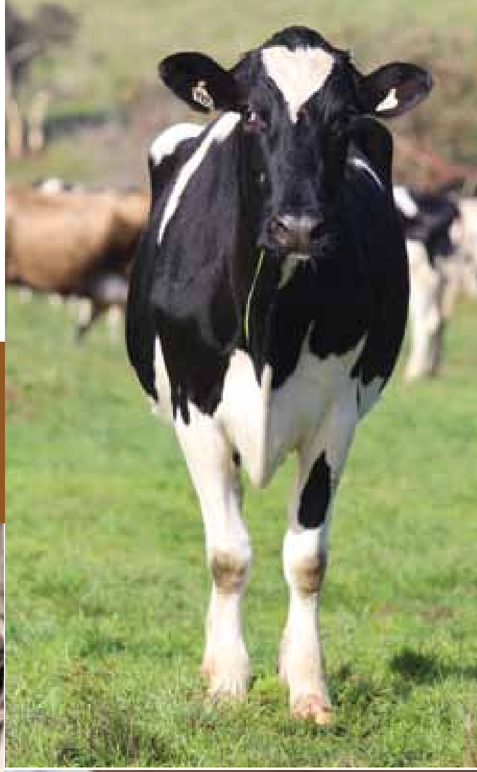
DataGene
Solutions for Herd Development

Consolidated Financial Report for the year ended 30 June 2023





DataGene Ltd and controlled entity

ABN: 78 613 579 614

Consolidated Financial report

For the year ended 30 June 2023

Pitcher Partners

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DIRECTORS' REPORT

The Directors present their report together with the financial report of the Group, being the Company and its controlled entity, for the year ended 30 June 2023 and auditor's report thereon.

Directors names

The names of the Directors in office at any time during or since the end of the year are:

Ross Joblin (Resigned 17 November 2022)

Lucinda Corrigan

Graeme Gillan

Tim Jelbart

Anthony Shelly

Samantha Simpson

Daniel Meade

Jeff Odgers (Appointed 17 November 2022)

The Directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The deficit of the Group for the year after providing for depreciation, amortisation and income tax amounted to $826,555 (2022: $98,290 surplus).

DIRECTORS' REPORT

Review of operations

During the 2022-23 financial year, the group continued to engage in its principal activity of driving genetic gain and herd improvement in the Australian dairy industry, through delivering innovative solutions to meet agriculture's current and future needs. The vision, mission and strategic priorities are described more fully on the following pages. This year saw DataGene continue to provide its services and the results are disclosed in the attached financial statements.

DataGene provides core industry infrastructure in the form of a modern genetic evaluation system, a Central Data Repository (CDR) refreshed daily and DataVat a user-friendly platform for delivering individualised results, tools and services. This infrastructure has opened up opportunities that were once not possible, such as farmers granting electronic access to their advisors for herd test results, mastitis focus report, fertility focus report and the genetic futures report.

DataGene now runs 45 evaluations a year with three public releases. More frequent genetic evaluation paved the way for the adoption of female genomic testing as farmers get the results in time to make early decisions. In a great result, there were record numbers of both males and females genomically tested during the year 2022/23. This was achieved by a combination of process/technology improvements and a collaborative awareness campaign between DataGene, Dairy Australia and the broader industry.

The CDR provides the technology for data access and collaboration across a wide group of industry organisations. We are seeing the collaboration extend internationally as DataGene works with other countries and dairy equipment manufacturers through the International Dairy Data Exchange Network (iDDEN) to develop the capacity to exchange data collected on farm.

DataGene continues to work with external clients to deliver solutions for other industries and in other countries and expand our capacity to help Australian dairy farmers. Some of the projects delivered and in progress during 2022/23 include a research database for Dairy UP, a mastitis app with Dairy Australia and the Food Agility CRC, and ongoing work on data in the cotton industry.

DataGene delivered a deficit of $826,555 (2022: $98,290 surplus) for the year ended. Cash reserves decreased to $1,378,245 (2022: $1,794,266). The reserve assists with the management of risks and enabling strategic investment in our people, infrastructure and innovative solutions for the industry.

