pro Forma Forecast Cash Flows

Table 6 summaries Acusensus' Pro Forma Historical Cash Flows for FY20, FY21 and FY22 and the Pro Forma Forecast Cash Flows for FY23F.

Table 6: Pro Forma Historical Cash Flows and Pro Forma Forecast Cash Flows

\$000	Notes	Pro Forma Historical			Pro Forma Forecast
		FY20	FY21	FY22	FY23F
EBITDA		(1,969)	(3,203)	3,690	3,155
Non-cash items in EBITDA	1	269	936	268	415
Change in working capital	2	(593)	1,103	356	(4,098)
Net finance costs		–	(73)	(38)	(58)
Net cash (used in)/provided by operating activities		(2,293)	(1,237)	4,276	(586)
Capital expenditure	3	(719)	(2,846)	(6,818)	(1,644)
Intangible expenditure	4	(120)	(320)	(426)	(965)
Net cash flows from investing activities		(839)	(3,166)	(7,244)	(2,609)
Net cash inflows/(outflows) before financing activities		(3,132)	(4,403)	(2,968)	(3,195)
Principal repayment on lease liability		–	(36)	(1,157)	(1,240)
Net cash provided by/(used in) financing activities		–	(36)	(1,157)	(1,240)
Net cash inflows/(outflows)		(3,132)	(4,439)	(4,125)	(4,435)
Opening cash and cash equivalents	5				26,738
Closing cash and cash equivalents					22,303

Notes:

1. Non-cash items in EBITDA primarily relates to share-based payments expense and also incorporates foreign exchange differences.
2. FY23F includes \$2.0 million of incremental spend on inventory (cameras, trailers and other equipment) for future growth opportunities discussed earlier on in this Prospectus. In accordance with the Company's accounting policies, equipment is treated as inventory until it has been deployed to a customer contract. Once deployed, this equipment will be categorised as property, plant and equipment. FY23F also includes the payment from a build up of accruals of \$1.3 million principally related to the late receipt of key supplier invoices.
3. Capital expenditure primarily relates to camera equipment and motor vehicles that are deployed on customer contracts.
4. Primarily relates to capitalised development costs.
5. Includes \$1.3 million of restricted cash and cash equivalents.

6. Financial Information continued

6.6.2 Statutory Historical Cash Flows and Statutory Forecast Cash Flows

Table 7 summaries Acusensus' Statutory Historical Cash Flows for FY20, FY21 and FY22 and the Statutory Forecast Cash Flows for FY23F.

Table 7: Statutory Historical Cash Flows and Statutory Forecast Cash Flows

\$000	Notes	Statutory Historical			Statutory Forecast
		FY20	FY21	FY22	FY23F
EBITDA		(1,113)	(2,967)	4,383	2,910
Non-cash items in EBITDA	1	269	936	268	415
Change in working capital	2	(593)	1,103	356	(4,098)
Net finance costs		–	(73)	(38)	(58)
Net cash (used in)/provided by operating activities		(1,437)	(1,001)	4,969	(831)
Capital expenditure		(719)	(2,846)	(6,818)	(1,644)
Intangible expenditure		(120)	(320)	(426)	(965)
Net cash flows from investing activities		(839)	(3,166)	(7,244)	(2,609)
Net cash inflows/(outflows) before financing activities		(2,276)	(4,167)	(2,275)	(3,440)
Net proceeds from issue of shares	3	2,253	15,131	–	18,659
Net proceeds from/(repayment of) borrowings		–	288	(288)	–
Principal repayment on lease liability		–	(36)	(1,157)	(1,240)
Net cash provided by/(used in) financing activities		2,253	15,383	(1,445)	17,419
Net cash inflows/outflows		(23)	11,216	(3,720)	13,979
Opening cash and cash equivalents		1,134	1,111	12,327	8,607
Closing cash and cash equivalents		1,111	12,327	8,607	22,586

Notes:

1. Non-cash items in EBITDA primarily relates to share-based payments expense and also incorporates foreign exchange differences.
2. FY23F includes \$2.0 million of incremental spend on inventory (cameras, trailers and other equipment) for future growth opportunities discussed earlier on in this Prospectus. In accordance with the Company's accounting policies, equipment is treated as inventory until it has been deployed to a customer contract. Once deployed, this equipment will be categorised as property, plant and equipment FY23F also includes the payment from a build up of accruals of \$1.3 million principally related to the late receipt of key supplier invoices.
3. Reflects the impact of net capital raising proceeds associated with historical capital raising events (FY20 to FY22) and the Offer (FY23F).

6.6.3 Pro forma adjustments to the Statutory Historical Cash Flows and the Statutory Forecast Cash Flows

Tables 8 sets out the pro forma adjustments that have been made to the Statutory Historical Cash Flows and Statutory Forecast Cash Flows. These adjustments are summarised and explained below.

Table 8: Pro forma adjustments to the Statutory Historical Cash Flows and Pro Forma Forecast Cash Flows

\$000	Notes	FY20	FY21	FY22	FY23F
Statutory net cash flows		(23)	11,216	(3,720)	13,979
COVID-19 government stimulus	1	(100)	–	–	–
Costs from lodgement of previous prospectus	2	–	520	63	–
Gross proceeds from capital raising	3	(2,253)	(15,131)	–	(20,000)
Offer costs	4	–	–	–	1,869
Incremental listed company costs	5	(756)	(756)	(756)	(283)
Removal of historical borrowings/repayment of historical borrowings	6	–	(288)	288	–
Pro forma net cash flows		(3,132)	(4,439)	(4,125)	(4,435)

Notes:

1. Acusensus received COVID-19 funding from the Australian Tax Office which has been eliminated from the pro forma cash flows on the basis it is not recurring.
2. Costs reflected in FY21 and FY22 pertain to transaction costs associated with the prospectus lodged in November 2020.
3. Relates to the removal of gross capital raising proceeds associated with historical capital raising events (FY20 to FY22) and the Offer (FY23F) on a pro forma basis.
4. Relates to the removal of Offer costs (refer to Note 2, Table 4 for details).
5. An estimate of the incremental annual costs that Acusensus will incur as a listed company as described in Note 3, Table 4 above.
6. Acusensus received borrowings from a supplier to fund the supply of inventory which has been eliminated from the pro forma results on the basis it is not recurring.

6.7 STATUTORY HISTORICAL STATEMENT OF FINANCIAL POSITION AND PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

Table 9 sets out the Statutory Historical Statement of Financial Position and the pro forma adjustments that have been made to prepare the Pro Forma Historical Statement of Financial Position of Acusensus. These adjustments take into account the effect of the Offer proceeds, Offer costs and impairment of deferred tax assets as if they had occurred as at 30 June 2022. The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of Acusensus' view of its financial position upon Completion or at a future date.

6. Financial Information continued

Table 9: Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position as at 30 June 2022

		Statutory Historical	Pro Forma adjustments	Pro Forma Historical
\$000	Notes	30-Jun-22		30-Jun-22
Assets				
Cash and cash equivalents	1	7,355	18,131	25,486
Cash and cash equivalents – restricted	2	1,252	–	1,252
Trade and other receivables		3,638	–	3,638
Contract assets		607	–	607
Inventory		1,903	–	1,903
Total current assets		14,755	18,131	32,886
Property, plant and equipment		8,171	–	8,171
Right-of-use assets		2,298	–	2,298
Intangibles		573	–	573
Deferred tax asset	3	264	(264)	–
Other assets		104	–	104
Total non-current assets		11,410	(264)	11,146
Total assets		26,165	17,867	44,032
Liabilities				
Trade and other payables		5,939	–	5,939
Contract liabilities		249	–	249
Lease liabilities		1,190	–	1,190
Provisions		684	–	684
Total current liabilities		8,062	–	8,062
Lease liabilities		1,140	–	1,140
Provisions		199	–	199
Total non-current liabilities		1,339	–	1,339
Total liabilities		9,401	–	9,401
Net assets		16,764	17,867	34,631
Equity				
Share capital	1	18,832	18,659	37,491
Reserves		1,535	–	1,535
Retained earnings	1,3	(3,603)	(792)	(4,395)
Total equity		16,764	17,867	34,631

Notes:

1. Cash and cash equivalents are expected to increase by \$18.1 million as a result of the proceeds from the Offer (\$20.0 million) assuming the issue of 5.0 million new shares at \$4.00 per share, partly offset by Offer costs of \$1.9 million. \$1.4 million of Offer costs will be capitalised against share capital, with the remaining \$0.5 million to be expensed.
2. Restricted cash balance represents cash held by the entity as required under its bank guarantee arrangements. The cash held is not available for the purpose of Acusensus' operations.
3. Reflects the impairment of the deferred tax asset given the uncertainty over the timing of recoverability.

6.8 CASH AND CASH EQUIVALENTS

Acusensus' principal source of funding comes from the cash flow generated from operations and the cash and cash equivalents on its balance sheet.

Table 10 sets out the net cash of the Company as at 30 June 2022 on a statutory basis (before Completion) and on a pro forma basis adjusted for certain pro forma adjustments related to the Offer as set out below as if these actions took place as at 30 June 2022.

The pro forma cash and cash equivalents as at 30 June 2022 does not reflect the change in cash position between 30 June 2022 and Completion, which will occur as a result of various anticipated cash requirements of the business over this period. Expected pro forma net cash and cash equivalents as at Completion is \$23.0 million (excluding restricted cash and cash equivalents). The balance reflects an estimated net cash outflow from 1 July 2022 to 12 January 2023 of \$2.5 million.

Table 10: Pro forma net cash/debt

\$000	Notes	Statutory at 30-Jun-22	Pro forma adjustments for Completion	Pro forma at 30-Jun-22	Pro forma adjustment to reflect forecast net cash outflow between 30-Jun-22 and Completion	Pro forma expected net cash at Completion
Cash and cash equivalents	1,2	7,355	18,131	25,486	(2,482)	23,004
Cash and cash equivalents – restricted		1,252	–	1,252	–	1,252
Lease liabilities	1	(2,330)	–	(2,330)	–	(2,330)
Net cash/(debt)		6,277	18,131	24,408	(2,482)	21,926
Debt/FY23F pro forma EBITDA		(0.74)		(0.74)		(0.74)
Net cash/FY23F pro forma EBITDA		1.99		7.74		6.95

Notes:

- Completion is assumed to occur on 12 January 2023 in the Table 10 above. Pro forma cash and cash equivalents adjustment reflects expected cash requirements of the business between 30 June 2022 and Completion.
- Expected cash outflow between 30 June 2022 and Completion principally reflects the build-up of FY22 accruals resulting from a key supplier not providing invoices on a timely basis.

6.9 LIQUIDITY AND CAPITAL RESOURCES

Following Completion, Acusensus' principal sources of funds are expected to be cash on hand.

Acusensus' main use of cash is to fund operations, working capital, capital expenditure and to support Acusensus' growth initiatives. Historical and forecast capital expenditure and working capital trends are described in Section 6.12. Following Completion, Acusensus expects that it will have sufficient cash to meet its operational and working capital requirements and stated business objectives during the forecast period.

Acusensus' ability to generate sufficient cash depends on its future performance which, to a certain extent, is subject to a number of factors beyond Acusensus' control including general economic, financial and competitive conditions. Over time, Acusensus may seek additional funding from a range of sources to diversify its funding base. Qualitative disclosures about market risk sensitive instruments are addressed in Section 6.11.

6. Financial Information continued

6.10 CONTRACTUAL OBLIGATIONS, COMMITMENTS AND CONTINGENT LIABILITIES

Table 11 sets out the contractual obligations, commitments, and contingent liabilities as at 30 June 2022.

Table 11: Pro forma contractual obligations, commitments and contingent liabilities as at 30 June 2022

\$000	Notes	Pro Forma Historical 30-June-22			Total
		Less than 1 year	1-5 years	More than 5 years	
Property, plant and equipment	1	389	–	–	389
Operating lease commitments	2	1,190	1,140	–	2,330
Contingent liabilities (bank guarantees)	3	–	1,252	–	1,252
Total contractual obligations, commitments and contingent liabilities		1,579	2,392	–	3,971

Notes:

1. Contractual obligations associated with the purchase of trailers.
2. Lease liability commitments associated with the recognition of AASB 16 Leases.
3. Reflects the restricted cash balance associated with bank guarantees as at 30 June 2022 that are required by customers as security for contractual performance obligations.

As at 30 June 2022, Acusensus has no material contingent liabilities or other off-balance sheet arrangements other than those described above.

6.11 QUALITATIVE DISCLOSURES ABOUT MARKET RISK

6.11.1 Interest rate risk

Acusensus is exposed to interest rate risk arising from the possibility that changes in interest rates will affect future cash flows, or the fair values of financial instruments. The primary financial instruments impacted by interest rate movements are cash balances. Acusensus monitors and analyses its interest rate exposure. Within the analysis, consideration is given to uses of funds and potential financing options.

6.11.2 Foreign exchange risk

Acusensus transacts in various currencies other than its functional currency, being the Australian Dollar, including the United States Dollar, British Pound, Euro, and New Zealand Dollar. Acusensus has not historically hedged its foreign currency exposure and as a result Acusensus' earnings are exposed to the net impact of movements in foreign exchange rates on its sales, employee expenses and purchases in the foreign currencies in which the transactions occur.

The potential impact on EBITDA of movements in United States Dollar foreign currency exchange rates over the forecast period is considered in Table 13 in Section 6.14.

Acusensus has foreign currency receivables and payables (USD\$12,407 receivables, USD\$1,988,241 payables as at 30 June 2022) that are denominated in a currency other than its functional currency, being the Australian Dollar, and Acusensus holds investments in overseas subsidiaries which are not hedged. Any foreign exchange rate movements in respect to the transactional currency in which the net investment in foreign subsidiaries are held, are recognised in the foreign currency translation reserve.

6.12 FORECAST FINANCIAL INFORMATION

The Forecast Financial Information is based on various specific and general assumptions, including those set out in this Section 6.12. In preparing the Forecast Financial Information, Acusensus has undertaken an analysis of historical performance and applied assumptions where appropriate in order to forecast future performance for FY23F. The Directors believe that Acusensus has prepared the Forecast Financial Information with due care and attention and considers all assumptions when taken as a whole to be reasonable at the time of preparing the Prospectus. However, actual results are likely to vary from those forecast and any variation may be materially positive or negative.

The assumptions upon which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of the Company, and their respective Directors and management, and are not reliably predictable. Accordingly, none of the Company, or their respective Directors or any other person can give any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 6.14, the risk factors set out in Section 4 and the Independent Limited Assurance Report on Forecast Financial Information set out in Section 7. A reconciliation of the Pro Forma Forecast Income Statements to the Statutory Forecast Income Statements is set out in Section 6.3.3.

6.12.1 General Assumptions

In preparing the Forecast Financial Information, the Directors have adopted the following general assumptions:

- No material change in the competitive environment in which Acusensus operates;
- No significant deviation from current market expectations of economic conditions relevant to the industry in which Acusensus operates, including business confidence, economic growth, inflation, fiscal and taxation policies throughout the countries in which Acusensus operates (including, but not limited to Australia and the United States);
- No significant interruptions to Acusensus' supply chain, disturbances or disruptions to Acusensus' inventory sourcing;
- No material litigation or legal claims;
- No material changes in key personnel, including key management personnel, and Acusensus is able to continue to recruit and retain personnel which will be required to support the future growth of Acusensus;
- No material industry disturbances, disruptions to the continuity of operations of Acusensus or other material changes in its business, including acquisitions, disposals, restructurings or investments or change in Acusensus' corporate or funding structure other than as contemplated by this Prospectus;
- The Offer proceeds are in accordance with the timetable set out in the Key Offer Details Section of this Prospectus;
- No material change in applicable AIFRS or other mandatory professional reporting requirements which have a material effect on Acusensus' financial performance or cash flows, financial position, accounting policies, or financial reporting or disclosures other than those set out in Section 6;
- No material changes in government regulation and policy that impact Acusensus; and
- None of the key risks listed in Section 4 occur, or if they do, none of them has a material adverse impact on Acusensus' operations, financial position or performance.

6.12.2 Specific Assumptions

The Forecast Financial Information is based on various best estimate assumptions, including those set out below. In preparing the Forecast Financial Information, Acusensus has analysed historical performance including the current rates of revenue and expenses and applied assumptions, where appropriate, across the business. The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 6.14, the risk factors set out in Section 4, the Independent Limited Assurance Report set out in Section 7 and other information contained in this Prospectus.

6. Financial Information continued

6.12.3 Group

No loss or material amendment to any material agreement or arrangement relating to Acusensus' business and retention of current clients at current service levels with assumed revenue growth in line with FY23F forecast information provided; and

Foreign currency exchanges rates to the Australian Dollar across the geographies that Acusensus operates are assumed to remain constant with the key rates being 0.66 US Dollar, 0.65 Euro and 0.57 GBP.

6.12.4 Revenue Assumptions

Acusensus provides road safety enforcement services and these services are categorized as distracted driving services, speed detection services and other services. Other services include trials and sale of speed enforcement systems. Acusensus has classified FY23F revenue into three categories: contracted revenues, assumed contracted renewals and contracted pilots and trials.

Contracted revenues: Represents revenue expected to be generated from distracted driving and speed camera project orders that are contracted throughout FY23F. Expected revenue has been projected based on contracted hours, rates and terms. FY23F contracted revenues are assumed to be \$33.9 million (92% of FY23F revenue);

Assumed contract renewals: Throughout FY23F a number of project orders will expire. Acusensus has assumed that expiring project orders will be renewed in line with existing rates and terms. Management's renewal assumption has been undertaken on a case-by-case basis and considers on-going discussions with customers and existing performance levels. FY23F assumed contract renewal revenues are assumed to be \$1.4 million (4% of FY23F revenue);

Contracted pilots and trials: Throughout FY23F, Acusensus has assumed it will continue to undertake pilots, demonstrations and trials. These activities are seen as important to securing contracted revenues within new geographies into the future. Expected revenue has been based on contracted arrangements. FY23F contracted pilots and trials are assumed to be \$1.6 million (4% of FY23F revenue).

ACT MDDC Agreement: Acusensus entered into a minimum three-year MDDC Agreement with the ACT Government on 4 November 2022 (see Section 9.5 for further details). The start date for the provision of MDDC services will be the later of 1 February 2023 or the date that MDDC services can commence. At the date of this Prospectus, uncertainty exists surrounding the proposed start date for delivering MDDC services given a transition-in plan with the ACT Government has not been finalised. As a result, the Directors' have not assumed any revenue from the MDDC Agreement within the FY23 forecast. Once operational, the MDDC Agreement is expected to generate annual revenue of approximately \$1.7 million.

Existing tender processes: Acusensus is currently involved in a number of tender processes across a number of States in Australia, the United States and countries within the European Union spanning services including speed, mobile phone enforcement, licence plate recognition and seatbelt compliance. Given the uncertainty surrounding the success of the tenders and the timing for execution of contracts and the subsequent commencement of operations (if the Company was successful in any of these tenders), the Directors' have not assumed any FY23 forecast revenue from existing tender processes.

Variation of NSW MSC Agreement: The NSW Government recently announced that signage will be required both before and after mobile speed camera deployments with effect from 1 January 2023. As a result, a variation will need to be agreed to the NSW Services Agreement – MSC Contract (see Section 9.1) with the NSW Government to reflect the provision of signage and resultant changes to the services under the MSC Contract. However, as the terms of the variation have not yet been agreed, the Directors' have not reflected any changes from variations to this agreement in the FY23 forecast.

6.12.5 Expense Assumptions

The Forecast Financial Information is based on the following key expense assumptions and allocated to functional expense categories on a consistent basis with the Pro Forma Historical Financial Results:

- **Direct cost of sales:** Comprises costs of fulfilling Acusensus' outsourced solution which include operating and maintaining required equipment and resources for the processing and reviewing of enforcement violations including the preparation of prosecutable evidence into pre-adjudication data packages. FY23F Cost of sales are forecast to increase to 57% (up from 56% in FY22) of revenue. Where applicable, the cost of outsourced activities (e.g. speed cameras) have been based on contracted supplier hours at hourly rates.
- **Salaries & wages:** Primarily relates to personnel and related costs (including salaries, benefits, bonuses, commissions and payroll tax) associated with sales and marketing, administration team activities and engineering and operations team costs that can't be allocated to cost of sales. Forecast salaries and wages have been adjusted for wage inflation from 1 July 2022. The forecast assumes an increase of 15 FTE at an average cost per FTE of \$150,000.
- **Contracting costs:** Includes external advisory services, recruitment fees and lobbyist expenses. The assumed reduction in FY23F primarily reflects a reduction in recruitment costs with incremental FTE in FY22 of 30, outstripping the assumed 15 FTE increase in FY23F.
- **Research and development:** Primarily relate to personnel and related costs (including salaries, benefits, payroll tax) and third party costs associated with product design and development. The software engineering capitalisation rate for FY23F of 18.1% is consistent with historical average capitalisation rates for the Company. The forecast research and development capitalisation amount for FY23F is \$0.9 million and is inclusive of software engineering and operations staff development activities.
- **Incremental public company costs:** Reflects the estimate of the incremental annual costs that Acusensus will incur as a listed public entity including expected Chairman and additional non-executive Director remuneration, additional audit and legal costs, listing fees, share registry costs, Directors' and officers' insurance premiums as well as investor relations, annual general meeting and annual reporting costs. Full year incremental public company costs are forecast to be \$0.7 million for FY23F.
- **Offer costs:** Total Offer costs are estimated at \$1.9 million, of which \$1.4 million are directly attributable to issue of new shares by Acusensus and will be offset against equity raised as part of the Offer. The remaining \$0.5 million relates to Offer costs which are treated as an expense in the income statement (within Offer costs).
- **Administration and marketing expenses:** Includes all other administration costs including professional fees for external audit, tax and legal services, marketing activities and trade show events, travel expenses, cloud services not allocated to cost of sales and software subscriptions. These costs are forecast to increase by 18% from \$2.6 million in FY22 to \$3.0 million in FY23F due to increased insurance and travel costs resulting from the increased focus on overseas growth opportunities and the on-going easing of travel restrictions.
- **ACT MDDC Agreement:** As noted above, Acusensus entered into a minimum three-year MDDC Agreement with the ACT Government on 4 November 2022 (see Section 9.5 for further details) but there is uncertainty as to the start date for the provision of services under the agreement. As a result, the Directors' have not assumed any costs under the MDDC Agreement within the FY23 forecast.
- **Existing tender processes:** As noted above, Acusensus is currently involved in a number of tender processes, some of which are for material contracts. Given the uncertainty surrounding the success of the tenders and the timing for execution of contracts and the subsequent commencement of operations (if the Company was successful in any of these tenders), the Directors' have not assumed any contract costs in the FY23 forecast from existing tender processes. All tender preparation costs are incorporated within the FY23 forecast.
- **Variation of NSW MSC Agreement:** As noted above, a variation will need to be agreed to the NSW MSC Agreement (see Section 9.1) with the NSW Government to reflect the provision of signage and resultant changes to the services under the MSC Contract. Consequent changes may also be required to the MSC Subcontract with G4S. However, as the terms of the variation have not yet been agreed, the Directors' have not reflected any additional costs or other changes from variations to this agreement in the FY23 forecast.

6. Financial Information continued

6.12.6 Depreciation and amortisation

The Forecast Financial Information is based on the following depreciation and amortisation assumptions:

- **Depreciation:** Assets acquired to support revenue contracts and operating activities are depreciated over the estimated useful life of those assets. These assets include fixed and transportable camera equipment, IT equipment, office equipment, motor vehicles and 'right of use' assets in accordance with AASB 16 *Leases*. The depreciation expense is forecast to increase in FY23F to \$4.0 million from \$3.0 million in FY22.
- **Amortisation:** Based on the 30 June 2022 level of capitalised intangible assets and forecast capitalisation of development costs. Staff costs directly attributable to the development of Acusensus products are amortised over 3 years. No impairment of previously capitalised costs is assumed. The amortisation expense is forecast to increase in FY23F to \$0.4 million from \$0.2 million in FY22.

6.12.7 Net finance expense and income tax

The Forecast Financial Information is based on the following interest and tax assumptions:

- **Net finance expense:** includes interest expense on lease liabilities.
- **Income tax expense/(benefit):** No income tax benefit has been assumed in FY23F given the uncertainty of the timing of recoverability. Given this, the deferred tax asset recognised in the FY22 statutory accounts has been impaired in FY23F.

6.12.8 Changes in working capital

The Forecast Financial Information is based on the following key changes in working capital assumptions:

- **Inventory:** \$2.0 million of incremental spend on inventory (cameras, trailers and other equipment) for future growth opportunities as discussed earlier on in this Prospectus (including the recently signed ACT MDDC agreement). In accordance with the Company's accounting policies, equipment is treated as inventory until it has been deployed to a customer contract. Once deployed, this equipment will be categorised as property, plant and equipment.
- **Trade and other payables:** FY22 trade and other payables included a build-up of accruals relating to a key supplier who was not providing invoices on a timely basis. FY23F assumes the timely provision of supplier invoices and assumes creditor days to be broadly in line with agreed trading terms.
- **Trade and other receivables:** FY23F trade debtor days are expected to remain in line with historical trends.

6.12.9 Capital expenditure

The Forecast Financial Information is based on the following key capital expenditure assumptions:

- **Capital expenditure:** Reflects assumed capitalised development costs and investment in equipment expected to be required to support the growth of the Acusensus product-suite throughout the forecast period.
- Equipment to be purchased in FY23F of \$2.0 million which is expected to be deployed for new contracts outside of the FY23F period has been categorised as inventory for the purposes of the FY23F Statement of Cash Flows.

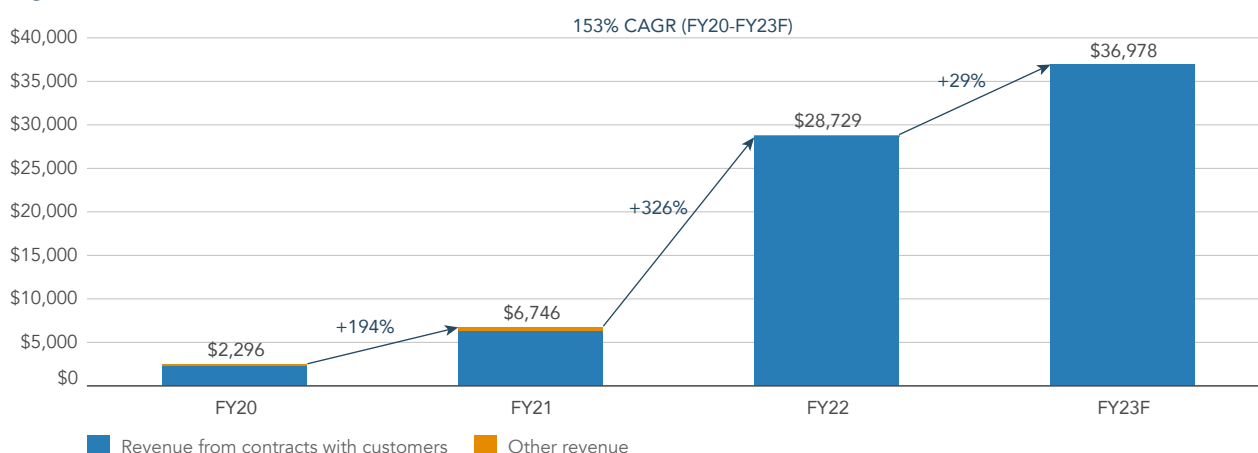
6.13 MANAGEMENT DISCUSSION AND ANALYSIS OF THE PRO FORMA HISTORICAL FINANCIAL INFORMATION AND THE PRO FORMA FORECAST FINANCIAL INFORMATION

This Section 6.13 is a discussion of key factors that affected Acusensus' operations and relative financial performance over FY20 to FY22 and a discussion of key factors and assumptions which Acusensus expects may continue to affect it during the period of the Forecast Financial Information in FY23F.

The discussion of these general factors is intended to provide a summary only and does not detail all factors that affected Acusensus' historical operating and financial performance, or everything that may affect Acusensus' operations and financial performance in the future. The information in this Section 6.13 should be read in conjunction with the basis of preparation of the Forecast Financial Information in Section 6.2 which in particular refers to key forecast assumptions set out in Section 6.12 and the risk factors set out in Section 4.

6.13.1 Revenue

Figure 1: Pro forma revenue FY20-FY23F (\$'000)



Acusensus' core focus has been to develop and roll-out its intelligent traffic solutions technology and grow distracted driving contract revenues. In addition, there is the ability to offer additional services to existing customers that include the detection of illegal seatbelt use, point-to-point and single point speed capture cameras and automatic number recognition services (ANPR). Acusensus considers other adjacent, non road-safety opportunities where it can deploy its core intellectual property, including the provision of vehicle monitoring services for potential government customers. Acusensus is currently involved in a tender process for one such opportunity. Acusensus has a preference towards an annuity revenue model with fixed monthly fees to provide all services needed to conduct a contract. The revenue model is not linked to the number of offenders caught.

Revenues for Acusensus are generated from a number of sources including:

- Licence fees – for the use of the Company's products and intellectual property;
- Sale and/or rental of hardware – of fixed and mobile trailer camera systems;
- Deployment services – movement of portable enforcement camera systems;
- Review fees – for the manual review of images taken using the Company's products; and
- Asset maintenance & software support fees – for the ongoing maintenance of hardware and software support of enforcement systems.

Fees also relate to peripheral activities such as recommendations to customers for potential suitable locations for fixed and/or mobile detection units.

Other revenue in FY22 primarily comprises R&D Government grants of \$75,000 (FY21: \$477,000 R&D refund).

Providing adjacent services to existing customers has allowed Acusensus to achieve a higher level of group revenue outside of solely distracted driving solutions as shown by the increase in revenue from \$6.7 million in FY21 to \$28.7 million in FY22 with the introduction of the NSW Speed Camera program. FY23F is expected to grow by 29% to \$37.0 million and primarily reflects the first full period of contracts secured in FY22.

Approximately 96% of FY23F revenue is contracted with the remaining 4% reflecting various project orders which expire in FY23F and are assumed to be extended beyond the FY23F forecast period.

Each customer contract that Acusensus generates revenue from can be classified as either:

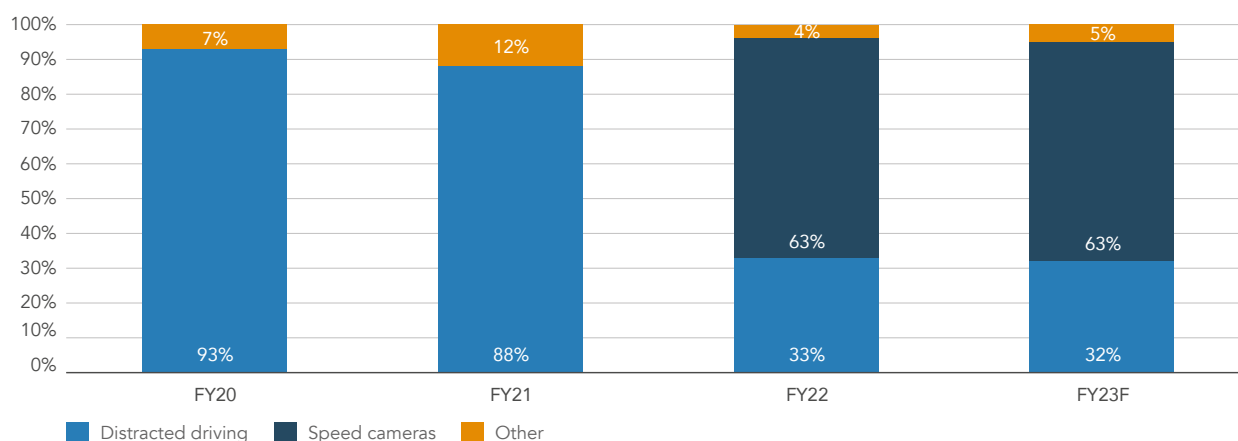
- **Distracted driving:** End-to-end mobile and fixed camera solutions capturing distracted driving and seatbelt enforcement (~32% of FY23F revenue);
- **Speed cameras:** End-to-end speed camera solutions (~63% of FY23F revenue); or
- **Other:** Primarily relating to trials, demonstrations and pilot programs which are often carried out at minimal margin (~5% of FY23F revenue).

The key business drivers of FY22 revenue growth result from Acusensus securing two new contracts. FY23F growth primarily reflects the first full year of benefit from these two new contracts.

6. Financial Information continued

Figure 2 highlights the comparative growth and scale of the various road safety revenue streams year on year.

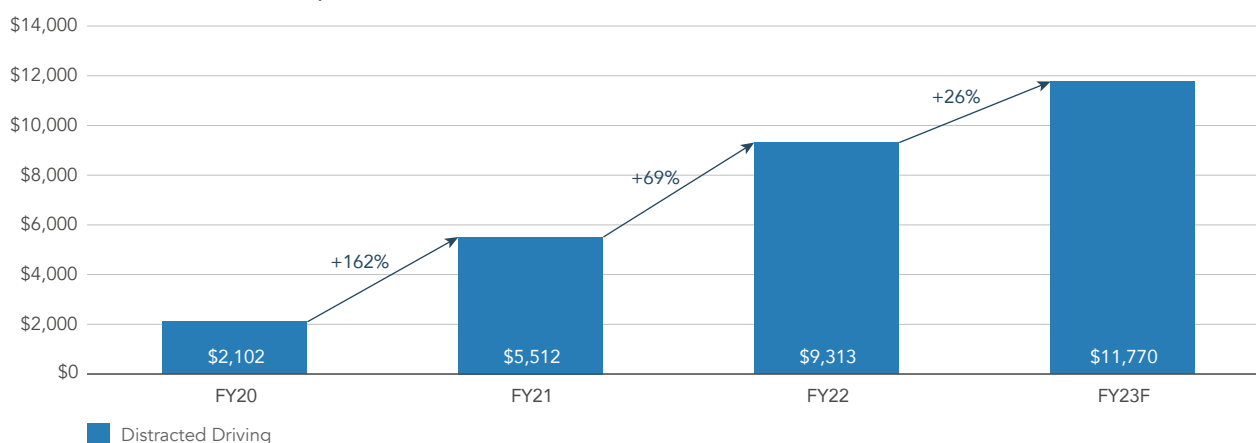
Figure 2: Contribution to pro forma revenue from contracts with customers FY20-FY23F (% of revenue contribution)



The NSW distracted driving contract represents all distracted driving revenues for FY20 & FY21. Following the success of this program the Company secured the 5-year Queensland distracted driving contract from FY22 and the Company was provided with the opportunity to further expand its services to the NSW Government with the addition of the MSC Contract in FY22.

6.13.2 Distracted driving

Figure 1: Distracted driving pro forma revenue FY20-FY23F (\$'000)



Acusensus currently deploys distracted driving solutions in NSW and QLD. As at the date of the Prospectus, there are 14 approved project orders in NSW with 7 expiring during FY23. Revenue has been historically derived from the provision of fixed and mobile camera solutions via a fixed monthly fee. Historical growth has been underpinned by the addition of new project orders awarded to Acusensus.

FY21 revenue of \$5.5 million represented an increase of 162% on the pcp (FY20: \$2.1 million). The key driver of the increase in revenue for FY21 was a full year revenue contribution of project orders awarded in FY20 and the award of new project orders during FY21.

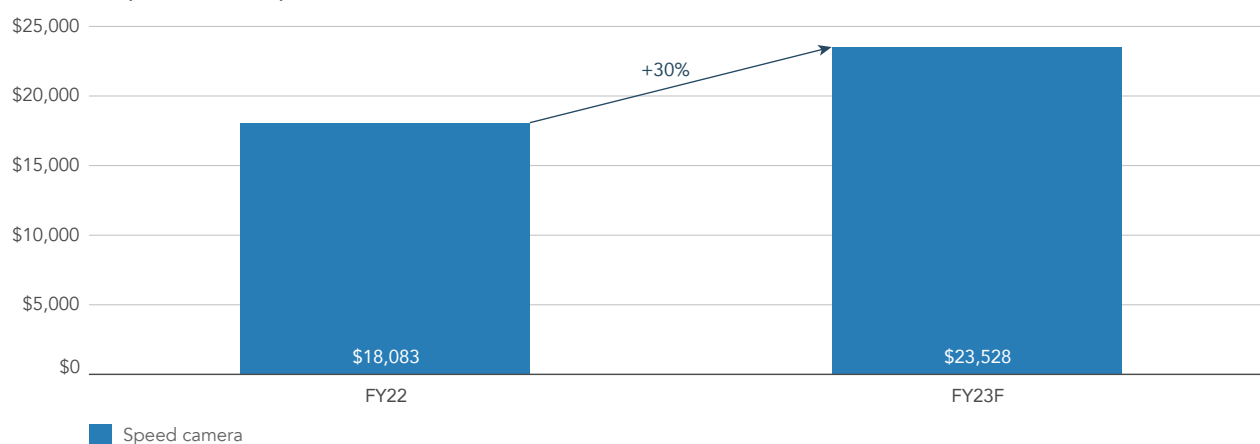
FY22 revenue of \$9.3 million represented an increase of 69% on the pcp. A significant portion of the increase in FY22 was due to the commencement of the Queensland contract in July 2021. The Queensland distracted driving contract will run for a period of five years with a two-year extension option.

FY23F forecast revenue of \$11.8 million represents an increase of 26% on the pcp. Acusensus forecasts that NSW project order contracts due to expire during FY23F will be extended beyond the FY23F period based on the strength of the existing service and barriers to entry from long lead times to on-board a new vendor. The increase in revenue

over the previous period is the result of an additional three project orders executed in August 2022 which are expected to generate revenue in the forecast period. The forecast doesn't include any future revenue from potential new contracts within Acusensus' pipeline of opportunities.

6.13.3 Speed camera

Figure 1: Speed camera pro forma revenue FY22-FY23F (\$000)

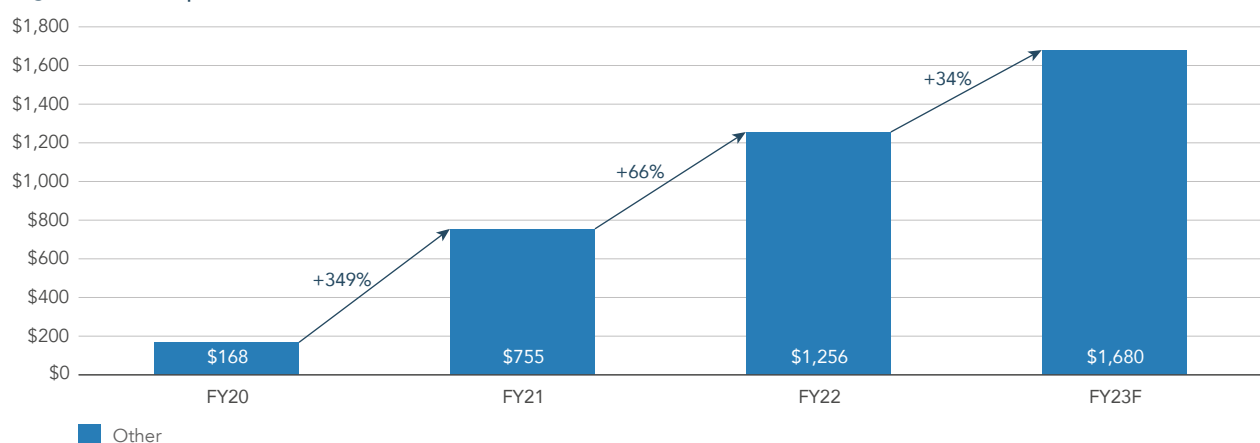


The MSC Contract commenced from 1 July 2021. The contract expires on 30 June 2024 with 2 x 1 year extension options. Speed Camera revenue is predominately derived from the delivery of a minimum number of annual enforcement hours at an hourly rate and incorporates a travel allowance per kilometre travelled.

FY23F revenue is forecast to increase by 30% to \$23.5 million and reflects the first full year of this contract. A key risk to the achievement of the forecast revenue are possible external factors that impact Acusensus' ability to meet the required hours outlined in the contract (e.g. inclement weather). Floods experienced throughout NSW during FY22 impacted the number of hours deployed during FY22. The forecast in FY23F assumes the delivery of guaranteed enforcement hours stipulated within the contract.