Significant changes in state of affairs

There have been no significant changes in the Group's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

DIRECTORS' REPORT

Short-term and long-term objectives and strategies

Vision, Mission and Strategic Priorities

The company's vision is to enable farmers and industry to maximise profit through data driven decisions. DataGene delivers worldclass genetic evaluation, software and decision-making tools to enable Australian farmers to improve their herd and maximise their profit through data-driven decisions and innovative industry services.

DataGene's vision and mission are delivered by focusing on four strategic pillars':

1. Improved decision making from data
2. Increased farm profitability through herd improvement
3. Improved animal performance from R&D
4. Improved and diversified services

Strategic Pillar 1: Improved decision making from data

DataGene manages the Central Data Repository ('CDR') and DataVat on behalf of the Australian dairy industry. Combined, they offer new opportunities for improved decision-making based on data. The CDR is the IT infrastructure that connects and stores data from a variety of external sources. DataVat is the web portal that allows for customised secure access to various reports, tools and resources that draw upon data in the CDR, including information from the genetic evaluation system.

This strategic pillar also includes Ginfo, the industry's national reference data set of genetic information. Ginfo includes genotypes (DNA) and phenotypes (performance information) which underpins the reliability of Australian Breeding Values ('ABVs') and indices.

Short-term objectives include: integrating the CDR and the International Dairy Data Exchange Network data exchange hub (iDDEN), and leveraging the connection for industry value; supporting the roll-out and implementation of HerdPlatform and associated tools through DataVat; and connecting data sources unlikely to be connected by iDDEN through the DataConnect project.

Strategic Pillar 2: Increased farm profitability through herd improvement

Genetics contributes about 30% of production gains on Australian dairy farms. DataGene's genetic evaluation system underpins these gains. A key goal is to increase the number of farmers breeding replacements from Good Bulls and using Australian Breeding Values and indices to make breeding decisions.

Short-term objectives include: supporting the uptake of the heifer genomic testing collaboration with Dairy Australia; the automation of Red Breeds Genomic breeding values; and continuing to improve the reporting of genetic trends, haplotypes, breed percent and genetic test results.

Short-term and long-term objectives and strategies (Continued)

Strategic Pillar 3: Improved animal performance from R&D

Genomics and other technological advances present opportunities to improve animal performance through herd improvement R&D. DataGene's main strategic priority is to increase the rate of genomic testing of females in the Australian dairy population. The data collected by the CDR and Ginfo will enable the development of breeding values for traits that are difficult to measure, such as health traits and enable the industry to use new technologies such as MIR.

Short-term objectives include: working with DairyBio and stakeholders to create an implementation plan for a calf vitality breeding value; planning for a National Breeding Objective review; and maintaining Ginfo farmer participation at current levels, including classifications and genotyping.

Strategic Pillar 4: Improved and diversified services

DataGene needs to be continually improving and diversifying its services to fulfil its vision of enabling farmers and their industry to maximise profit through data-driven decisions.

Short-term objectives include fostering collaboration with industry stakeholders through regular Standing Committees, User Groups, and other meeting opportunities; maintaining security auditing and penetration testing of DataGene systems; and continuing delivery of quality service to external customers, including weekly runs.

Principal activities

DataGene's objective is responsible for driving genetic gain and herd improvement in the Australian dairy industry. No significant change in the nature of these activities occurred during the year.

Key performance indicators

DataGene uses a variety of short and long-term performance indicators and metrics to monitor performance.

In the longer term, DataGene evaluates its performance across three main areas: the genetic merit of the national herd; the market acceptance and uptake of its products; and the level of herd recording within the industry. These are monitored on an ongoing basis.

In the shorter term, DataGene works with industry to develop an Annual Operating Plan that includes key performance indicators aligned with the strategic priorities. KPIs are set using SMART Objectives and progress is reported at every board meeting. This year's KPIs were structured within the four themes of the strategic plan mentioned above.

DIRECTORS' REPORT

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely developments

The likely developments in the operations of the group and the expected results of those operations in subsequent financial years are as follows:

Continued focus on connecting data sources through iDDEN and other means. This will enable more complete reporting for farmers and industry. In addition, genetic improvements will be a continued focus to assure further genetic gain.

Environmental regulation

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Information on directors

Ross Joblin	Chairman and Director, nominated by Dairy Australia (Resigned 17 November 2022)
Qualifications	LLB (Hons), Dip Corporate Management, FAICD, FCIS, FGIA
Experience	Ross Joblin was previously part of Dairy Australia's senior management team leading its business operations group. Responsibilities included finance, strategic planning, human resources, issues management, corporate communications, human resources, IT, and legal. His prior experience includes a range of roles as a corporate lawyer and in senior management in listed public companies. This has provided him with a broad range of commercial experience in areas including operations management, corporate strategy, mergers, acquisitions and start-ups and human resources. Ross has also worked with a number of industry boards in the area of board governance and effectiveness.

Information on directors (Continued)

Lucinda Corrigan	Director
Qualifications	Bachelor of Science in Agriculture (Honours), FAICD
Experience	Lucinda and her husband run 4,200 performance recorded cattle on nine properties in the NSW Murray Valley, near Albury. Over the past 40 years they have developed a leading Angus genetics business, 'Rennylea', from a small base, with dedicated use of Breedplan for genetic improvement and a highly accurate database of phenotypes and genotypes. Having graduated with an Agricultural Science degree, Lucinda also has significant off farm experience, including nine years as a Non Executive Director of Meat and Livestock Australia and Chair of the Animal Genetics and Breeding Unit at the University of New England (current) In 2007 Lucinda received the Helen Newton Turner Medal from AAABG in recognition for her contribution to animal breeding and genetics.
Graeme Gillan	Director
Qualifications	
Experience	Graeme Gillan is a former Chair of the National Herd Improvement Association (NHIA) and former CEO of Holstein Australia. His involvement with dairy herd improvement spans more than 45 years, and several leading Australian genetics companies. Over this time Graeme has been involved at the coal face of herd improvement innovations including expanding the sources of genetics, the introduction of computerised mating programs and increasing the gene pool of the Jersey breed in the 1990s, overseas investment in Australian genetics in the 2000s and the promotion of genomics since 2010. He is passionate about the industry's role in influencing priorities for research, development and extension programs, to ensure genetics continues to deliver value to Australian dairy farm businesses.
Tim Jelbart	Director
Qualifications	Bachelor of Applied Science (Valuations), AAPI
Experience	Tim Jelbart is a dairy farmer and Holstein breeder from Inverloch, West Gippsland, Victoria. He is the general manager and director of Jelbart Dairy which is owned by Tim and his brother, comprising a dryland dairy and beef business with 1,100 high production Holstein milking cows and 1,500 head of dairy replacements and F1 wagyu calves. The business relies on genomic testing for accurate genetic information, which has resulted in significant genetic gains across the herd in recent years. Before returning to the family farm Tim completed a degree in applied science, specialising in property valuation. He remains a part time rural and agribusiness property valuer with CBRE and has valued some of the largest agribusiness assets across Australia.

Information on directors (Continued)