6.13.4 Other

Figure 1: Other pro forma revenue FY20-FY23F (\$000)

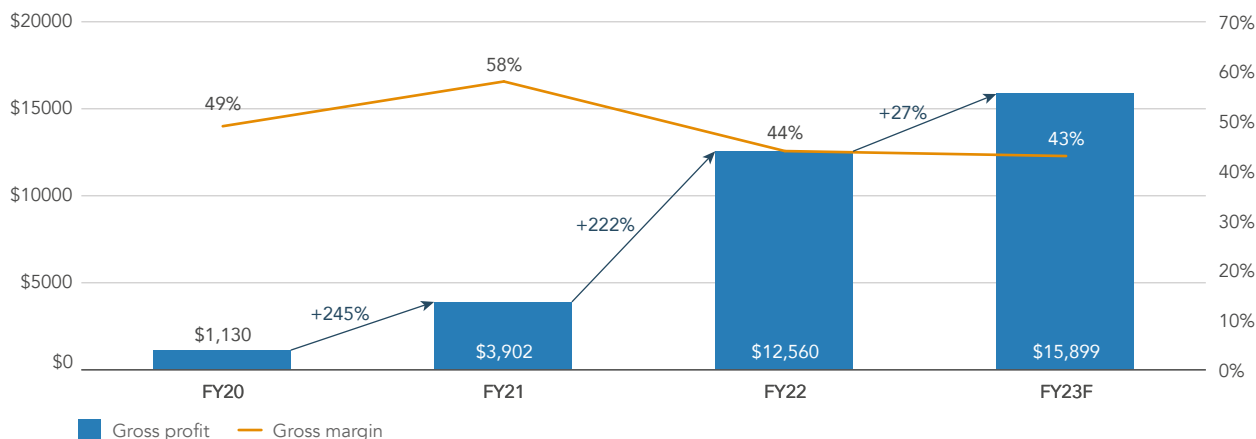


Other revenue predominately relates to trials and demonstrations in new jurisdictions/states/countries. These activities form a core component of Acusensus' business development activities and are typically conducted at a low margin ahead of entering multi-year contracts. Historically, Acusensus has also generated revenue from product sales to a related party entity. \$6,000 of related party revenue has been assumed within the FY23F forecast.

6. Financial Information continued

6.13.5 Gross profit

Figure 1: Pro forma gross profit and gross profit margin FY20-FY23F (\$'000)

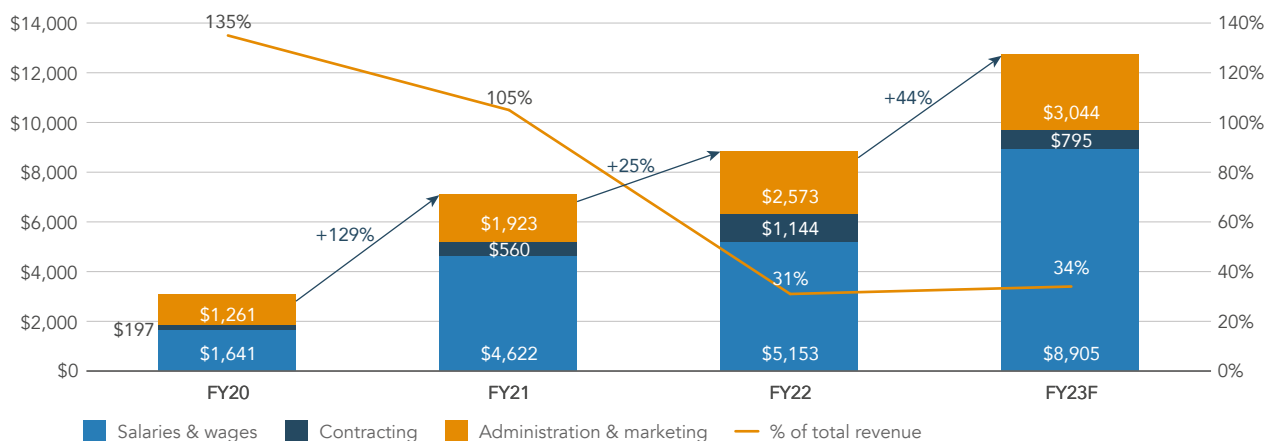


Gross profit increased by 245% from \$1.1 million to \$3.9 million in FY21 due to the increased scale of the business and by 222% to \$12.6 million in FY22 due to the addition of the MSC Contract and the Queensland distracted driving contract. Gross profit margin compressed to 44% in FY22, compared to 58% in FY21, with the addition of the lower margin Speed Camera work which operates in a more mature market than the distracted driving market. FY23F gross profit of \$15.9 million (43% gross profit margin) represents an increase of 27% on FY22 of \$12.6 million.

6.13.6 Operating expenses

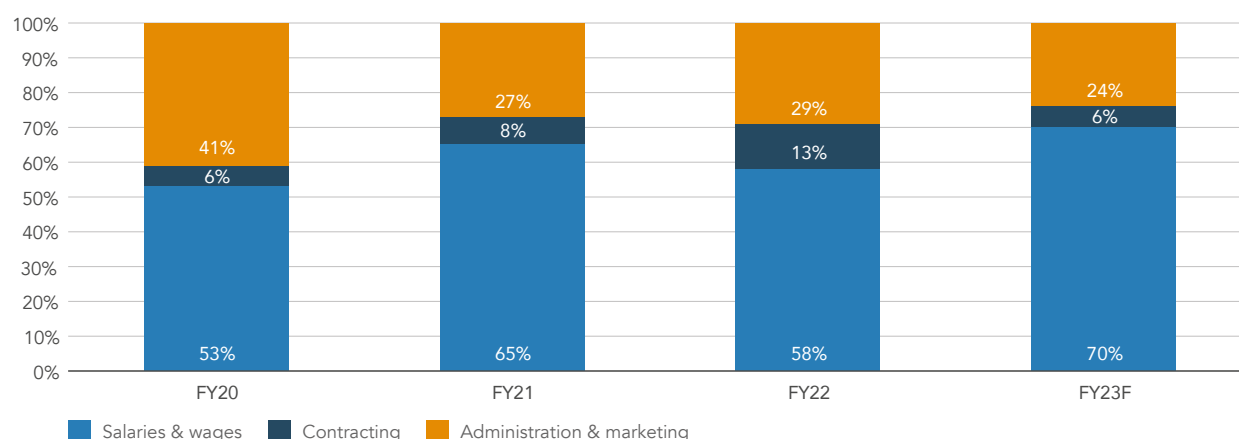
A summary of Acusensus' operating costs is set out below. Figure 1 illustrates the composition of operating costs and operating costs as a proportion of total revenue from FY20 to FY23F.

Figure 1: Pro forma operating expenses FY20-FY23F (\$'000)



Operating costs as a percentage of revenue has decreased as Acusensus has been able to expand operations and revenue earning capacity. Operating expenses have increased over the historical and forecast period in order to support the Company's growth. FY21 operating expenses as a percentage of revenue decreased from 135% in FY20 to 105% in FY21 as a result of the increase in revenue generated from distracted driving contracts. The relatively high percentage of operating expenses to revenue reflects the need to front end investment in staff and resources in the preparation for the commencement of new customer contracts. In FY22, operating expenses as a percentage of revenue decreased to 31%, primarily resulting from the addition of the NSW Speed Camera and Queensland distracted driving contracts. As a percentage of revenue, FY23F operating expenditure is expected to be higher than FY22 due to the expected increase in salary and wages expenses to cater for expected future growth (not included within FY23F) combined with added investment in research and development.

Figure 2: Contribution to operating expenses FY20-FY23F (\$'000)



6.13.7 Salary & wages expenses

Salary and wages expenses comprise all employee salary and incentives, net of project employee expenses that are capitalised research and development or are allocated within direct cost of sales. The main driver of historical and projected operating expense growth is salary and wages. The FY23F cost of \$8.9 million is an increase of 71% (FY22: \$5.2 million) and reflects the first full year of 30 FTE onboarded in FY22 and 15 FTE expected to be hired in FY23F.

The proposed hiring of 15 FTE is to facilitate investment in global business development resources to support ongoing growth initiatives and continued investment in research and development initiatives. The forecast increase also provides for public company Director remuneration.

6.13.8 Contracting expenses

Contracting expenses comprise of recruitment and consulting expenses incurred by Acusensus. The decrease of 27% to \$0.8 million in FY23F from \$1.1 million in FY22 reflects lower recruitment costs from the onboarding of a lower number of staff as the business starts to stabilise its core business resource requirements.

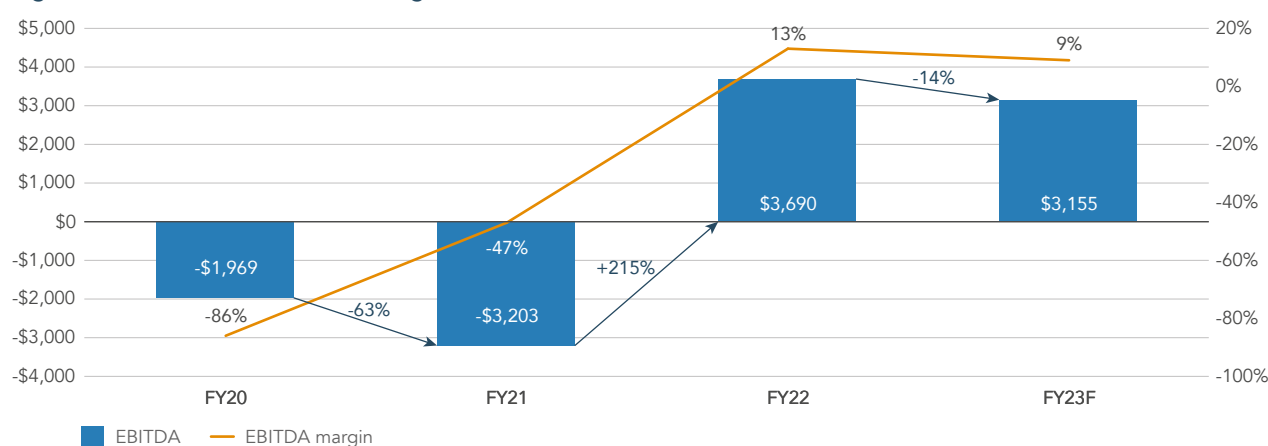
6.13.9 Other expenses (Administration expenses and marketing)

Administration expenses include professional fees, software and subscriptions, marketing, travel, insurance, utilities, motor vehicle and foreign currency expenses.

Administration expenses increased by 34% from FY21 to FY22 after increasing 52% in FY21. The increase of 18% to \$3.0 million in FY23F from \$2.6 million in FY22 is due to increased insurance costs and travel costs relating to the increased focus on overseas growth opportunities and the on-going easing of travel restrictions.

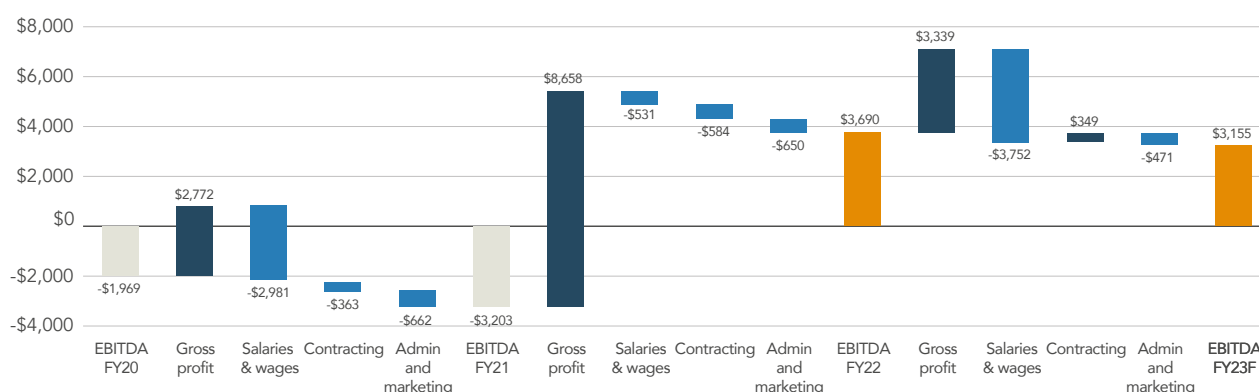
6.13.10 EBITDA

Figure 1: Pro forma EBITDA and margin FY20-FY23F (\$'000)



6. Financial Information continued

Figure 2: Pro forma EBITDA bridge by segment FY20-FY23F (\$'000)



The \$1.2 million decline in FY21 EBITDA was attributable to increased operating support costs and investment in resources to facilitate the roll out of new contracts commencing in FY22.

The commencement of these new contracts underpinned the \$6.9 million increase in FY22 Pro forma EBITDA.

The projected reduction in FY23F EBITDA of \$0.5 million reflects ongoing investment to drive future growth opportunities.

6.13.11 Depreciation and amortisation

Acusensus' depreciation and amortisation expense increased from \$0.6 million in FY21 to \$3.2 million in FY22. Depreciation on camera equipment owned by Acusensus is the largest component of depreciation and amortisation, accounting for 64% and 46% in FY21 and FY22, respectively. Depreciation and amortisation expense is forecast to increase by 38% in FY23F to \$4.4 million which reflects ongoing capital investment and the first full year of depreciation from capital expenditure incurred during FY22.

Acusensus' depreciation and amortization policies are set out in Appendix 2.

6.13.12 Net working capital

Net working capital increased by \$0.6 million in FY20, decreased by \$1.1 million in FY21 and decreased further by \$0.4 million in FY22. FY22 had a build-up of accruals relating to a key supplier who was not providing invoices on a timely basis.

In FY23F, working capital is forecast to increase by \$4.1 million which reflects the repayment of the invoices associated with this key supplier and the incremental investment in inventory of \$2.0 million.

6.13.13 Capital expenditure

Over the historical period the majority of capital expenditure investment relates to the acquisition of camera equipment for the purposes of fulfilling the various distracted driving and speed camera contracts operated by Acusensus.

In the forecast period, it is projected that \$3.6 million of capital expenditure will be incurred. This spend primarily reflects the acquisition of additional camera equipment including \$2.0 million of inventory that will be subsequently reclassified as property, plant and equipment and be utilised for expansion opportunities once contracted.

6.13.14 Research and development costs

Acusensus is committed to continued product development and expansion. Capitalised development costs relate to costs incurred in the design and testing of new or improved products that has been brought to market or has a probable chance of being completed and generating future economic benefits to Acusensus. Acusensus intends to develop its products and processes in order to position themselves ahead of competitors whilst expanding into new geographies.

6.13.15 Taxation

No income tax expense has been included within the forecast period as Acusensus is assumed to be loss making. Similarly, no income tax expense was recognised in FY20 or FY21 on the basis that Acusensus was loss making.

In FY22, no tax expense was recognised with the Company utilising a portion of its carried forward tax losses to offset the tax payable from profit generated in that year.

6.14 SENSITIVITY ANALYSIS

The Forecast Financial Information included in Section 6 of this Prospectus is based on a number of estimates and assumptions as described in Section 6.12. These estimates and assumptions are subject to business, general economic and competitive uncertainties, many of which are beyond the control of Acusensus' Directors and management. These estimates are also based on assumptions with respect to future business developments and decisions, which are subject to change.

Table 13 sets out a summary of the sensitivity of the Pro Forma Forecast Financial Information to changes in a number of key assumptions. The changes in key assumptions are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown, and these variances may be substantial.

Table 13 provides the sensitivity analysis for FY23F.

Table 13: Sensitivity analysis for FY23F

Assumption	Notes	Increase/ Decrease	FY23F Pro Forma EBITDA Impact (\$000)
Gross profit margin		+/- 1%	+/- 370
Deployment hours	2	-1%	-176
Revenue		+/- 1%	+/- 159
Salaries & wages	1	+/- 1%	-/+ 88
R&D Capitalisation rate		+/- 1%	+/- 37
Foreign exchange – USD vs Australian Dollar		+/- 1 cent	-/+ 20

Notes:

1. The salaries & wages sensitivity relates to indirect employee expense only.
2. The deployment hours sensitivity incorporates net financial penalties that may be applied in accordance with the respective customer and subcontractor agreements.

For the purpose of the sensitivity analysis shown in Table 13, each sensitivity reflects the 12 month EBITDA impact on FY23F. In determining its sensitivities, Acusensus gave consideration to its highly contracted customer base inclusive of committed hours, hourly rates and fixed monthly fees.

Care should be taken in interpreting these sensitivities. In order to illustrate the likely key impact on the Pro Forma Forecast Financial Information, the estimated impact of changes in each of the assumptions has been calculated in isolation from changes in other assumptions. In practice, changes in assumptions may offset each other or be additive, and it is likely that Acusensus' management would respond to an adverse change in one assumption to seek to minimise the net effect on Acusensus' earnings and cash flow.

6.15 DIVIDEND POLICY

Acusensus does not have any present plan to pay dividends.

The payment of a dividend by Acusensus, if any, is at the discretion of the Directors and will be a function of a number of factors (many of which are outside the control of Acusensus and its Directors and management, and are not reliably predictable), including the operating results, the general business environment, cash flows and the financial condition of Acusensus, future funding requirements, capital management initiatives, taxation considerations, any contractual, legal or regulatory restrictions on the payment of dividends by Acusensus, and any other factors the Directors may consider relevant.

Where an Australian resident company pays dividends to its Australian resident shareholders, franking credits may be available to the Australian resident shareholders to the extent that Australian income tax has already been paid in respect of those dividends.



7.

Investigating Accountant's Report

7. Investigating Accountant's Report



KPMG Transaction Services

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DX: 30824 Melbourne
www.kpmg.com.au

The Directors
Acusensus Limited
Level 6, 31 Queen Street
Melbourne VIC 3000

6 December 2022

Dear Directors

Limited Assurance Investigating Accountant's Report and Financial Services Guide

Investigating Accountant's Report

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by Acusensus Limited ("Acusensus") to prepare this report for inclusion in the prospectus to be dated 6 December 2022 ("Prospectus"), and to be issued by Acusensus, in respect of the proposed IPO of fully paid ordinary shares in Acusensus and its listing on the Australian Securities Exchange ("Transaction").

Expressions defined in the Prospectus have the same meaning in this report.

This Investigating Accountant's Report should be read in conjunction with the KPMG Transaction Services Financial Services Guide included in the Prospectus.

Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the pro forma historical and forecast financial information described below and disclosed in the Prospectus.

The pro forma historical and forecast financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

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7. Investigating Accountant's Report continued



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Our limited assurance engagement has not been carried out in accordance with auditing or other standards and practices generally accepted in Australia and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Pro Forma Historical Financial Information

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the pro forma historical financial information of Acusensus (the responsible party) included in the Prospectus.

The pro forma historical financial information has been derived from the historical financial information of Acusensus, after adjusting for the effects of pro forma adjustments described in section 6.2 of the Prospectus.

The pro forma historical financial information consists of Acusensus':

- pro forma historical statements of financial performance for the years ended 30 June 2020, 30 June 2021 and 30 June 2022;
- pro forma historical statements of cash flows for the years ended 30 June 2020, 30 June 2021 and 30 June 2022; and
- pro forma historical statement of financial position as at 30 June 2022

as set out in sections 6.3.1, 6.6.1 and 6.7 of the Prospectus issued by Acusensus (collectively the "Pro Forma Historical Financial Information").

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 6.2 of the Prospectus. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position, financial performance, and/or cash flows.

The Pro Forma Historical Financial Information has been compiled by Acusensus to illustrate the impact of the event(s) or transaction(s) described in section 6.2 of the Prospectus on its financial position as at 30 June 2022 as if they had occurred on that date and Acusensus' financial performance and cash flows for the years ended 30 June 2020, 30 June 2021 and 30 June 2022 as if they had occurred at 1 July 2019. As part of this process, information about Acusensus' financial position, financial performance and cash flows has been extracted by Acusensus from Acusensus' historical financial statements for the years ended 30 June 2020, 30 June 2021 and 30 June 2022.

The financial statements of Acusensus for the years ended 30 June 2020, 30 June 2021 and 30 June 2022 were audited by Acusensus' external auditor in accordance with Australian Auditing Standards. The audit opinions issued to the members of Acusensus relating to those financial statements were unqualified.



Acusensus Limited

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For the purposes of preparing this report we have performed limited assurance procedures in relation to the Pro Forma Historical Financial Information in order to state whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the Pro Forma Historical Financial Information is not prepared or presented fairly, in all material respects, by the directors in accordance with the stated basis of preparation as set out in section 6.2 of the Prospectus.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Pro Forma Historical Financial Information is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

Forecast Financial Information and directors' best-estimate assumptions

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the:

- pro forma forecast statement of financial performance for the year ending 30 June 2023;
- statutory forecast statement of financial performance for the year ending 30 June 2023;
- pro forma forecast statement of cash flows for the year ending 30 June 2023; and
- statutory forecast statement of cash flows for the year ending 30 June 2023,

of Acusensus (the "Forecast Financial Information"). The directors' best-estimate assumptions underlying the Forecast Financial Information are described in section 6.12 of the Prospectus. As stated in section 6.2 of the Prospectus, the basis of preparation of the Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and Acusensus' accounting policies.

We have performed limited assurance procedures in relation to the Forecast Financial Information, set out in sections 6.3.1, 6.3.2, 6.6.1 and 6.6.2 of the Prospectus, and the directors' best-estimate assumptions underlying it in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions do not provide reasonable grounds for the Forecast Financial Information;

7. Investigating Accountant's Report continued



Acusensus Limited
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- in all material respects the Forecast Financial Information is not:
 - prepared on the basis of the directors' best-estimate assumptions as described in the Prospectus; and
 - presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards and Acusensus' accounting policies;
- the Forecast Financial Information itself is unreasonable.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The directors of Acusensus are responsible for the preparation of:

- the Pro Forma Historical Financial Information, including the selection and determination of the pro forma transactions and/or adjustments made to the historical financial information and included in the Pro Forma Historical Information; and
- the Forecast Financial Information, including the directors' best-estimate assumptions on which the Forecast Financial Information is based and the sensitivity of the Forecast Financial Information to changes in key assumptions.

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Conclusions

Review statement on the Pro Forma Historical Financial Information

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in sections 6.3.1, 6.6.1 and 6.7 of the Prospectus, comprising:

- the pro forma historical statements of financial performance of Acusensus for the years ended 30 June 2020, 30 June 2021 and 30 June 2022 as set out in Table 2 of Section 6.3.1;



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- the pro forma historical statements of cash flows of Acusensus for the years ended 30 June 2020, 30 June 2021 and 30 June 2022 as set out in Table 6 of Section 6.6.1; and
- the pro forma historical balance sheet of Acusensus as at 30 June 2022 as set out in Table 9 of Section 6.7,

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in section 6.2 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and Acusensus' accounting policies.

Forecast Financial Information and the directors' best-estimate assumptions

Based on our procedures, which are not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Forecast Financial Information for the year ending 30 June 2023 do not provide reasonable grounds for the Forecast Financial Information; and
- in all material respects, the Forecast Financial Information:
 - is not prepared on the basis of the directors' best-estimate assumptions as described in section 6.12 of the Prospectus; and
 - is not presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards, and Acusensus' accounting policies; and
- the Forecast Financial Information itself is unreasonable.

The Forecast Financial Information has been prepared by Acusensus management and adopted and disclosed by the directors in the Prospectus in order to provide prospective investors with a guide to the potential financial performance of Acusensus for the year ending 30 June 2023.

There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of Acusensus. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those

7. Investigating Accountant's Report continued



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best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in Acusensus, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in section 4 of the Prospectus. The sensitivity analysis described in section 6.14 of the Prospectus demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of Acusensus, that all material information concerning the prospects and proposed operations of Acusensus has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Independence

KPMG Transaction Services does not have any interest in the outcome of the proposed Offer, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG from time to time provides Acusensus with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Restriction on use

Without modifying our conclusions, we draw attention to section 6.2.1 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

**Acusensus Limited**

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KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'M. Schiavello', written in a cursive style.

Mark Schiavello
Authorised Representative

7. Investigating Accountant's Report continued



KPMG Financial Advisory Services (Australia) Pty Ltd

ABN 43 007 363 215

Australian Financial Services Licence No. 246901

Financial Services Guide

6 December 2022

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215 ("KPMG FAS")**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) (**"KPMG Transaction Services"**), and Mark Schiavello as an authorised representative of KPMG Transaction Services, authorised representative number 001292353 (**Authorised Representative**).

This FSG includes information about:

- KPMG FAS and its Authorised Representative and how they can be contacted;
- The services KPMG FAS and its Authorised Representative are authorised to provide;
- How KPMG FAS and its Authorised Representative are paid;
- Any relevant associations or relationships of KPMG FAS and its Authorised Representative;
- How complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- The compensation arrangements that KPMG FAS has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG FAS.

This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (**PDS**). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits, and costs of acquiring the particular financial product.

Financial services that KPMG FAS and the Authorised Representative are authorised to provide

KPMG FAS holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- Deposit and non-cash payment products;
- Derivatives;
- Foreign exchange contracts;
- Government debentures, stocks or bonds;
- Interests in managed investments schemes including investor directed portfolio services;
- Securities;
- Superannuation;
- Carbon units;

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- Australian carbon credit units; and
- Eligible international emissions units, to retail and wholesale clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG FAS to provide financial product advice on KPMG FAS's behalf.

KPMG FAS and the Authorised Representative's responsibility to you

KPMG FAS has been engaged by Acusensus Limited (Acusensus, "Client") to provide general financial product advice in the form of a Report to be included in the Prospectus (Document) prepared by Acusensus in relation to the proposed IPO of fully paid ordinary shares in Acusensus (Transaction).

You have not engaged KPMG FAS or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG FAS nor the Authorised Representative are acting for any person other than the Client.

KPMG FAS and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General advice

As KPMG FAS has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees KPMG FAS may receive, and remuneration or other benefits received by our representatives

KPMG FAS charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, Acusensus has agreed to pay KPMG FAS \$165,000 for preparing the Report. KPMG FAS and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG FAS officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the **KPMG Partnership**). KPMG FAS' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG FAS nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

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7. Investigating Accountant's Report continued



Associations and relationships

Through a variety of corporate and trust structures KPMG FAS is controlled by and operates as part of the KPMG Partnership. KPMG FAS' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG FAS and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG FAS, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let KPMG FAS or the Authorised Representative know. Complaints can be sent in writing to The Complaints Officer, KPMG, GPO Box 2291U, Melbourne, VIC 3000 or [via email](mailto:COMPLAINT@kpmg.com.au) (AU-FM-AFSL COMPLAINT@kpmg.com.au). If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on (03) 9288 5555 and they will assist you in documenting your complaint.

We will acknowledge receipt of your complaint, in writing, within 1 business day or as soon as practicable.

Following an investigation of your complaint, you will receive a written response within 30 calendar days. If KPMG FAS is unable to resolve your complaint within 30 calendar days, we will let you know the reasons for the delay and advise you of your right to refer the matter to the Australian Financial Complaints Authority (AFCA).

External complaints resolution process

If KPMG FAS or the Authorised Representative cannot resolve your complaint to your satisfaction within 30 calendar days, you can refer the matter to AFCA. AFCA is an independent body that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry. KPMG FAS is a member of AFCA (member no 11690).

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly at:

Address: Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne Victoria 3001
Telephone: 1800 931 678

Email: info@afca.org.au

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG FAS holds professional indemnity insurance cover in accordance with section 912B of the *Corporations Act 2001* (Cth).



Contact details

You may contact KPMG FAS or the Authorised Representative using the below contact details:

KPMG Transaction Services (a division of KPMG Financial Advisory Services (Australia) Pty Ltd)
Level 38, International Towers Three
300 Barangaroo Avenue
Sydney NSW 2000

PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7621
Facsimile: (02) 9335 7001

Mark Schiavello

C/O KPMG
PO Box H67
Australia Square
NSW 1213

Telephone: (02) 9335 7621
Facsimile: (02) 9335 7001

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8.

Details of the Offer

8. Details of the Offer

8.1 WHAT IS THE OFFER?

The Company is offering for subscription 5,000,000 new Shares under the Offer to raise in aggregate a total of \$20.0 million at an issue price of \$4.00 per Share.

The Offer comprises:

- the Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia, New Zealand, Hong Kong, United Kingdom, Singapore and the Cayman Islands to apply for Shares;
- the Broker Firm Offer, which is open to Australian resident retail investors and sophisticated investors who have received a firm allocation from their broker; and
- the Priority Offer, which is open to persons in Australia who have received an invitation from the Company.

No general public offer of Shares will be made under the Offer.

The total number of Shares on issue at Completion of the Offer will be 25,114,995. The new Shares to be issued under the Offer will represent approximately 19.9% of the Shares on issue on Completion of the Offer. All Shares available under the Offer are fully paid ordinary shares and will rank equally with the Shares on issue as at the date of this Prospectus. A summary of the rights attaching to the Shares is set out in Section 10.6.

On Completion of the Offer, 20,114,995 Shares will be held by the Existing Shareholders (representing 80.1% of the Shares on issue) and of these 20,061,913 Shares will be subject to voluntary escrow arrangements described in Section 10.8.

The allocation of Shares between the Broker Firm Offer, the Institutional Offer and the Priority Offer will be determined by agreement between the Company and the Lead Manager having regard to the allocation policies described in Sections 8.6 to 8.8.

The Company reserves the right to close the Offer early, to accept late Applications or extend the Offer without notifying any recipient of this Prospectus or any Applicant.

8.2 IS THE OFFER UNDERWRITTEN?

The Offer is fully underwritten by the Lead Manager. A summary of the Underwriting Agreement, including the events which would entitle the Lead Manager to terminate the Underwriting Agreement, is set out in Section 9.10.

8. Details of the Offer continued

8.3 USE OF FUNDS

Sources	A\$m	%	Uses	A\$m	%
Cash Proceeds received by the Company for the issue of Shares under the Offer	\$20.0	100.0%	Research and development to enhance existing products and services	\$3.5	17.5%
			Fund international expansion into North America	\$3.0	15.0%
			Fund international expansion into Europe	\$2.5	12.5%
			Fund international expansion into other markets	\$1.5	7.5%
			Capital Expenditure	\$4.0	20.0%
			Working Capital	\$3.6	18.0%
			Costs of the Offer	\$1.9	9.5%
Total Offer Proceeds	\$20.0	100.0%	Total Offer Proceeds	\$20.0	100.0%

The above table is a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of tenders, operational and development activities, regulatory developments, and market and general economic conditions. In light of this, the Board reserves its right to alter the way the funds are applied.

The Board believes that the Company's current cash reserves, its cash flow from existing operations, plus the net proceeds of the Offer will be sufficient to fund the Company's stated business objectives, including to:

- **Fund continued product research and development:** Acusensus will continue to develop its existing technological capability including expansion of the distracted driving enforcement product to address speed, point to point speed, seatbelt and unregistered vehicle enforcement. This research and development focus is ongoing with future reinvestment of earnings expected in this area.
- **Accelerate the growth of operations for the Company:** Acusensus has established operations in the USA. Both marketing and operational resources will be required to provide trials, demonstrations and up front customer engagement to customers in USA and Canada. Demonstrations have commenced in two USA states and opportunities identified in many other USA states plus Canadian provinces will likely be commenced over the next 12 months.
- **Provide sufficient working capital to fund expansion of operations into overseas jurisdictions:** Opportunities and trials have already been identified within a number of European countries, South Africa and there has been significant interest from the Middle East. Acusensus needs to address these markets, mostly by appointing and working with distributors. Costs will be incurred in advance of establishing contracts in these markets.
- **Provide funding to acquire key components, trailers and operations resources:** The build cycle includes component procurement which can take 90-120 days for some critical components. Acusensus intends to hold sufficient quantity of key components at all times, to address potential new contract requirements.
- **Provide sufficient working capital:** Acusensus requires sufficient funding and financial flexibility to support the stated growth strategy and future growth opportunities which will require working capital ahead of contracted revenues.

8.4 SUMMARY TERMS OF THE OFFER

What type of security is being offered?	The Company is offering fully paid ordinary shares in the Company.
What rights and liabilities are attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 10.6.
What is the Offer Price?	The Offer Price is A\$4.00 per Share.
What is the Offer Period?	The key dates, including details of the Offer Period, are set out on page 4. No Shares will be issued on the basis of this Prospectus later than the Expiry Date being 13 months after the Prospectus Date. The key dates are indicative only and may change. Unless otherwise indicated, all times are stated in Sydney time. The Company, in consultation with the Lead Manager, reserves the right to vary any and all of the times and dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Offer Period relating to any component of the Offer, or to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before Completion, in each case without notifying any recipient of this Prospectus or any Applicants). If the Offer is cancelled or withdrawn before Completion, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act.
What are the cash proceeds to be raised?	Approximately \$20.0 million will be raised by the Company under the Offer based on the Offer Price if the Offer proceeds.
Is the Offer underwritten?	Yes. The Offer is fully underwritten by the Lead Manager. Details are provided in Section 9.10.
Who can apply?	The Broker Firm Offer is open to persons who have received a firm allocation of Shares from their Broker and who have a registered address in Australia. You should contact your Broker to determine whether you can receive a firm allocation from them under the Broker Firm Offer. The Institutional Offer consists of an invitation to certain Institutional Investors in Australia and certain foreign jurisdictions to apply for Shares under the Offer. The Priority Offer is open to persons who have received a Priority Offer Letter from the Company.

8. Details of the Offer continued

What is the minimum and maximum Application size under the Offer?	The minimum Application size under the Broker Firm Offer, Institutional Offer and Priority Offer is A\$2,500 worth of Shares. There is no maximum value of Shares that may be applied for under the Offer. The Company and the Lead Manager reserve the right to reject any Application or to allocate a lesser number of Shares than applied for.
Will the Shares be quoted?	The Company will apply to ASX within seven days of the Prospectus Date for admission to the Official List of, and quotation of its Shares by, ASX under the code 'ACE'. Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such application (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act. The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time-to-time. ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.
When are the Shares expected to commence trading?	It is expected that normal settlement trading of the Shares on ASX will commence on or about Thursday, 12 January 2023. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who trade Shares before they receive an initial statement of holding do so at their own risk. The Company, the current and proposed Directors of the Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the Acusensus Offer Information Line, by a Broker or otherwise.
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be mailed to successful Applicants by standard post on or about Monday, 9 January 2023. The balance reflects an estimated net cash outflow from 1 July 2022 to 12 January 2023 of \$2.5 million. Refunds (without interest) to Applicants who make an Application and receive an allocation of Shares, the value of which is smaller than the amount of the Application Monies received from them, will be made as soon as practicable after Completion of the Offer.
Are there any escrow arrangements?	Yes. Details are provided in Section 10.8.
Is there brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.

Are there any tax considerations?

The taxation consequences of an investment will depend upon the investor's particular circumstances. It is the obligation of each investor to make their own enquiries (including consulting independent tax advisers) concerning the taxation consequences of an investment in Shares.

A general overview of the Australian taxation implications of investing in the Company is set out in Section 10.10. The information in Section 10.10 is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances.

If you are in doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser.

How can I apply?

Broker Firm Applicants should refer to Section 8.5 for details on how to apply.

Priority Offer Applicants should refer to Section 8.7 for details on how to apply.

Institutional Offer Applicants were contacted by the Lead Manager in relation to applying under the Institutional Offer.

To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

What should you do with any enquiries?

All enquiries in relation to this Prospectus or the Offer should be directed to the Acusensus Offer Information Line on 1800 425 578 (within Australia) or +61 1800 425 578 (outside Australia) 8.30am to 5.00pm (Sydney time), Monday to Friday (excluding public holidays).

All enquires in relation to the Broker Firm Offer should be directed to your Broker.

If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

8.5 BROKER FIRM OFFER**Who can apply?**

The Broker Firm Offer is open to persons who have received a firm allocation of Shares from their Broker and who have a registered address in Australia. If you have received a firm allocation of Shares from your Broker, you will be treated as a Broker Firm Offer Applicant in respect of that allocation. You should contact your Broker to determine whether you can receive an allocation of Shares from them under the Broker Firm Offer.

How to apply?

If you have received an allocation of Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions.

Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Share Registry. Applicants under the Broker Firm Offer should contact their Broker to request a copy of this Prospectus and Application Form. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5.00pm (AEDT) on the Closing Date or any earlier closing date as determined by your Broker.

Applications for Shares must be for a minimum of 625 Shares and payment for the Shares must be made in full at the issue price of \$4.00 per Share. There is no maximum number or value of Shares that may be applied for under the Offer. However, the Company and the Lead Manager reserve the right to reject or scale back any Applications in the Offer. The Company may determine a person to be eligible to participate in the Offer and may amend or waive the Offer Application procedures or requirements, in its discretion in compliance with applicable laws.

8. Details of the Offer continued

The Offer opens at 9am (AEDT) on 14 December 2022 and is expected to close at 5.00pm (AEDT) on 23 December 2022. The Company and the Lead Manager may elect to close the Offer or extend the Offer, or accept late Applications either generally or in particular cases. The Offer may be closed at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible.

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker from whom you received your firm allocation. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

Payment methods

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided to you by that Broker.

Acceptance of Applications

An Application in the Broker Firm Offer is an offer by the Applicant to apply for the amount of Shares specified in the Application Form, at the Offer Price on the terms and conditions set out in this Prospectus and the Application Form. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to successful Applicants. The Lead Manager, in agreement with the Company, reserves the right to reject any Application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by an Applicant in completing their Application.

Application Monies

Application monies received under the Broker Firm Offer will be held in a special purpose bank account until Shares are issued to successful Applicants. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied, will receive a refund for all or part of their Application Monies, as applicable. No refunds due solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

To participate in the Offer, the Application Form must be completed and received, together with the Application Monies, in accordance with the instructions on the Application Form.

Allocation policy under the Broker Firm Offer

The allocation of Shares to Brokers under the Broker Firm Offer will be determined by agreement between the Lead Manager and the Company. It is a matter for Brokers as to how they allocate Shares among their retail clients. There is no assurance that any person will be allocated any Shares or the number of Shares for which they apply.

8.6 INSTITUTIONAL OFFER

Who can apply?

The Institutional Offer consists of an invitation to certain Institutional Investors in Australia and certain foreign jurisdictions to apply for Shares. The Lead Manager separately advised Institutional Investors of the application procedures for the Institutional Offer.

Allocation policy under the Institutional Offer

The allocation of Shares among Applicants in the Institutional Offer was determined by agreement between the Lead Manager and the Company. The Lead Manager and the Company had absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Lead Manager.

The allocation policy was influenced, but not constrained, by the following factors:

- the number of Shares bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- the Company's desire for an informed and active trading market following listing on ASX;
- the Company's desire to establish a wide spread of Institutional Shareholders;
- the overall anticipated level of demand under the Broker Firm Offer, Priority Offer and the Institutional Offer;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular bidders will be long-term Shareholders; and
- any other factors that the Company and the Lead Manager considers appropriate.

8.7 PRIORITY OFFER

Who can apply?

The Priority Offer is open to selected investors including Existing Holders, in Australia and certain other jurisdictions determined by the Company in its complete discretion and Acusensus employees nominated by Acusensus in consultation with the Lead Manager who receive a letter from Acusensus inviting them to apply for Shares (Priority Offer Letter).

How to apply

Applicants who receive a Priority Offer Letter to apply for Shares under the Priority Offer and wish to apply for Shares must apply in accordance with the instructions provided in the Priority Offer Letter.

Applications under the Priority Offer must be for a minimum of \$2,500 worth of Shares.

Applicants declare by making an Application that they were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company reserves the right to scale back or reject Applications in whole or in part, without giving any reason. The Company may amend or waive the Priority Offer Application procedures or requirements, in its discretion in compliance with applicable laws.

8. Details of the Offer continued

How to pay

Applicants must pay their Application Monies in accordance with the instructions on the Application Form and their Priority Offer Letter.

It is the Applicant's responsibility to ensure Application Monies are received by the end of the Offer Period, being 5:00pm (Sydney time) 23 December 2022. The Company and the Lead Manager take no responsibility for any failure to receive Application Monies before the close of the Offer Period arising as a result of, amongst other things, delays in processing of payments by financial institutions.

If the amount of your Application Monies (or the amount for which those payments clear in time for allocation) is insufficient to pay for the dollar amount of Shares you have applied for, you may be taken to have applied for such lower dollar amount of Shares as the number for which your cleared Application Monies will purchase (and to have specified that amount on your Application Form) or your Application may be rejected.

Acceptance of Applications

Application Monies received under the Priority Offer will be held in a special purpose account until Shares are issued to successful Applicants. Applicants under the Priority Offer whose Applications are not accepted or who are allocated a lesser number of shares than the amount applied for will receive a refund (without interest) of their Application Monies. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing their Application Monies by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be rounded down. For Applicants applying under the Priority Offer, no refunds pursuant solely to rounding will be provided.

Allocation policy

Existing Shareholders, employees and other investors in Australia and certain other jurisdictions determined by Acusensus who receive a Priority Offer Letter will be allocated Shares validly applied for up to the minimum priority allocation specified in their Priority Offer Letter. Shares applied for under the Priority Offer in excess of minimum priority allocations will be allocated by Acusensus in consultation with the Lead Manager.

Allocations will be subject to applicants or Acusensus establishing to Acusensus' satisfaction that the offer may be extended to the applicant in accordance with applicable securities laws without, where relevant, Acusensus having to prepare a prospectus or other regulated offer document in the relevant jurisdiction. Acusensus decision as to whether or not it will extend an Offer and allocate Shares to existing Shareholders under the Priority Offer will be final.

8.8 DISCRETION REGARDING THE OFFER

The Company may withdraw the Offer at any time before settlement of the issue of Shares to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

The Company and the Lead Manager also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid for.

8.9 SUBSTANTIAL HOLDERS

The table below sets out the relevant interests of the Existing Holders as at the date of this Prospectus and at Listing who hold a substantial interest in Securities of the Company. The table does not reflect any Shares which the Existing Holders may subscribe for under the Offer.