Anthony Shelly	Director
Qualifications	Advanced Diploma of Agriculture
Experience	Anthony has spent most of his career in dairy herd improvement, creating the opportunity for him to fulfill a wide range of roles across the livestock industry. Anthony has an exceptional understanding of the application of herd improvement at all levels of business. He is also a non-executive director of the National Herd Improvement Association of Australia (NHIA), the current CEO of Genetics Australia. Anthony remains passionate about the role of genetics and data in helping farmers optimise their businesses.
Samantha Simpson	Director
Qualifications	MMarketing (Agribusiness), BAppSci(Agric), GradDipAgribusiness, DipFrontlineManagement
Experience	Sam Simpson and her husband operate at 450-cow dairy farm, Craiglands Holsteins, at Larpent in South Western Victoria. They have been members of Holstein Australia for 18 years and genotyping their animals since 2015. Sam runs the herd’s breeding program as well as the business finances, HR and information systems. She is actively involved in a number of industry groups including promoting dairy to the local community and school groups and is Chair of DataGene's Data Access and Standards Standing Committee. Craiglands Holsteins was a focus farm for the ImProving Herds project and Sam was a member of the MIR for Profit project steering committee. Before taking on a full-time role with the farm, Sam spent 10 years as a sheep officer and Farm$mart Project Manager with the Victorian Department of Primary Industries.
Daniel Meade	Director
Qualifications	Diploma of Agriculture, Diploma of Agronomy , GAICD
Experience	Daniel Meade and his wife Michaela are co-owner operators of Boonderoo Pastoral Company, milking 400 cows at Kolora, south-west Victoria. Their focus is on maximising pasture production and home grown feed efficiency whilst breeding an efficient cow that suits this system. In 2017, Daniel received a Nuffield scholarship to investigate how agricultural organisations engage with farmers. Before starting dairy farming in their own right in 2018, Daniel spent 10 years as a Dairy Agronomist, and studied at Glenormiston Agricultural College. Daniel was first elected to Moyne Shire Council in 2016 and is currently the Deputy Mayor, having served as Mayor from 2019-2021. He has also held positions on numerous community organisations including WestVic Dairy, VFF, CFA and on local sporting clubs.

DIRECTORS' REPORT

Information on directors (Continued)

Jeff Odgers	Director nominated by Dairy Australia (appointed 17 November 2022)
Qualifications	B. Business (Agricultural Management), Associate Diploma Farm Management
Experience	Jeff Odgers has more than 35 years' experience in Australian agribusiness; through involvement in large scale dairy farming, and board roles in research industry services and food manufacturing. Managing and owning farms in Tasmania and northern Victoria, he has a passion for business development and innovation. He was Dairy Australia Chair 2017-2020, serving as a non-executive director between 2013-2021. Jeff led Murray Dairy Inc as board Chair 2008-2012, during a time of significant evolution in the regions farming systems. Jeff has a deep understanding of the value chain. He was also non-executive director of Bega Cheese Limited 2011-2020 and prior to that Tatura Milk Industries Limited 2009-2011.

Meetings of directors

Directors	Directors' meetings	
	Number eligible to attend	Number attended
Ross Joblin	3	3
Lucinda Corrigan	9	8
Graeme Gillan	9	9
Tim Jelbart	9	7
Anthony Shelly	9	6
Samantha Simpson	9	9
Daniel Meade	9	9
Jeff Odgers	6	5

Members guarantee

The Group is incorporated under the *Corporations Act 2001* and is a Group limited by guarantee. If the Group is wound up, the Constitution states that each member is required to contribute to a maximum of $10 each towards meeting any outstanding obligations of the Group. At 30 June 2023 the number of members was 27. The combined total amount that members of the Group are liable to contribute if the Group is wound up is $270.

DIRECTORS' REPORT

Indemnification of officers

During or since the end of the period, the group has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the group against liabilities arising from their roles within the group.

Further disclosure under section 300(9) of the Corporations Law is prohibited under the terms of the contract.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the Group.

Auditor's independence declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

Signed on behalf of the board of directors.

Director: ______________________

Graeme Gillan

Director: ______________________

Tim Jelbart

Dated this 28 day of September 2023

DATAGENE LTD AND CONTROLLED ENTITY
ABN: 78 613 579 614

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF DATAGENE LTD AND CONTROLLED ENTITY

In relation to the independent audit for the year ended 30 June 2023, to the best of my knowledge and belief there have been no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of DataGene Ltd and the entity controlled during the year.

Pitcher Partners

J J MITCHELHILL

Partner

Date: 3 October 2023

PITCHER PARTNERS

MELBOURNE

DATAGENE LTD AND CONTROLLED ENTITY
ABN: 78 613 579 614

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $	2022 $
Revenue and other income			
Sales revenue	2	5,651,400	6,025,897
Other revenue	3	41,298	76,461
Other income	3	30,499	32,168
		5,723,197	6,134,526
Less: expenses			
Depreciation and amortisation expense	4	(557,415)	(548,214)
Employee benefits expense	4	(2,953,272)	(2,639,572)
Occupancy expense		(21,564)	(20,706)
Advertising expense		(184,789)	(140,917)
Finance costs	4	(43,276)	(42,849)
Travel expense		(82,595)	(47,877)
Operating expense		(111,760)	(115,058)
Professional fees		(61,999)	(50,043)
Software expense	4	(1,056,733)	(901,206)
Data collection expense		(634,712)	(608,906)
Software development		(297,186)	(367,160)
Other expenses		(544,451)	(553,728)
		(6,549,752)	(6,036,236)
(Deficit) / surplus from operating activities		(826,555)	98,290
Other comprehensive income for the year		-	-
(Deficit) / surplus		(826,555)	98,290