	Date of Prospectus		At Listing (undiluted)		At Listing (fully diluted)	
	Number of Shares	Percentage of Shares	Number of Shares	Percentage of Shares	Number of Shares	Percentage of Shares
Ador Powertron	4,112,727	20.45%	4,112,727	16.38%	4,112,727	15.41%
Jannink & Associates Pty Ltd						
ATF Jannink Family Trust	3,350,000	16.65%	3,350,000	13.34%	3,350,000	12.93%
Billfolda Angels Nominees Pty Ltd	2,116,975	10.52%	1,549,074 ¹	6.17%	1,549,074 ¹	5.80%
Gresham Capital Partners Limited ATF Gresham						
Acusensus Investment Trust	2,052,103	10.20%	2,052,103	8.17%	2,052,103	7.69%
Crofton Park Developments Pty Ltd ATF Brougham						
Superannuation Fund	1,726,062	8.58%	1,726,062	6.87%	1,726,062	6.47%
Mainstream Fund Services Pty Ltd as custodian for						
Ellerston Capital Limited	1,314,855	6.54%	1,314,855	5.24%	1,314,855	4.93%

Note:

1. Reflects the transfer of 567,901 Shares from Billfolda Angels Nominees Pty Ltd to underlying beneficiaries prior to Listing.

8.10 ASX LISTING

No later than seven days after the date of this Prospectus, the Company will apply to ASX for admission to the official list of ASX and for its Shares to be granted official quotation by ASX. The Company is not currently seeking a listing of its Shares on any stock exchange other than ASX.

The fact that ASX may admit the Company to the official list of ASX and grant official quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered for subscription under the Offer. ASX takes no responsibility for the contents of this Prospectus. Normal settlement trading in the Shares, if quotation is granted, will commence as soon as practicable after the issue of holding statements to successful Applicants.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive confirmation of their allotment will do so at their own risk.

If permission for quotation of the Shares is not granted within three months after the date of this Prospectus, all Application Monies received by the Company will be refunded without interest as soon as practicable.

8. Details of the Offer continued

8.11 CHESS AND ISSUER SPONSORED HOLDINGS

The Company will apply to participate in CHESS and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Security holders Holder Identification Number (HIN) for CHESS holders or, where applicable, the Security holders Reference Number (SRN) for issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register.

The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

8.12 TAX IMPLICATIONS OF INVESTING IN THE COMPANY

The taxation consequences of any investment in the Shares will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company.

A general overview of the Australian taxation implications of investing in the Company is set out in Section 10.10 and is based on current tax law and ATO tax rulings. The information in Section 10.10 is not intended as a substitute for investors obtaining independent tax advice in relation to their personal circumstances.

8.13 OVERSEAS DISTRIBUTION

No action has been taken to register or qualify the offer of Shares under this Prospectus, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia.

Offer only made where lawful to do so

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. This Prospectus does not constitute an offer in any place in which, or to whom, it would not be lawful to make such an offer. Persons into whose possession this document comes should inform themselves about and observe any restrictions on acquisition or distribution of the Prospectus. Any failure to comply with these restrictions may constitute a violation of securities laws.

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the “SFO”). Accordingly, this document may not be distributed, and the Shares may not be offered or sold, in Hong Kong other than to “professional investors” (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (the “FMC Act”).

The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the “SFA”) or another exemption under the SFA.

This document has been given to you on the basis that you are an “institutional investor” or an “accredited investor” (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

8. Details of the Offer continued

United Kingdom residents

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

Cayman Island residents

No offer or invitation to subscribe for Shares may be made to the public in the Cayman Islands or in any manner that would constitute carrying on business in the Cayman Islands.

Overseas ownership and resale representation

It is your responsibility to ensure compliance with all laws of any country relevant to your Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty made by you to the Company that there has been no breach of such laws and that all necessary consents and approvals have been obtained.

8.14 FURTHER INFORMATION

The Prospectus and information about the Offer can be accessed in electronic form at <https://events.miraqle.com/acusensus-ipo>.

If you have queries about investing under the Offer, you should contact your stockbroker, financial adviser, accountant or other professional adviser.

If you have queries about how to apply under the Offer or would like additional copies of this Prospectus, please call the Acusensus Offer Information Line on 1800 425 578 (within Australia) or (+61) 1800 425 578 (outside Australia) between 8.30am and 5.30pm AEDT.

8.15 ACKNOWLEDGEMENTS

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of this Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that, once the Company or a Broker receives an Application Form, it may not be withdrawn;
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus) or no Shares at all;
- authorised the Company, the Lead Manager and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that the Company does not intend to pay dividends in the near term and that any dividends paid in the future may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for Applicant(s), given the investment objectives, financial situation and particular needs (including financial and taxation issues) of the Applicant(s);
- declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer);
- acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

Each Applicant, will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold, pledged, transferred in the United States, except in accordance with the US Securities Act regulation requirements or in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable state securities laws;
- it is not in the United States;
- it has not sent and will not send this Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.



9.

Material Contracts

9. Material Contracts

The current Directors consider that the material contracts described below are those which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of an investment in the Company under the Offer.

This Section contains a summary of the material contracts and their substantive terms which are not otherwise disclosed elsewhere in this Prospectus.

9.1 NSW SERVICES AGREEMENT – MSC CONTRACT

Acusensus Australia Pty Ltd ACN 640 428 682 (**ACE Australia**) has entered into a 'Mobile Speed Camera Services Agreement' with Transport for New South Wales (**Transport for NSW**), dated 25 May 2021, as varied (**MSC Contract**). Transport for NSW (formerly known as Roads and Maritime Services) is the government agency responsible for managing the day-to-day compliance and safety for roads and waterways in New South Wales, Australia. The MSC Contract is a key arrangement under which the Company provides speed camera services to the NSW Government and its material terms are as follows.

Term: The MSC Contract commenced on 25 May 2021 and has an initial term that will expire on 30 June 2024. There are two options, however, for Transport for NSW to extend the term of the MSC Contract for a term of 1 year each. The MSC Contract therefore has a maximum term to 30 June 2026.

Termination: Transport for NSW has a number of immediate termination rights that enable it to terminate the MSC Contract on notice to ACE Australia, including a right to terminate in its absolute discretion by providing 30 days' notice. Further, Transport for NSW may terminate the MSC Contract immediately on notice to ACE Australia in certain circumstances, such as where ACE is in breach of its obligations to comply with the *Privacy Act 1988* (Cth), subcontracts the MSC Contract without Transport for NSW's consent, fails to meet the same service level in three consecutive months or the same service level is not met for three months in any six month period or if more than 1% of penalties imposed by Transport for NSW in any six month period cannot be enforced against the perpetrator. ACE Australia can also terminate the MSC Contract if Transport for NSW defaults on payment of material invoices to ACE Australia for a period of longer than three months.

Project orders and fees: ACE Australia invoices Transport for NSW monthly and charges Transport for NSW various service fees for the speed camera enforcement services. ACE Australia must perform at least the guaranteed enforcement hours per month.

Exclusivity: There is no obligation for Transport for NSW to obtain speed camera services from ACE Australia exclusively.

Warranties and indemnities: The agreement contains standard representations and warranties including in relation to financial probity and intellectual property. ACE Australia indemnifies Transport for NSW in respect of any loss, claim or liability suffered resulting from breach of contract, breach of law, damage to real or personal property, death or personal injury of personnel caused by ACE Australia, breach of privacy and confidentiality obligations and any alleged or actual infringement of intellectual property rights and moral rights by ACE Australia in relation to the detection systems.

Ownership of new intellectual property: Ownership of all existing intellectual property and new intellectual property developed during the course of the agreement will vest in ACE Australia.

The NSW Government recently announced that signage will be required both before and after mobile speed camera deployments with effect from 1 January 2023. As a result, a variation will need to be agreed to the NSW Services Agreement – MSC Contract with the NSW Government to reflect the provision of signage and resultant changes to the services under the MSC Contract and consequent changes may also be required to the MSC Subcontract summarised in Section 9.2 below.

9.2 MSC CONTRACT – MSC SUBCONTRACT

ACE Australia has entered into the 'Mobile Speed Camera Enforcement Services Subcontract Agreement' dated 20 May 2021 with G4S Integrated Services Pty Ltd ACN 618 871 266 (**G4S**) whereby ACE Australia has sub-contracted the performance of some of its speed camera services under the MSC Contract to G4S (**MSC Subcontract**). The material terms of the MSC Subcontract are as follows:

9. Material Contracts continued

Term: the MSC Subcontract commences on 24 May 2021 for an initial period until 30 June 2024. To align with the MSC Contract, the MSC Subcontract has two extension rights for ACE Australia to extend the MSC Subcontract for a term of 1 additional year each. The MSC Subcontract therefore has a maximum term to 30 June 2026.

Termination: ACE Australia is entitled to terminate the MSC Subcontract by providing 30 days' notice.

Exclusivity: there is no obligation for ACE Australia to obtain speed camera services from G4S exclusively.

Subcontractor obligations: G4S is not entitled to replace or terminate any key personnel without ACE Australia's consent and is required to provide standard warranties and indemnities to the Company in relation to performance of the services and compliance with the policies and procedures provided by ACE Australia to G4S, that apply to G4S as a sub-contractor under the MSC Contract, including compliance with the *Modern Slavery Act 2018* (Cth) and the NSW Government's Aboriginal Procurement Policy.

Ownership of new intellectual property: Ownership of all existing intellectual property and new intellectual property owned or developed by G4S in relation to its services provided under the MSC Subcontract will vest in G4S. Acusensus owns and retains all intellectual property related to its Harmony enforcement camera system.

9.3 NSW SERVICES AGREEMENT – MPDC CONTRACT

The Company has entered into a Mobile Phone Detection Camera Services Agreement with Transport for NSW dated 29 November 2019. The MPDC Contract is the key arrangement under which the Company provides mobile phone detection camera services to the NSW Government.

Term and termination: The parties agreed to an initial term of two years from 1 December 2019 with the option to renew the term for one year, which Transport for NSW exercised in 2021. In October 2022, the Company and Transport NSW agreed to vary the MPDC Contract to renew the term of the master agreement for an additional renewal term of one year and to extend the expiry date for all existing project orders under the MPDC Contract until at least 30 November 2023. Transport for NSW may terminate the master agreement at any time with 30 days' notice to the Company at Transport for NSW's absolute discretion and any Project Order may also be terminated in the same circumstances, except that Project Orders cannot be terminated in the first 24 months of their service period.

Project orders and fees: All services under the agreement will be supplied pursuant to project orders. The monthly service fee is calculated based on each fixed/transportable camera system requested by Transport for NSW in a project order.

Exclusivity: There is no obligation on Transport for NSW to obtain mobile detection services from the Company exclusively.

Privacy and policies: The Company must ensure compliance with the *Privacy Act 1988* (Cth) as well as NSW state privacy laws. If the Company fails to comply with such laws, Transport for NSW may immediately terminate the MPDC Contract. The Company must also comply with all other Transport for NSW policies in place from time to time.

Liquidated damages: If the Company fails to deliver a project order by the due date, Transport for NSW has the ability to provide in project orders for the payment of liquidated damages in an amount equal to 0.5% of the total aggregate monthly service fees payable under that project order for each day of the delay.

Warranties and Indemnities: The agreement contains standard representations and warranties including in relation to probity and intellectual property. The Company indemnifies Transport for NSW against any loss, claim or liability suffered resulting from breach of contract, breach of law, damage to real or personal property, death or personal injury of personnel caused by the Company, breach of privacy and confidentiality obligations and any alleged or actual infringement of intellectual property rights and moral rights by the Company in relation to the detection systems.

Ownership of new intellectual property: Ownership of all existing intellectual property and new intellectual property developed during the course of the agreement will vest in the Company.

9.4 QUEENSLAND STANDING OFFER ARRANGEMENT – MOBILE PHONE AND SEATBELT SAFETY TECHNOLOGY

ACE Australia entered into a Standing Offer Arrangement and subsequent contract (**Agreement**) with the Queensland Department of Transport and Main Roads (**DTMR**) for the provision of portable and fixed mobile phone and seatbelt safety technology solutions.

Term and termination: The parties agreed to an initial term of 5 years from 7 June 2021, with an option for DTMR to renew the Agreement for two further 12 month periods. DTMR may terminate the Agreement at any time with 30 days' written notice to ACE Australia at DTMR's absolute discretion.

No minimum volumes or exclusivity: The appointment is non-exclusive. DTMR does not make any representation or commitment to purchase any minimum volume, quantity, value or amount of product and/or services beyond what is specified in the Standing Offer Arrangement.

Compliance with policies: ACE Australia must, where relevant to the services, comply with all laws, DTMR policies, codes of conduct, rules, standards, guidelines and procedures specified under the Agreement or as advised from time to time.

Privacy and security: ACE Australia must comply with privacy laws in the collection of personal information under the Agreement. Where requested by DTMR, ACE Australia must ensure that each of its personnel involved in the services sign a confidentiality, privacy and conflict of interest deed to enhance compliance with privacy and security obligations.

Warranties and indemnities: The Agreement contains standard representations and warranties, including regarding the fact that the provision of the services by ACE Australia will not infringe the intellectual property rights of any third party. ACE Australia releases, discharges and indemnifies DTMR and its personnel from and against any loss, damage, liability, cost or expense (including legal expenses) suffered or incurred by any of them, whether in contract, tort (including negligence), or otherwise in connection with any: failure by ACE Australia or its personnel to comply with applicable laws; fraudulent or willfully wrong acts or omissions of ACE Australia or its personnel; claims by a third party that any deliverable or the use of any deliverable in accordance with the contract infringes the intellectual property rights or moral rights of that third party; breach by ACE Australia or its personnel of any obligation under confidentiality or privacy; or claim by a third party arising out of any negligent act or omission of ACE Australia or its personnel in the performance of ACE Australia's obligations under the Agreement between DTMR and ACE Australia.

Ownership of new intellectual property: Intellectual property rights in material that is created, written, developed or otherwise brought into existence by or on behalf of ACE Australia in the course of performing ACE Australia's obligations as between DTMR and ACE Australia will vest in ACE Australia, but excludes any information, material, data, dataset or database: provided by or on behalf of DTMR to ACE Australia for use, processing, storing or hosting by ACE Australia during the provision of the services; and created, produced or derived from the use, processing, storing or hosting of that information, material, data, dataset or database as part of the provision of the services and includes metadata.

9.5 AUSTRALIAN CAPITAL TERRITORY MOBILE DEVICE DETECTION CAMERAS SERVICES AGREEMENT

ACE Australia has entered into a 'Mobile Device Detection Cameras Services Agreement' with the Australian Capital Territory Government (**Territory**), dated 4 November 2022 (**MDDC Agreement**). Under the MDDC Agreement, ACE Australia provides fixed and transportable camera solutions to the Territory to allow for the mobile device detection services to take place.

Term: The MDDC Agreement commenced on 4 November 2022 and has an initial term of three years. There are two options for the Territory to extend the term of the MDDC Agreement for a term of one year each. The MDDC Agreement therefore has a maximum term of five years, up to 4 November 2027. The start date for the provision of services under the contract is the later of 1 February 2023 or the date that MDDC services can commence.

Termination: The Territory has a number of immediate termination rights that enable it to terminate the MSC Contract on notice to ACE Australia, including a right to terminate or reduce the service delivered under any Work Order in its absolute discretion by providing notice to ACE Australia, but only after the completion of the initial three-year term of the MDDC Agreement. ACE Australia is entitled to payments for services rendered before the termination date or reduction in services and any reasonable costs incurred and directly attributable to the termination or the reduction of services, but not in respect of loss of prospective profits. Further, the Territory may terminate the MDDC Agreement immediately on notice to ACE Australia in certain circumstances, such as where ACE Australia commits a breach that cannot be remedied, or if it is capable of remedy, is not remedied in the time specified by the Territory; if ACE Australia is subject to an insolvency event; or if ACE Australia fails to commence timely provision of the services or meet the timeframes set out in the Agreement.

9. Material Contracts continued

Fees and work orders: ACE Australia invoices the Territory monthly and charges Territory various service fees for the camera solutions that ACE Australia supplies to the Territory under the MDDC Agreement and any associated work orders. A one-off fee is also payable by the Territory to ACE Australia for the initial implementation costs of the camera systems, which is payable on completion of this milestone.

Exclusivity: There is no obligation for the Territory to obtain mobile device detection services from ACE Australia exclusively and the Territory does not guarantee that it will purchase any minimum value or volume of additional services that ACE Australia will receive beyond those already contracted.

Warranties and indemnities: The agreement contains various representations and warranties including in relation to conflicts of interest. ACE Australia indemnifies the Territory and its employees and agents in respect of any claim, cost or expense resulting from damage, injury or death to persons or property caused by the Contractor, including any claim that the Territory's use of ACE Australia's camera solution infringes a third party's intellectual property rights.

Ownership of new intellectual property: Ownership of all existing intellectual property and new intellectual property developed during the MDDC Agreement will vest in ACE Australia, except for the intellectual property that belongs to the Territory under the MDDC Agreement, such as the images that are generated by the solution for use by the Territory for enforcement purposes.

9.6 AMAZON WEB SERVICES TERMS

The Acusensus cloud platform is hosted and supported by Amazon Web Services, Inc (**AWS**). The terms and conditions governing the provision of these hosting and other services by AWS are on AWS' standard terms. These standard terms provide that:

- Acusensus is responsible for its end users and is required to ensure that any such user complies with Acusensus' obligations under its agreement with AWS.
- AWS may change or discontinue the services from time to time. AWS must provide 12 months' notice prior to discontinuing any material functionality of a service used by Acusensus, except in certain circumstances such as where it would be economically or technically burdensome.
- AWS may suspend Acusensus' access to the services without prior notice in certain circumstances, including if it determines that Acusensus or a user of Acusensus' platform is in breach of the agreement, including its payment obligations, or if Acusensus or a user of Acusensus' platform poses a security risk to AWS' services or a third party, could adversely impact AWS' systems or the systems or content of any other AWS customer or could subject AWS, its affiliates or any third party to liability.
- AWS may terminate Acusensus' agreement for convenience at any time on 30 days' notice, for cause without prior notice or in order to comply with laws or government action. AWS' right to terminate for cause includes if any of AWS' third party providers who provide software or technology as part of AWS' services expires or terminates, or if AWS has a right to suspend Acusensus' access to the services.
- Acusensus indemnifies and agrees to hold AWS harmless for and against any losses it may suffer in a broad range of circumstances, including in respect of Acusensus' use of the AWS services, a breach by Acusensus of the agreement or a breach of law by Acusensus.
- The services are provided by AWS 'as is'. Except as required by law, AWS makes no warranties in respect of the services, including that the services will be uninterrupted, error free or free from harmful components or that any content will be secure. AWS' liability in connection with the services is largely excluded to the fullest extent permitted by law, and where such liability cannot be excluded is limited to any fees paid in the 12 months before the liability arose.

9.7 ADOR POWERTRON DISTRIBUTION AGREEMENT

Acusensus International entered into a Distribution Agreement with Ador Powertron on 29 October 2020, which gives Ador Powertron certain rights in relation to distribution, marketing and supply of Acusensus International's traffic enforcement solutions (**Solutions**) in India.

The Distribution Agreement is a 'master agreement' which establishes a framework whereby the parties may enter into separate work orders in relation to specific distribution arrangements or opportunities in India. The term of the Distribution Agreement is 5 years, unless terminated earlier in accordance with its terms. Ador Powertron's appointment as distributor is exclusive, meaning Acusensus International will not appoint other distributors to supply traffic enforcement solutions in India. Under the Distribution Agreement, Ador Powertron must:

- promote the sale of the Solutions in India;
- resell the Solutions to customers or prospects;
- not resell or promote the Solutions to excluded customers or outside of India; and establish and maintain appropriate processes including with respect to promotion, sales and after-sales service with respect to the Solution.

If Ador Powertron refers customers in India directly to Acusensus International, Acusensus International will pay Ador Powertron a commission in accordance with the terms of a relevant work order. Ador Powertron must pay Acusensus International the fees set out in a work order. Under the Distribution Agreement, Acusensus International indemnifies Ador Powertron from any loss arising from any third party intellectual property infringement claim and Ador Powertron indemnifies Acusensus International from any loss arising from Ador Powertron's: breach of the Distribution Agreement; assembly, handling or distribution of the Solutions; and use of Acusensus International's intellectual property otherwise than in accordance with the Distribution Agreement. Acusensus' total liability to Ador Powertron is limited to the greater of the total fees paid or payable by Ador Powertron under the Distribution Agreement or AUD \$100,000.

Either party may terminate the Distribution Agreement if the other party breaches a material term, commits 3 breaches of a material term in any 12 month period, if a force majeure event continues for 6 months or a party suffers an insolvency event. Acusensus International may terminate the Distribution Agreement if Ador Powertron fails to pay Acusensus International or fails to meet its key performance indicators over a 3 month period.

9.8 EBO DESIGN, MANUFACTURING AND SUPPLY AGREEMENT

ACE Australia and its European partner, Ebo van Weel B.V (**EBO**) entered into a Design, Manufacturing and Supply agreement dated 7 October 2022 for the supply of custom trailers to host Company products.

Term and termination: The parties agreed to an initial term of 5 years from 6 May 2020, with an option for either party to renew the agreement for a further 2 year period. The agreement may be terminated at any time with 12 months written notice at either party's absolute discretion.

Warranties and Indemnities: EBO is liable for, and indemnifies ACE Australia from and against all loss or damage incurred or suffered in connection with a breach of the agreement, including intellectual property infringement, breach of confidentiality, third party claims, personal injury and property damage.

Ownership of intellectual property: All developed intellectual property will be owned by ACE Australia on and from the date of payment by ACE Australia of the 'Development and Prototyping Costs' for the 'Heads-Up 2 lane trailer'. EBO assigns and transfers (and will procure that EBO's personnel and sub-contractors assign and transfer) to ACE Australia all right, title and interest in all existing and future intellectual property rights throughout the entire world in the intellectual property, including all statutory and common law rights thereto.

9.9 US SUPPLY AGREEMENT – WESTAT

Acusensus, Inc entered into a Purchase Order with Westat, Inc (**Westat**) dated 14 July 2022 for the provision of four staffed Heads-Up trailer units to be deployed across the United States.

Term and termination: The agreement has an anticipated go-live date of 31 October 2022 and completion date of 30 September 2023. Westat may terminate the agreement at any time, for any reason, on 15 days written notice.

9. Material Contracts continued

Expenses: ACE Inc is responsible for all costs associated with the supplies, equipment, tools, labour and necessary transportation between locations.

Warranties and Indemnities: Each party will hold the other harmless from and against all loss or damage incurred or suffered from an actual or alleged breach of any U.S patent or copyright. Westat is expressly not liable for anticipated profits or incidental, consequential, special, punitive or exemplary damages.

9.10 UNDERWRITING AGREEMENT

The Offer is fully underwritten by the Lead Manager pursuant to an underwriting agreement dated on or around the date of this Prospectus between the Lead Manager and the Company (**Underwriting Agreement**). Under the Underwriting Agreement, the Lead Manager has agreed to manage the Offer and act as underwriter for the Offer.

For the purpose of this Section 9.10, Offer Documents includes (but is not limited to) the following documents:

- (a) the pathfinder prospectus (Pathfinder) for the Offer and any document that supplements or replaces the Pathfinder;
- (b) this Prospectus (including any supplementary or replacement prospectus) and any Application Form; and
- (c) all marketing, roadshow or investor presentation materials approved by the Company in connection with the Offer.

9.10.1 Fees and expenses

Subject to the Lead Manager satisfying its underwriting obligations under the Underwriting Agreement, the Company has agreed to pay the Lead Manager on the settlement date, a selling and underwriting fee of 2% of the proceeds of the Offer and a management fee of 3% of the proceeds of the Offer.

In addition, the Company has agreed to pay or reimburse the Lead Manager for any legal costs and the reasonable costs incurred by the Lead Manager in relation to the Offer, which must not exceed \$50,000 in aggregate in respect of the legal costs.

9.10.2 Termination events

If any of the following events has occurred or occurs at any time before 5.00pm on the settlement date, the Lead Manager may terminate the Underwriting Agreement by notice to the Company, without cost or liability to the Underwriter:

- (a) the Underwriter forms the view (acting reasonably) that a statement contained in the Offer Documents is or becomes misleading or deceptive or likely to mislead or deceive, or a matter required by the Corporations Act is omitted from the Offer Documents (having regard to section 710, 711 and 716 of the Corporations Act) or if the issue of the Offer Documents becomes misleading or deceptive or likely to mislead or deceive;
- (b) a person gives a notice to the Company under section 730 of the Corporations Act;
- (c) there are not, or there ceases to be, reasonable grounds in the opinion of the Underwriter (acting reasonably) for any statement or estimate in the Offer Documents, which relate to a future matter or any statement or estimate in the Offer Documents that relate to a future matter is, in the reasonable opinion of the Underwriter, unlikely to be met in the projected timeframe;
- (d) other than as disclosed in the Prospectus or as required by applicable laws, the Company or any other member of the Acusensus group creates or agrees to create an encumbrance over the whole or a substantial part of its business or property;
- (e) the S&P/ASX All Ordinaries Index published by ASX falls by 10% or more at any time from its level at market close on the business day immediately preceding the date of the Underwriting Agreement;
- (f) any circumstance arises after lodgement of the Prospectus that results in the Company either repaying money received from persons who have applied for Shares or offering persons who have applied for Shares an opportunity to withdraw their application and be repaid their application money;

- (g) any material adverse change occurs in the assets, liabilities, share capital, Share structure, financial position or performance, profits, losses or prospects of the Company or the Acusensus group (insofar as the position in relation to an entity in the Acusensus group affects the overall position of the Acusensus group) from those matters as disclosed in the Prospectus;
- (h) the Company withdraws the Prospectus or terminates the Offer, or indicates that it does not intend to proceed with the Offer or any part of the Offer;
- (i) the Company does not provide a certificate in the manner required under the Underwriting Agreement;
- (k) the Company or a member of the Acusensus group is or becomes insolvent, or an act occurs or an omission is made which may result in the Company or a member of the Acusensus group becoming insolvent;
- (l) ASIC takes certain actions in relation to the Offer including issuing proceedings in relation to the Company; making an order or interim order under section 739 or section 1324B of the Corporations Act concerning the Prospectus; applying for an order under Part 9.5 of the Corporations Act in relation to the Offer or any Offer Document; holding, or giving notice of intention to hold, a hearing or investigation in relation to the Offer or any Offer Document under the ASIC Act or any other Government Agency commences any investigation or hearing in relation to the Offer, or any Offer Document;
- (m) ASIC makes an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act or holds a hearing under section 739 of the Corporations Act in relation to the Prospectus or makes an application under section 1324 or 1324B of the Corporations Act;
- (n) consent to the issue of the Prospectus or any Supplementary Prospectus required by section 720 or 733(3) of the Corporations Act is withdrawn;
- (o) the Company lodges a supplementary Prospectus without the consent of the Underwriter, or in the Underwriter's reasonable opinion, becomes required to lodge a supplementary prospectus under section 719(1) of the Corporations Act;
- (p) a change in the managing director or chief financial officer of the Company occurs, or a change in the board of directors of the Company occurs without the written consent of the Underwriter or any such changes are announced, without the prior written consent of the Underwriter;
- (q) if any of the following occur:
 - (i) a general moratorium on commercial banking activities in Australia, the United States of America, the United Kingdom, Hong Kong or any member state of the European Union is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
 - (ii) trading in securities generally has been suspended or materially limited for at least one trading day, by any of the ASX, the Hong Kong Stock Exchange, the Singapore Stock Exchange, the London Stock Exchange or the New York Stock Exchange;
- (r) if any of the obligations under any of the material contracts (as summarised in Section 9 of the Prospectus) are not capable of being performed in accordance with their terms (in the reasonable opinion of the Underwriter) or if all or any part of any of the material contracts is terminated, withdrawn, rescinded, avoided or repudiated; is altered, amended or varied without the consent of the Underwriter (acting reasonably); ceases to have effect, otherwise than in accordance with its terms; is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and effect, or its performance is or becomes illegal;
- (s) any of the ASX approvals or ASIC modifications obtained in relation to the Offer are withdrawn, revoked, qualified, amended or withheld without the prior written approval of the Underwriter or ASX or ASIC (as the case may be) indicate to the Company or the Underwriter that such approval is likely to be withdrawn, revoked, qualified, amended or withheld;
- (t) ASX does not approve the admission of the Company to the official list and the granting of quotation to the Company's Shares, or if approval is granted, the approval is subsequently withdrawn, qualified (other than by customary conditions or conditions otherwise acceptable to the Company and Lead Manager);

9. Material Contracts continued

- (u) the Company or a member of the Acusensus group disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property other than as contemplated in the Prospectus; ceases or threatens to cease to carry on business; alters its capital structure, other than as contemplated in the Prospectus; or amends its constitution or any other constituent document of the relevant company;
- (v) a Director or any member of the senior management of the Group is charged with a criminal offence relating to any financial or corporate matter or is disqualified under the Corporations Act from managing a corporation;
- (w) any government agency commences any public action against a member of the Acusensus group, any of the Directors or any member of the senior management of the Group, or announces that it intends to take any such action;
- (x) a Director or a senior member of management of the Company engages in any fraudulent conduct or activity;
- (y) the Company is or will be prevented from conducting or completing the Offer by or in accordance with the Listing Rules, ASIC, ASX, any applicable laws or an order of a court of competent jurisdiction or otherwise are or will become unable or unwilling to do any of these things;
- (z) the Offer of the Offer Documents do not comply with any applicable law or regulatory requirement or there is a contravention by the Company of the Corporations Act, its constitution or any other of the Listing Rules;
- (aa) an event specified in the timetable is delayed for more than 2 business days without the prior written approval of the Underwriter or other than in accordance with a variation to the timetable pursuant to the Underwriting Agreement; and/or
- (bb) a voluntary escrow agreement is withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with.

In addition, if any of the following events has occurred or occurs and the Lead Manager in its reasonable opinion believes the event (a) has had or could be expected to have a material adverse effect on the success or outcome of the Offer, the ability of the Lead Manager to market or settle the Offer, the financial position or operations of the Company or the Acusensus group, or (b) is reasonably likely to give rise to a liability of the Lead Manager under applicable law, or reasonably likely to give rise to a contravention by the Lead Manager of applicable law, then the Lead Manager may at any time on or before 5.00pm on the settlement date or at any other time as specified below, terminate the Underwriting Agreement without cost or liability to the Underwriter:

- (a) if there is any adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets of Australia, the United Kingdom, the United States of America, Singapore, Hong Kong, the People's Republic of China or the international financial markets or any change or development involving a prospective adverse change in any of those conditions or markets;
- (b) if all or any part of any of the material contracts is breached, or there is a failure by a party to comply;
- (c) there occurs a new circumstance that has arisen since the Prospectus was lodged that would have been required to be included in the Prospectus if it had arisen before the Prospectus was lodged;
- (d) a change of laws occurs which does or is likely to prohibit, materially restrict or regulate the Offer or materially reduce the likely level of Valid Applications or materially affects the financial position of the Company or has a material adverse effect on the success of the offer, including as a result of the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia or the adoption by ASX or their respective delegates of any regulations or policy;
- (e) any of the following occurs:
 - (i) there is an outbreak of hostilities not presently existing or a major escalation in existing hostilities occurs;
 - (ii) a declaration is made of a national emergency or war or a terrorist act is perpetrated;
 - (iii) a pandemic, epidemic or large-scale outbreak of a not presently existing occurs or in respect of which there is a major escalation, including an escalation resulting in a material shut-down of business,
 involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, any member state of the European Union, any member of NATO, the People's Republic of China, Hong Kong or Singapore, any diplomatic, military, commercial or political establishment of any of these countries elsewhere in the world.

- (f) the commencement of legal proceedings against the Company; any director is charged with an indictable offence or any regulatory body commences any public action against the director or announced that it intends to take such actions; or any Director is disqualified from managing a corporation under section 206A, 206B, 206C, 206D, 206E or 206F of the Corporations Act;
- (g) a contravention by the Company or any member of the Acusensus group of the Corporations Act, the Listing Rules, its constitution or any other applicable law or regulation;
- (h) the Prospectus, an Offer Document or any aspect of the Offer does not comply with the Corporations Act, the Listing Rules or any other applicable law or regulation;
- (i) the Company or a member of the Acusensus group issues a public statement concerning the Offer that has not been approved by the Lead Manager; or a statement in public information released by the Company is or becomes false, misleading or deceptive or likely to be, or the due diligence committee report or any information supplied by or on behalf of the Company to the Lead Manager in relation to the Acusensus group or the Offer as part of the due diligence process is or becomes misleading or deceptive, including by way of omission;
- (j) The Due Diligence Committee Report or any information supported by or on behalf of the Company to the Underwriter as part of the due diligence process becomes misleading or deceptive;
- (k) the Company breaches any of its undertakings or obligations under the Underwriting Agreement;
- (l) a statement in a certificate provided by the Company pursuant to the Underwriting Agreement is untrue, incorrect or misleading or deceptive at the time it is given;
- (m) any representation or warranty contained in the Underwriting Agreement on the part of the Company is breached or becomes false, misleading or incorrect; or
- (n) an event specified in sections 652C(1) or (2) of the Corporations Act occurs in relation to the Company or any of other member of the Acusensus group.

In the event the Lead Manager terminates its obligations under the Underwriting Agreement, the Lead Manager shall be immediately relieved of its obligations under the Underwriting Agreement.

9.10.3 Conditions, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings that are given by the Company to the Lead Manager as well as common conditions precedent, including the receipt by the Lead Manager of the final, signed due diligence report and that ASX will grant certain waivers and ASIC will grant certain modifications in relation to the Offer.

The representations and warranties given by the Company relate to matters such as conduct of the Company, power and authorisations, information provided by the Company, information in this Prospectus and compliance with laws and the ASX Listing Rules. The Company also provides additional representations and warranties in connection with the business and affairs of the Company, including in relation to ownership of assets, authorisations and litigation.

The Company's undertakings include that it will not, until 120 days after Completion, issue (or agree to issue) or agree to issue any Shares or other securities that are convertible or exchangeable into Shares, without the prior consent of the Lead Manager. This undertaking is subject to certain exceptions, including any issue made pursuant to this Prospectus and any Shares issued on exercise of options disclosed in the Prospectus.

9.10.4 Indemnity

Subject to certain exclusions relating to, among other things, fraud, gross negligence or willful misconduct of any indemnified party, the Company agrees to keep the Lead Manager and any of their related bodies corporate, affiliates and their representatives indemnified from losses suffered by them in connection with the Offer or the appointment and role of the Lead Manager pursuant to the Underwriting Agreement.



10.

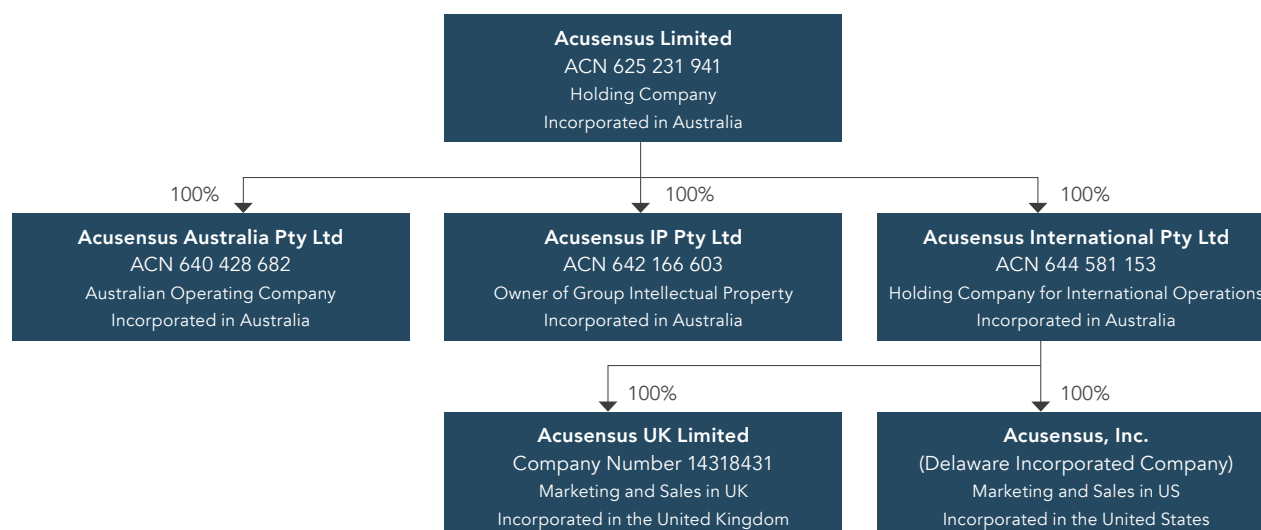
Additional Information

10. Additional Information

10.1 INCORPORATION

The Company was incorporated on 26 March 2018 and converted to a public company on 21 November 2020.

10.2 GROUP STRUCTURE



10.3 CURRENT CAPITAL STRUCTURE

The issued capital of the Company as at the date of this Prospectus is set out in the table below:

Class of Security	Number
Shares	20,114,995
Options	1,531,787

The terms of the options that will be on issue at the Allotment Date are summarised in Section 10.5.

10.4 CAPITAL STRUCTURE FOLLOWING THE OFFER

As at Listing, the issued share capital of the Company will comprise the following:

Class of Security	Number
Shares	25,114,995
Options	1,581,787 ¹

Note:

1. Sue Klose will be granted 50,000 options at Listing.

10. Additional Information continued

10.5 OPTIONS

The Company will have the following Options on issue at Listing:

Holder	Issued Under	No. of Options	Grant Date	Exercise Price	Vesting Conditions	Expiry
Sam Almaliki	Employee Share Option Plan	100,000	20/12/2018	\$0.02	All options have vested	20/12/2023
Tom Patterson	Employee Share Option Plan	50,000	10/02/2020	\$0.79	Achievement of time based hurdles, subject to continued employment with the Company	N.A.
Tom Patterson	Employee Share Option Plan	50,000	10/02/2020	\$1.58	Achievement of time based hurdles, subject to continued employment with the Company	N.A.
Tom Patterson	Employee Share Option Plan	50,000	10/02/2020	\$2.37	Achievement of time based hurdles, subject to continued employment with the Company	N.A.
Ravin Mirchandani	Employee Share Option Plan	50,000	10/02/2020	\$0.79	Achievement of time based hurdles, subject to continued employment with the Company	N.A.
Ravin Mirchandani	Employee Share Option Plan	50,000	10/02/2020	\$1.58	Achievement of time based hurdles, subject to continued employment with the Company	N.A.
Ravin Mirchandani	Employee Share Option Plan	50,000	10/02/2020	\$2.37	Achievement of time based hurdles, subject to continued employment with the Company	N.A.
Tom Patterson	Employee Share Option Plan	50,000	9/09/2020	\$2.30	N.A.	17/12/2023
Bell Potter Securities Limited	Employee Share Option Plan	250,000	1/09/2020	\$2.30	N.A.	3 Years from Listing
Jannink & Associates Pty Ltd ACN 622 744 870 ATF Jannink Family Trust	Employee Incentive Plan	16,032	27/09/2021	\$2.76	Time based vesting over 3 years	26/09/2031
Jannink & Associates Pty Ltd ACN 622 744 870 ATF Jannink Family Trust	Employee Incentive Plan	42,000	21/04/2022	\$2.76	Time based vesting over 3 years	20/04/2027
Jannink & Associates Pty Ltd ACN 622 744 870 ATF Jannink Family Trust	Employee Incentive Plan	44,100	1/07/2022	\$2.76	Time based vesting over 3 years	1/07/2027
Sue Klose	Employee Share Option Plan	50,000	6/12/2022	\$5.00	Time based vesting over 3 years	5 Years from Listing
Employees	Employee Incentive Plan	80,617	27/09/2021	\$2.76	Time based vesting over 3 years	26/09/2031
	Employee Incentive Plan	282,323	21/04/2022	\$2.76	Time based vesting over 3 years	20/04/2027
	Employee Incentive Plan	366,715	1/07/2022	\$2.76	Time based vesting over 3 years	1/07/2027
Total		1,581,787				

10.6 RIGHTS ATTACHING TO THE SHARES

Immediately after issue and allotment, the Shares offered under this Prospectus will be fully paid Shares and the Shares will rank pari passu with the Shares currently on issue.

Detailed provisions relating to the rights attaching to the Shares are set out in the Company's Constitution and the Corporations Act. A copy of the Company's Constitution can be inspected during office hours at the registered office of the Company and Shareholders have the right to obtain a copy of the Company's Constitution, free of charge by contacting the Company on investor-relations@acusensus.com or www.acusensus.com.

The key provisions relating to the rights attaching to Shares under the Constitution and the Corporations Act are summarised below:

Each Share will confer on its holder:

- the right to receive notice of and to attend general meetings of the Company and to receive all financial statements, notices and documents required to be sent to them under the Company's Constitution and the Corporations Act;
- the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per Shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (as at Completion there are none);
- the right to receive dividends, according to the amount paid up on the Share;
- the right to receive, in kind, the whole or any part of the Company's property on a winding up, and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution; and
- subject to the Corporations Act and the ASX Listing Rules, the Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

10.7 EXISTING HOLDERS

The table below sets out the interests of the Existing Shareholders as at the date of this Prospectus and immediately following the Offer. The table does not reflect any Shares which the Existing Holders may subscribe for under the Offer.

	Date of Prospectus		Immediately Following the Offer	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Associated entity of Alexander Jannink	3,350,000	16.65%	3,350,000	13.34%
Ador Powertron Limited	4,112,727	20.45%	4,112,727	16.38%
Ravin Mirchandani ¹	88,752	0.44%	88,752	0.35%
Associated entity of Tom Patterson	44,812	0.22%	44,812	0.18%
Employees	1,570,416	7.81%	1,570,416	6.25%
Other Existing Shareholders	10,948,288	54.43%	10,948,288	43.59%
New Shareholders from IPO	–	0.0%	5,000,000	19.91%
Total	20,114,995	100.0%	25,114,995	100.00%

Note:

1. Ravin Mirchandani is the Chairman, a director and a shareholder in Ador Powertron.

10. Additional Information continued

10.8 ESCROW ARRANGEMENTS

Certain Existing Shareholders will be restricted from dealing in their Shares under voluntary escrow agreements with the Company. The table below sets out the periods during which certain Shareholders are restricted from dealing in their Shares pursuant to these restrictions immediately following completion of the Offer.

Shares

The table below sets out the proportion of Shares which will be subject to voluntary restrictions immediately following completion of the Offer.

Holder	No. of Shares held Immediately Following the Offer	% of shares	Escrow Period			% of share capital subject to escrow restrictions
			Until release of 1H FY23 results	Until release of FY23 results	Until release of the FY24 Results	
Associated entity of Alexander Jannink	3,350,000	13.34%	837,500	837,500	1,675,000	100.00%
Ador Powertron Limited	4,112,727	16.38%	1,028,181	1,028,181	2,056,365	100.00%
Ravin Mirchandani ¹	88,752	0.35%	22,188	66,564	–	100.00%
Associated entity of Tom Patterson	44,812	0.18%	11,203	33,609	–	100.00%
Employees	1,570,416	6.25%	392,598	1,177,818	–	100.00%
Other Existing Shareholders	10,948,288	43.59%	2,723,780	8,171,426	–	99.52%
New Shareholders from IPO	5,000,000	20.02%	–	–	–	–
Total	25,114,995	100.00%	5,015,450	11,315,098	3,731,365	79.88%

Note:

1. Ravin Mirchandani is the Chairman, a director and a shareholder in Ador Powertron.

Immediately following Listing, the Company's free float will be 20.02%.

Shareholders that have agreed to voluntary escrow arrangements may be released early from those restrictions to enable:

- the Shareholder to accept an offer under a takeover bid in relation to their escrowed Shares, or to tender its Shares into a bid acceptance facility established in connection with a takeover bid, if holders of at least half of the Shares the subject of the bid that are not held by the escrowed Shareholders, have accepted the takeover bid or tendered (and not withdrawn) their Shares into the bid acceptance facility;
- the escrowed Shares held by the escrowed Shareholders to be transferred or cancelled as part of a merger by scheme of arrangement under Part 5.1 of the Corporations Act which has received all necessary approvals;
- a buyback of Shares or similar process which has been made available to holders of Shares on a pro rata basis; or
- a transfer on the incapacity of the escrowed Shareholder or controller of that Shareholder, provided that the transferee has agreed to be bound by a deed containing substantially the same voluntary escrow terms and the transfer will not result in a change in beneficial ownership.

Options

The table below sets out the proportion of options held by Existing option holders which will be subject to voluntary restrictions immediately following completion of the Offer.

Holder	No. of Options held at Listing	% of Options held at Listing	Escrow Period			% of Options subject to escrow restrictions
			Until release of 1H FY23 results	Until release of FY23 results	Until release of FY24 results	
Associated entity of Alexander Jannink	102,132	6.46%	25,533	25,533	51,066	100.00%
Ravin Mirchandani ¹	150,000	9.48%	37,500	112,500	–	100.00%
Associated entity of Tom Patterson	200,000	12.64%	50,000	150,000	–	100.00%
Sue Klose	50,000	3.17%	12,500	37,500	–	100.00%
Employees	829,655	52.45%	207,396	622,259	–	100.00%
Bell Potter Securities Limited	250,000	15.80%	62,500	187,500	–	100.00%
Total	1,581,787	100.00%	395,429	1,135,292	51,066	100.00%

Note:

1. Ravin Mirchandani is the Chairman, a director and a shareholder in Ador Powertron.

10.9 OWNERSHIP RESTRICTIONS

The sale and purchase of shares in Australia are regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 10.9 contains a general description of these laws.

10.9.1 Foreign Acquisitions and Takeovers Act 1975 (Cth) and Federal Government Foreign Investment Policy

Generally, the *Foreign Acquisitions and Takeovers Act 1975* (FATA) applies to acquisitions of shares and voting power in a company of 20% to above 20% or more by a single foreign person and its associates, or 40% or more by two or more unassociated foreign persons and their associates, where the acquisition meets a threshold value (which varies by investor type and industry). In addition, FATA applies to acquisitions of a direct interest in an Australian company by foreign governments and their related entities irrespective of the acquisition value. A “direct interest” is an interest of 10% in the entity but may include an interest of less than 10% where the investor has entered into business arrangements with the entity or the investor in a position to influence or participate in the management and control or policy of the entity. There are exemptions which can apply to certain acquisitions.

Where FATA applies to the acquisition, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either notified that there is no objection to the proposed acquisition (with or without conditions) or a statutory period has expired without the Federal Treasurer objecting. An acquisition to which the FATA applies may be the subject of a divestment order by the Federal Treasurer unless the process of notification, and either a non-objection notification or expiry of a statutory period without objection, has occurred. Criminal offences and civil penalties can apply to failing to give notification of certain acquisitions, undertaking certain acquisitions without a no objection notification or contravening a condition in a no objection notification.

10.9.2 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of relevant interests in issued voting shares in listed companies, and unlisted companies with more than 50 members, if, as a result of the acquisition, the acquirer’s (or another party’s) voting power in that company would increase from below 20% or from above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company either themselves or through an associate.

10. Additional Information continued

10.10 AUSTRALIAN TAXATION IMPLICATIONS OF INVESTING UNDER THE OFFER

The taxation consequences of an investment in the Shares will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company.

The following comments provide a general summary of Australian tax issues for Australian tax resident Shareholders who acquire Shares under this Prospectus.

The categories of Shareholders considered in this summary are limited to individuals, certain companies, trusts, partnerships and complying superannuation funds, each of whom hold their Shares on capital account. This summary does not consider the consequences for non-Australian tax resident Shareholders, or Australian tax resident Shareholders that are insurance companies, banks, Shareholders that hold their Shares on revenue account or carry on a business of trading in shares or Shareholders who are exempt from Australian tax.

This summary also does not cover the consequences for Australian tax resident Shareholders who are subject to Division 230 of the *Income Tax Assessment Act 1997* (Cth) (the Taxation of Financial Arrangements or 'TOFA' regime), or are employees who have acquired their interest under any employee share or option plan.

This summary is based on the tax law in Australia in force as at the date of this Prospectus. This summary does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the potential tax implications for each Shareholder. The taxation laws of Australia or their interpretation may change, possibly retrospectively. The precise implications of ownership or disposal of the Shares will depend on each Shareholder's specific circumstances. Shareholders (particularly if tax resident in a jurisdiction other than Australia (for example, New Zealand tax residents) should obtain their own advice on the taxation implications of holding or disposing of the Shares, taking into account their country of tax residence and any circumstances specific to them.

Dividends on a Share

The Company may attach 'franking credits' to dividends. Franking credits broadly represent the extent to which a dividend is paid by the Company out of profits that have been subject to Australian tax. It is possible for a dividend to be fully franked, partly franked or unfranked.

Individuals and complying superannuation entities

Dividends paid by the Company on a Share will constitute assessable income of an Australian tax resident Shareholder. Australian tax resident Shareholders that are individuals or complying superannuation entities should include the dividend in their assessable income (some superannuation funds may be exempt in relation to Shares set aside solely to support current pension liabilities) in the year the dividend is paid, together with any franking credit attached to that dividend if they are a 'qualified person' (refer further comments below).

These Shareholders should be entitled to a tax offset equal to the franking credit attached to the dividend subject to being a 'qualified person'. The tax offset can be applied to reduce the tax payable on the Shareholder's taxable income. Where the tax offset exceeds the tax payable on the Shareholder's taxable income in an income year, these Shareholders should be entitled to a tax refund.

If an unfranked dividend is paid, the Shareholder will generally be taxed at their marginal tax rate on that dividend with no tax offset.

Corporate Shareholders

Australian tax resident corporate Shareholders are also required to include both the dividend and attached franking credit in their assessable income subject to being a 'qualified person'. A tax offset is then allowed up to the amount of the franking credit on the dividend, subject to being a 'qualified person', with the result that a tax resident corporate Shareholder should not pay any additional tax on a fully franked dividend.

An Australian resident corporate Shareholder should be entitled to a credit in its own franking account to the extent of the franking credit attached to the dividend received. This should then allow these corporate Shareholders to pass on the benefit of the franking credits to their own shareholder(s) on a subsequent payment of dividends.

Excess franking credits received cannot give rise to a refund for a corporate Shareholder, but may in certain circumstances be able to be converted into carry forward tax losses.

Trusts and partnerships

Shareholders that are Australian resident trustees (other than trustees of complying superannuation entities) or partnerships should include the dividend and attached franking credit in their assessable income in determining the net income of the trust or partnership. Subject to being a 'qualified person', the relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the trust or partnership.

Shares held at risk

The benefit of franking credits can be denied where a Shareholder is not a 'qualified person' in which case the Shareholder will not be able to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a 'qualified person', a Shareholder must satisfy the holding period rule and, if necessary, the 'related payment rule'.

The 'holding period rule' requires a Shareholder to hold the Shares 'at risk' for more than 45 days continuously in the 'primary qualification period', which is the period beginning the day after the day on which the Shareholder acquires the Shares and ending on the 45th day after the day on which the Shares become ex-dividend. Any day on which a Shareholder has a materially diminished risk or loss of opportunity for gain (through transactions such as granting options or warrants over Shares or entering into a contract to sell the Shares) will not be counted as a day on which the Shareholder held the Shares 'at risk' and neither will the days that the Shares are acquired and disposed of by the Shareholder. This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed \$5,000.

Special rules apply to trusts and beneficiaries. Specifically, there are particular difficulties in satisfying the holding period rule where an investor holds Shares through a discretionary trust where no family trust election has been made. In these cases, the holding period rule may not be capable of being satisfied (though an exception still applies in the case of individual beneficiaries who have franking credit entitlements of less than \$5,000 in an income year). If a Shareholder is the trustee of a discretionary trust, it is strongly recommended that professional advice be obtained.

Under the 'related payment rule', a different testing period applies where the Shareholder has made, or is under an obligation to make, a related payment in relation to a dividend. The related payment rule requires the Shareholder to have held the Shares at risk for a continuous 45 day period within the 'secondary qualification period' commencing on the 45th day before, and ending on the 45th day after the day the Shares become ex-dividend. Practically, this should not impact Shareholders who do not pass the benefit of the dividend to another person. Shareholders should obtain their own tax advice to determine if these requirements, as they apply to them, have been satisfied.

Dividend washing rules can apply so that no tax offset is available for the franking credits (nor is the franking credit amount required to be included in your assessable income) associated with a dividend received where the Shareholder receives a franked dividend on a replacement Share after disposing of a substantially identical Share. Shareholders should consider the impact of these rules having regard to their own personal circumstances and seek professional advice to determine if this or any integrity rules could apply to them.

Disposal of Shares

The disposal of a Share by a Shareholder will be a CGT event. An Australian tax resident Shareholder will make a capital gain where the capital proceeds received in relation to the disposal exceeds the cost base of the Share. The CGT cost base of a Share will broadly be the amount paid to acquire the Share plus any non-deductible transaction/incidental costs. In the case of an arm's length transaction, the capital proceeds should generally be the cash proceeds received from the sale of a Share plus the market value of any property received from the sale of the Share.

A CGT discount may be available on the capital gain (after reduction of total capital gains by capital losses) where the Shareholder is an individual, complying superannuation entity or trustee, the Shares have been held for more than 12 months and certain other requirements have been met. Where the CGT discount applies, any capital gain made by individuals and entities acting as trustees (other than trustees of a trust that is a complying superannuation entity) may be reduced by one half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one third, after offsetting current year or prior year capital losses. Shareholders that are companies (including limited partnerships or trusts that are deemed to be companies under Australian tax law) are not entitled to the CGT discount.

10. Additional Information continued

Where the Shareholder is the trustee of a trust that has held the Shares for more than 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are individuals, trustees or complying superannuation entities. The CGT discount rules applying to trusts are complex and Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

An Australian tax resident Shareholder will make a capital loss on the disposal of Shares if the reduced cost base of the Share exceeds the capital proceeds in relation to the disposal. Capital losses may only be offset against capital gains made by the Shareholder in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

Goods and Services Tax

The issue of Shares by the Company under this Prospectus should not be subject to GST. The acquisition of the Shares by an Australian resident (that is registered for GST) should be an input taxed financial supply and therefore should not be subject to GST.

No GST should be payable in respect of dividends paid to investors. An Australian resident investor that is registered for GST may not be entitled to claim full input tax credits in respect of GST on expenses they incur that relate to the acquisition, redemption or disposal of the Shares (e.g. lawyers' and accountants' fees).

Investors should seek their own advice on the impact of GST in their own particular circumstances.

Stamp duty

Under current stamp duty legislation, investors acquiring Shares under this Prospectus should not be liable for stamp duty on the acquisition.

Tax file numbers

An Australian tax resident Shareholder is not required to quote their TFN to the Company. However, if TFN or exemption details are not provided, Australian tax may be required to be deducted or withheld by the Company from dividends and/or distributions that are not fully franked dividends at the maximum marginal tax rate including where relevant, the 'Medicare Levy'.

An investor that holds Shares as part of an enterprise may quote its Australian Business Number instead of its TFN. Australian tax resident Shareholders may be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on dividends from the ATO.

While the information in this Section is based on current tax law and ATO rulings, it is not intended as a substitute for investors obtaining independent tax advice in relation to their person.

10.11 INTERESTS OF EXPERTS AND ADVISERS

Other than as set out below, or as otherwise disclosed in this Prospectus, no person named in this Prospectus as providing professional or advisory services in connection with the preparation of this Prospectus or any firm in which any such person is a partner:

- has or had at any time during the two years preceding the date of the Prospectus, any interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company or the Offer; or
- has been paid or agreed to be paid any amount or given or agreed to be given any other benefit for services rendered by them in connection with the formation or promotion of the Company or the Offer.

Bell Potter Securities Limited AFSL 243480 has acted as Lead Manager to the Offer. The Company has paid or agreed to pay the fees and expenses referred to in Section 9.10 to the Lead Manager under the Underwriting Agreement. Bell Potter also received 250,000 Options for services provided in connection with the Company's pre-IPO capital raising as disclosed in Section 10.5.

KPMG Transaction Services has acted as the Australian Investigating Accountant and provided the Investigating Accountant's Report in Section 7. The Company has paid or agreed to pay an amount of approximately \$135,000 (plus disbursements and GST) in respect of these services. Further amounts may be paid to KPMG Transaction Services in accordance with time-based charges.

KPMG Australia has undertaken tax due diligence in relation to Acusensus in connection with the Offer and provided a summary of tax implications in Section 10.10. The Company has paid or agreed to pay an amount of approximately \$30,000 (plus disbursements and GST) in respect of these services. Further amounts may be paid to KPMG Australia in accordance with time-based charges.

Maddocks has acted as the Australian legal adviser to the Company in relation to the Offer. The Company has paid or agreed to pay an amount of approximately \$177,000 (plus disbursements and GST) up to the date of this Prospectus in respect of these services. Further amounts may be paid to Maddocks in accordance with its normal time-based charges.

Frost & Sullivan has acted as the Independent Market Expert to the Company in relation to the Offer, and has prepared the Market Report include at Section 2. The Company has paid or agreed to pay an amount of approximately \$14,000 (plus disbursements and GST) up to the date of this Prospectus in respect of these services.

The Company will pay these amounts and other expenses of the Offer out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of the expenses of the Offer is set out in Section 10.13.

10.12 OFFER EXPENSES

The Company has paid or will pay all of the costs associated with the Offer. If the Offer proceeds, the total estimated cash expenses in connection with the Offer (including underwriting, management, advisory, legal, accounting, tax, listing and administrative fees as well as printing, advertising and other expenses) are estimated to be approximately \$1.9 million.

A summary of the Offer costs is set out below:

Offer Costs ¹	A\$
Lead Manager fee	1,076,250
Legal fees	194,700
Investigating Accountant fees	148,500
Tax advisory fees	33,000
Frost & Sullivan fees	15,400
ASX Listing fee	188,313
Other costs ²	212,655
Total	1,868,818

Notes:

1. Costs include non-recoverable GST.
2. Other costs include Prospectus printing/design/website (\$22,284), ASIC lodgement fee (\$3,293), share registry cost (\$7,150), foreign jurisdictions (\$6,600), contingency (\$27,500), auditor fees (\$5,500) and prospectus liability insurance (\$140,328).

10. Additional Information continued

10.13 CONSENTS

Each of the following parties has given and has not, before the issue of this Prospectus, withdrawn its written consent to being named in the Prospectus and to the inclusion, in the form and context in which it is included, of any information described below as being included with its consent.

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors of the Company, any underwriters, persons named in the Prospectus with their consent as having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading or deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name and any statement or report included in this Prospectus with the consent of that party as described below:

- Bell Potter Securities Limited has consented to being named as Lead Manager and underwriter to the Offer, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Bell Potter Securities Limited;
- KPMG Transaction Services has consented to being named in the Corporate Directory of this Prospectus as the Company's Investigating Accountant and to the inclusion of its Investigating Accountant's Report in Section 7 in the form and context in which it appears;
- KPMG Australia has consented to the inclusion of a summary of tax implications in Section 10.10;
- Maddocks has consented to being named in the Corporate Directory of this Prospectus as the Australian legal adviser to the Company, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Maddocks;
- Frost & Sullivan has consented to being named in this Prospectus as the Independent Market Expert and to the inclusion of its Market Report at Section 2 in the form and context in which it appears;
- Oxygene IP has consented to be named in the Prospectus as Intellectual Property Adviser and to the inclusion of its Intellectual Property Report at Appendix 1 in the form and context in which it appears;
- BDO Audit Pty Ltd has consented to being named in this Prospectus as the Auditor to the Company, but it does not make any statements in this Prospectus, nor is any statement in this Prospectus based on any statement by BDO; and
- Link Market Services Limited has consented to being named in the Corporate Directory and elsewhere in this Prospectus as the Share Registry for the Company. Link Market Services Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registry to the Company. Link Market Services Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

10.14 ASX AND ASIC WAIVERS AND CONFIRMATIONS

The Company has applied to ASIC for relief from, and modification to, section 707(3) of the Corporations Act so as to permit the 'on-sale' of certain securities issued prior to Listing without such sales being deemed an indirect issue for the purposes of that section.

The Company has obtained in-principle advice from ASX confirming that the mandatory escrow restrictions in clauses 1, 2, 3, 4, 7, 8 and 9 of Appendix 9B do not apply to the Company as it has a track record of revenue acceptable to ASX.

The Company has also applied for the following waivers and confirmations from the ASX in relation to the ASX Listing Rules and the Offer:

- a waiver of Listing Rule 1.1, Condition 12 to permit the Company to have certain Options on issue with an exercise price of less than 20 cents;
- a waiver of certain requirements under Chapter 6 of the Listing Rules, to the extent necessary to permit the Company to have on issue certain Options issued under the ESOP that do not comply with those Listing Rules; and
- customary confirmations relating to the Offer and the Company's listing on the ASX.

10.15 LEGAL PROCEEDINGS

To the knowledge of the current Directors, other than as disclosed in Section 4.1.7 of this Prospectus, at the Prospectus Date there is no material current, pending or threatened litigation with which the Company is directly or indirectly involved, which the Company believes is likely to have a material impact on the business or the financial results of the Company.

10.16 INVESTOR CONSIDERATIONS

Before deciding to participate in this Offer, you should consider whether the Shares to be issued are a suitable investment for you. There are general risks associated with any investment in the stock market. The value of Shares listed on ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser.

The potential tax effects relating to the Offer will vary between investors. Investors are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

10.17 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of Applications under the Offer are governed by the law applicable in New South Wales, Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

10.18 STATEMENT OF DIRECTORS

Each current Director and Proposed Director has authorised the issue of this Prospectus and has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.



11. Defined Terms

11. Defined Terms

In this Prospectus:

Term	Definition
AEDT	Australian Eastern Daylight Time.
AFSL	Australian Financial Services Licence.
AI	Artificial intelligence.
AIFRS	Australian International Financial Reporting Standards.
Allotment Date	The date on which the Shares are allotted under the Offer.
Applicant	A person who submits a valid Application Form and required Application Monies pursuant to this Prospectus.
Application	An application for Shares under this Prospectus.
Application Monies	Money submitted by Applicants under the Offer.
Application Form	The application form attached to or accompanying this Prospectus for investors to apply for Shares under the Offer.
ASIC	The Australian Securities and Investments Commission.
Associate	Has the meaning ascribed to that term in the Corporations Act.
ASX	ASX Limited ABN 98 008 624 691 or the market it operates, as the context requires.
ASX Corporate Governance Principles	The corporate governance principles and recommendations of the ASX Corporate Governance Council as at the date of this Prospectus.
ASX Listing Rules	The official Listing Rules of ASX as amended or waived and applicable to the Company from time to time.
ATO	The Australian Taxation Office.
Bell Potter	Bell Potter Securities Limited ACN 006 390 772, AFSL 243480.
Board	The board of directors of the Company, comprised of the current and proposed Directors.
Broker	Any ASX participating organisation selected by the Lead Manager in consultation with the Company to act as a broker to the Offer.
Broker Firm Offer	Has the meaning ascribed to that term in Section 8.5.
CGT	Capital Gains Tax.
Closing Date	The date that the Offer closes.
Company	Acusensus Limited ACN 625 231 941.

11. Defined Terms continued

Term	Definition
Completion	Completion of the Offer.
Constitution	The constitution of the Company as at Listing.
Corporations Act	The <i>Corporations Act 2001</i> (Cth).
Directors	The directors (including any alternate directors) of the Company as at the date of this Prospectus, and includes the Proposed Director of the Company where indicated.
Equity Incentive Plan	the Acusensus Equity Incentive Plan adopted on 2 November 2020.
Existing Holder	A registered holder of Shares as at the date of this Prospectus.
ESOP	the Employee Share Option Plan adopted on 6 December 2018.
Existing Shares	The shares on issue in the issued capital of the Company as at the Prospectus Date.
Expiry Date	The date that is 13 months after the Prospectus Date.
Exposure Period	The seven day period after the date of lodgement of the Prospectus with ASIC (as extended by ASIC (if applicable)).
Financial Information	Has the meaning ascribed to that term in Section 6.
Frost & Sullivan	Frost & Sullivan Australia Pty Limited ACN 096 869 108.
Institutional Applicant	An Applicant to whom offers or invitations in respect of securities can be made without the need for a lodged prospectus (or other formality, other than a formality which the Company is willing to comply with), including in Australia persons to whom offers or invitations can be made without the need for a lodged prospectus under section 708 of the Corporations Act (disregarding section 708AA), and excluding a retail client within the meaning of section 761G of the Corporations Act.
Institutional Investor	A person eligible to be an Institutional Applicant.
Institutional Offer	The offer described at Section 8.6.
KPMG Transaction Services	KPMG Transaction Services a division of KPMG Financial Advisory Services (Australia) Pty Ltd.
Lead Manager or Underwriter	Bell Potter Securities Limited AFSL 243480.
Listing	Admission of the Company to the Official List of ASX and of its shares to quotation on ASX.
Maddocks	Maddocks Lawyers ABN 63 478 951 337.
MDDC Agreement	The agreement between ACE Australia and the Australian Capital Territory dated 4 November 2022, and summarised at Section 9.5.

Term	Definition
MPDC Contract	The agreement between the Company and Transport for New South Wales (formerly known as Roads and Maritime Services), summarised at Section 9.3.
Offer	The offer of Shares under this Prospectus to raise up to approximately \$20.0 million.
Offer Period	The period during which investors may subscribe for Shares under the Offer.
Offer Price	\$4.00 per Share.
PCP	Prior Comparative Period
Priority Offer	Has the meaning ascribed to that term in Section 8.7.
Priority Offer Letter	Has the meaning ascribed to that term in Section 8.7.
Proposed Director	Sue Klose
Prospectus	This Prospectus for the issue of Shares to raise up to approximately \$20.0 million (including the electronic form of that Prospectus).
Prospectus Date	6 December 2022.
R&D	Research and development.
Retail Applicant	An Applicant who is not an Institutional Applicant.
Security	Includes a Share which is the subject of the Offer and any other right, or any other equity interest in the Company.
Share	A fully paid ordinary share in the capital of the Company.
Shareholder	A registered holder of a Share.
Share Registry	Link Market Services Limited ACN 083 214 537.
Underwriting Agreement	The underwriting agreement between the Company and the Lead Manager summarised at Section 9.10.
US Securities Act	The United States Securities Act of 1933, as amended from time to time.



APPENDIX 1

Intellectual Property Report

Appendix 1 Intellectual Property Report

Oxygene IP

Patent & Trade Mark Attorneys

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mail@oxygeneip.com
www.oxygeneip.com

6 December 2022

The Due Diligence Committee,
each of its members and their representatives
and Board of Directors of Acusensus Limited
Level 6, 31 Queen Street
MELBOURNE VIC 3000

Dear Sirs,

Acusensus Group Intellectual Property Report – Patents and Trade Marks

Background

This intellectual property (IP) report has been prepared by Oxygene IP in relation to the intellectual property of the Acusensus Group, which includes Acusensus Limited and its related bodies corporate (as that term is defined in the *Corporations Act 2001* (Cth)) (**Acusensus**). This report has been prepared for the Due Diligence Committee, each of its members and their representatives and the Board of Directors of each of Acusensus Limited in connection with its proposed initial public offering and listing on the ASX (**Transaction**). This report is addressed to, and may be relied on by Acusensus Limited, its Board of Directors and the members of the Due Diligence Committee (and their representatives) as established by the Board of Acusensus Limited in connection with the Transaction.

1.1. Summary of Intellectual property

The IP relating to technology of Acusensus was developed internally by its employees and Appendix A to this letter provides a summary of Acusensus' registered intellectual property and applications that are in progress, as detailed further below. The technology of Acusensus is licensed in a limited way to third party customers of Acusensus to enable them to use and obtain the benefit of the services that Acusensus provides. The IP developed by Acusensus protects its Heads-Up and Harmony systems and the processes performed by these systems. Additionally, Acusensus has been granted an examined innovation patent in Australia for the Heads-Up camera solution, covering the real-time capture and analysis of photographs through a windshield for the purpose of detecting mobile phone offences. A number of related patent applications are in progress for both its core technology and new developments in Australia and overseas jurisdictions, such as the EU and USA (see Table 1A of Appendix A for detail).



Appendix 1 Intellectual Property Report continued

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Acusensus also acquired intellectual property related to the Acusensus Guardian product, that it is developing, in June 2022 from Hazardtech Pty Ltd. Acusensus is in the process of updating the registration details for the relevant patents acquired to note that Acusensus is now the owner of this intellectual property with the relevant authorities (see Table 1B of Appendix A for a summary of the patents acquired by Acusensus from Hazardtech Pty Ltd).

Acusensus' strategy regarding intellectual property is to obtain patent protection in the major markets for its services both now and in the future. Acusensus currently has:

- one examined innovation patent in Australia in relation to the Heads-Up technology and one examined innovation patent in Australia that Acusensus acquired from Hazardtech Pty Ltd (as set out in Table 1A of Appendix A);
- pending standard patent applications in Australia in relation to its Heads-Up technology (as set out in Table 1A of Appendix A);
- pending standard patent applications in Australia in relation to the technology that Acusensus acquired from Hazardtech Pty Ltd (as set out in Table 1B of Appendix A);
- foreign applications filed and pending for the Heads-Up technology in Canada, the European Union, India, New Zealand, Singapore, the USA and South Africa (as set out in Table 1A of Appendix A);
- foreign applications filed and pending that Acusensus acquired from Hazardtech Pty Ltd in the European Union, New Zealand and the USA (as set out in Table 1b of Appendix A);
- registered and pending trade marks of Acusensus in Australia (as set out in Table 2A of Appendix A); and
- registered and pending trade marks that Acusensus acquired from Hazardtech Pty Ltd in Australia and in foreign jurisdictions (as set out in Table 2B of Appendix A).

As of this report, Oxygene IP is not aware of:

- any IP infringement allegations made by third parties against Acusensus; or
- any third parties claiming to have an ownership interest in any of the patents set out in Table 1 below. Further details of the patents and status of the applications are outlined in Table 1 below.

If you have any queries, please do not hesitate to contact me.

Yours sincerely,

Oxygene IP



Dr Paul Warden-Hutton

pwh@oxygeneip.com



Appendix A

Table 1A – Acusensus Patents – in the name of Acusensus IP Pty Ltd

Jurisdiction	Number	Filing date	Renewal date (if applicable)	Status	Maximum term
Australia	2021100546	19 July 2019	19 July 2023	Granted innovation patent	19 July 2027
Australia	2021240327	19 July 2019	19 July 2023	Under Examination	19 July 2039
Canada	3,107,013	19 July 2019	19 July 2023	Pending Patent	19 July 2039
European Patent Office	19837301.1	19 July 2019	19 July 2023	Response Filed Patent	19 July 2039
India	202117007068	19 July 2019	Known after grant	Under Examination	19 July 2039
New Zealand	773028	19 July 2019	19 July 2023	Pending Patent	19 July 2039
Singapore	11202100520R	19 July 2019	Known after grant	Pending Patent	19 July 2039
US	17/261,247	19 July 2019	Known after grant	Allowed Patent	19 July 2039
South Africa	2021/01085	19 July 2019	19 July 2023	Allowed Patent	19 July 2039



Appendix 1 Intellectual Property Report continued

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Table 1B – Patents acquired by Acusensus from Hazardtech Pty Ltd¹

Jurisdiction	Number	Filing date	Renewal date (if applicable)	Status	Maximum term
Australia	2018100992	13 Jul 2018	13 July 2023	Granted Innovation Patent	13 July 2026
Australia	2019258600	26 Apr 2019	26 Apr 2023	Pending Patent	26 April 2039
European Patents Office	19793756.8	26 Apr 2019	26 Apr 2023	Under Examination	26 April 2039
New Zealand	768869	26 Apr 2019	26 Apr 2023	Pending Patent	26 April 2039
US	17/541,804	26 Apr 2019	24 Mar 2022	Pending Patent (Continuation)	26 April 2039

¹ Acusensus acquired intellectual property from Hazardtech Pty Ltd in June 2022 and is in the process of updating the registration details for these patents to note that Acusensus is now the owner of this intellectual property with the relevant authorities.



Table 2A –Acusensus trade marks

Jurisdiction	Trade mark	Trade mark number	Owner	Status
Australia	ACUSENSUS	1973325	Acusensus Limited	Registered
Australia	'Heads-Up'	2128937	Acusensus Limited	Registered
Australia	'Heads-Up' Real Time	2128939	Acusensus Limited	Registered
Australia	Acusensus Harmony	2278292	Acusensus Limited	Published: Under examination
				Acceptance due: 18 October 2023
Australia	Acusensus Guardian	2278293	Acusensus Limited	Published: Under Examination
				Acceptance due: 19 October 2023
Australia	Intelligent Eyes	2128938	Acusensus Limited	Published: Under Examination
				Acceptance due: 9 February 2023



Appendix 1 Intellectual Property Report continued

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Table 2B – Trade marks acquired by Acusensus from Hazardtech Pty Ltd²

Jurisdiction	Trade mark	Trade mark number	Owner	Status
Australia	HAZKAT	1916719	Currently Hazardtech Pty Ltd to be transferred to Acusensus IP Pty Ltd	Registered
Australia	has my back	1916721	Currently Hazardtech Pty Ltd to be transferred to Acusensus IP Pty Ltd	Registered
Australia		1954836	Currently Hazardtech Pty Ltd to be transferred to Acusensus IP Pty Ltd	Registered
Canada		1950771	Currently Hazardtech Pty Ltd to be transferred to Acusensus IP Pty Ltd	Lodged
Madrid		1461062	Currently Hazardtech Pty Ltd to be transferred to Acusensus IP Pty Ltd	Registered
China		1461062	Currently Hazardtech Pty Ltd to be transferred to Acusensus IP Pty Ltd	Protected

² Acusensus acquired intellectual property from Hazardtech Pty Ltd in June 2022 and is in the process of updating the registration details for these trade marks to note that Acusensus is now the owner of this intellectual property with the relevant authorities.



Jurisdiction	Trade mark	Trade mark number	Owner	Status
European Community		1461062	Currently Hazardtech Pty Ltd to be transferred to Acusensus IP Pty Ltd	Protected
United Kingdom		1461062	Currently Hazardtech Pty Ltd to be transferred to Acusensus IP Pty Ltd	Protected
Indonesia		1461062	Currently Hazardtech Pty Ltd to be transferred to Acusensus IP Pty Ltd	Protected
India		1461062	Currently Hazardtech Pty Ltd to be transferred to Acusensus IP Pty Ltd	Protected
Japan		1461062	Currently Hazardtech Pty Ltd to be transferred to Acusensus IP Pty Ltd	Protected
Korea		1461062	Currently Hazardtech Pty Ltd to be transferred to Acusensus IP Pty Ltd	Protected
New Zealand		1118776	Currently Hazardtech Pty Ltd to be transferred to Acusensus IP Pty Ltd	Registered



Appendix 1 Intellectual Property Report continued

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Jurisdiction	Trade mark	Trade mark number	Owner	Status
Philippines		1461062	Currently Hazardtech Pty Ltd to be transferred to Acusensus IP Pty Ltd	Protected
Russia		1461062	Currently Hazardtech Pty Ltd to be transferred to Acusensus IP Pty Ltd	Protected
Singapore		40201908458	Currently Hazardtech Pty Ltd to be transferred to Acusensus IP Pty Ltd	Protected
Turkey		1461062	Currently Hazardtech Pty Ltd to be transferred to Acusensus IP Pty Ltd	Protected
Ukraine		1461062	Currently Hazardtech Pty Ltd to be transferred to Acusensus IP Pty Ltd	Protected
United States of America		79256505	Currently Hazardtech Pty Ltd to be transferred to Acusensus IP Pty Ltd	Protected





APPENDIX 2

Key Accounting Principles

Appendix 2 Key Accounting Principles

(A) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2022 and the results of all subsidiaries for the year then ended.

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

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

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

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

(B) FOREIGN CURRENCY TRANSLATION

The financial statements are presented in Australian Dollars, which is the Group's functional and presentation currency.

(i) Foreign currency transactions

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

(ii) Foreign operations

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

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

(C) CURRENT AND NON-CURRENT CLASSIFICATION

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

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

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

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

(D) INVESTMENTS AND OTHER FINANCIAL ASSETS

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

(i) Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

(ii) Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

(E) 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.

(F) 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.

Appendix 2 Key Accounting Principles continued

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.

(G) REVENUE RECOGNITION

(i) Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity:

- identifies the contract with a customer; identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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

(ii) Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

(iii) 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.

(iv) Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(v) Interest

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

(vi) Other revenue

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

(vii) Contract assets

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

(viii) Contract liabilities

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

(H) INCOME TAX

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

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

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

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

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

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

(I) 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.

Restricted cash balance represents cash held by the entity as required under its bank guarantee arrangements. The cash held is not available for the purposes of the group's operations.

(J) TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Trade receivables are generally due for settlement within 45 days.

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

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

Appendix 2 Key Accounting Principles continued

(K) INVENTORY

Inventories are stated at the lower of cost and net realisable value on an average cost basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

(L) 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 over their expected useful lives as follows:

Motor vehicles	3 years
Computer equipment	3 years
Office equipment	3 years
Camera equipment:	
– Transportable systems	5 years
– Fixed site systems	3 years

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

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

(M) 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.

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

(N) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 to 45 days of recognition.

(O) PROVISIONS

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(i) Provisions for employee benefits

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

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

(P) LEASE LIABILITIES AND RIGHT-OF-USE ASSETS

(i) Lease liabilities

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

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

(ii) Right-of-use assets

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

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

(Q) 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.

Appendix 2 Key Accounting Principles continued

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

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

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

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

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

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

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

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

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

(R) FINANCIAL INSTRUMENTS

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

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance reports to the Board on a monthly basis.

(i) Market risk**Foreign currency risk**

The consolidated entity is not exposed to any significant foreign currency risk.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity is not exposed to any significant interest rate risk.

(ii) Credit risk

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

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

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

(iii) Liquidity risk

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

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

(S) 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 within the next financial year are discussed below.

(i) Share-based payment transactions

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

Appendix 2 Key Accounting Principles continued

(ii) Allowance for expected credit losses

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

(iii) Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

(iv) Estimation of useful lives of assets

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

(v) Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

(vi) Income tax

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

(vii) Recovery of deferred tax assets

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

(viii) Employee benefits provision

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



ACUSENSUS LIMITED

ACN 625 231 941

Broker Code

Adviser Code

Broker Firm Offer Application Form

This is an Application Form for Shares in Acusensus Limited under the Broker Firm Offer on the terms set out in the Prospectus dated 6 December 2022. You may apply for a minimum of 625 Shares. This Application Form must be received by your Broker by the deadline set out in their offer to you.

If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus contains information relevant to a decision to invest in Shares and you should read the entire Prospectus carefully before applying for Shares.

Shares applied for

Price per Share

Application Monies

A

at

A\$4.00

B A\$

(minimum 625)

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)

Applicant #1

Surname/Company Name

C

Title

First Name

Middle Name

Joint Applicant #2

Surname

Title

First Name

Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

TFN/ABN/Exemption Code

First Applicant

Joint Applicant #2

Joint Applicant #3

D

TFN/ABN type – if NOT an individual, please mark the appropriate box

Company

Partnership

Trust

Super Fund

PLEASE COMPLETE ADDRESS DETAILS

PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

E

Unit Number/Level

Street Number

Street Name

Suburb/City or Town

State

Postcode

Email address (only for purpose of electronic communication of shareholder information)

CHESS HIN

F

If you have a Broker Sponsored account and would like your securities to be allocated to this account, it is important that you enter your HIN at this step. Failure to do so will result in your securities being allocated to a new Issuer Sponsored account. You will not be able to change this until after the stock exchange listing takes place and you will need to request your broker to do this for you.

Telephone Number where you can be contacted during Business Hours

Contact Name (PRINT)

G

LODGEMENT INSTRUCTIONS

You must return your application so it is received by your Broker by the deadline set out in their offer to you.

ACE BRO001

Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The Shares to which this Application Form relates are Acusensus Limited ("ACE") Shares. Further details about the Shares are contained in the Prospectus dated 6 December 2022 issued by Acusensus Limited. The Prospectus will expire 13 months after the date of the Prospectus. While the Prospectus is current, Acusensus Limited will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investments Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

The Prospectus contains important information about investing in the Shares. You should read the Prospectus before applying for Shares.

- A** Insert the number of Shares you wish to apply for. The Application must be for a minimum of 625 Shares. You may be issued all of the Shares applied for or a lesser number.
- B** Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.
- C** Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.
- D** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Acusensus Limited will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.
- E** Please enter your postal address for all correspondence. All communications to you from Acusensus Limited and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** If you are already a CHES participant or sponsored by a CHES participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHES for this HIN is different to the details given on this form, your Shares will be issued to Acusensus Limited's issuer sponsored subregister.
- G** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

Corporate Directory

COMPANY

Acusensus Limited

Level 6, 31 Queen Street
Melbourne VIC 3000

Phone: 1300 214 697

Email: investor-relations@acusensus.com

Website: www.acusensus.com

DIRECTORS

Alexander Jannink – Managing Director
& Chief Executive Officer

Ravin Mirchandani – Non-Executive Director & Chairman

Tom Patterson – Non-Executive Director

Sue Klose – Proposed Non-Executive Director
(Independent)

COMPANY SECRETARY

Olivia Byron

REGISTERED OFFICE

Level 6, 31 Queen Street
Melbourne VIC 3000

ASX CODE

ACE

INVESTIGATING ACCOUNTANT

KPMG Financial Advisory Services (Australia) Pty Ltd

Tower Two, Collins Square,
727 Collins Street
Docklands VIC 3008

AUDITOR

BDO Audit Pty Ltd

Tower 4,
Level 18, 727 Collins Street
Melbourne VIC 3008

LEAD MANAGER

Bell Potter Securities Limited

Level 29, 101 Collins Street
Melbourne VIC 3000

AUSTRALIAN LEGAL ADVISER

Maddocks Lawyers

Angel Place,
Level 27, 123 Pitt Street
Sydney NSW 2000

REGISTRY

Link Market Services Limited

Level 12, 680 George Street
Sydney NSW 2000



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