The accompanying notes form part of these financial statements.

DATAGENE LTD AND CONTROLLED ENTITY
ABN: 78 613 579 614

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 $	2022 $
Current assets			
Cash and cash equivalents	5	1,378,245	1,794,266
Receivables	6	535,532	607,381
Other financial assets	7	111,407	109,813
Other assets	8	17,080	6,474
Total current assets		2,042,264	2,517,934
Non-current assets			
Intangible assets	9	3,205,482	3,618,910
Lease assets	10	1,078,099	1,070,476
Property, plant and equipment	11	397,857	439,420
Total non-current assets		4,681,438	5,128,806
Total assets		6,723,702	7,646,740
Current liabilities			
Payables	12	560,365	821,120
Lease liabilities	10	102,072	46,846
Provisions	13	512,858	419,277
Other liabilities	14	60,000	-
Total current liabilities		1,235,295	1,287,243
Non-current liabilities			
Lease liabilities	10	1,044,601	1,076,564
Provisions	13	32,579	45,151
Total non-current liabilities		1,077,180	1,121,715
Total liabilities		2,312,475	2,408,958
Net assets		4,411,227	5,237,782
Equity			
Accumulated surplus	15	4,411,227	5,237,782
Total equity		4,411,227	5,237,782

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Accumulated surplus $	Total equity $
Consolidated		
Balance as at 1 July 2021	5,139,492	5,139,492
Surplus for the year	98,290	98,290
Total comprehensive income for the year	98,290	98,290
Balance as at 30 June 2022	5,237,782	5,237,782
Balance as at 1 July 2022	5,237,782	5,237,782
Deficit for the year	(826,555)	(826,555)
Total comprehensive income for the year	(826,555)	(826,555)
Balance as at 30 June 2023	4,411,227	4,411,227

DATAGENE LTD AND CONTROLLED ENTITY
ABN: 78 613 579 614

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	2023 $	2022 $
Cash flow from operating activities		
Receipts from customers	6,381,938	6,650,563
Payments to suppliers and employees	(6,707,603)	(6,052,603)
Interest received	41,298	2,711
Finance costs	(43,276)	(42,849)
Net cash provided by / (used in) operating activities	(327,643)	557,822
Cash flow from investing activities		
Payment for property, plant and equipment	(38,055)	(93,973)
Payment for other financial assets	(1,594)	(426)
Net cash used in investing activities	(39,649)	(94,399)
Cash flow from financing activities		
Principal portion of lease payments	(48,729)	(46,834)
Net cash used in financing activities	(48,729)	(46,834)
Reconciliation of cash		
Cash at beginning of the financial year	1,794,266	1,377,677
Net increase / (decrease) in cash held	(416,021)	416,589
Cash at end of financial year	1,378,245	1,794,266

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Simplified Disclosures. This includes compliance with the recognition and measurement requirements of all Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the disclosure requirements of AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

The financial report is prepared in accordance with Australian Accounting Standards - Simplified Disclosures.

The financial report covers DataGene Ltd and its consolidated entity. DataGene Ltd is a Company limited by guarantee, incorporated and domiciled in Australia. DataGene Ltd is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the Directors at the date of the Directors' report.

The following are the significant accounting policies adopted by the Group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Historical Cost Convention

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

(b) Going concern

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the Group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The Group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entity to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is obtained by the Group and are de-recognised from the date that control ceases.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as non-controlling interests. Non-controlling interests are initially recognised either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Non-controlling interests in the results of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position respectively.

(d) Revenue from contracts with customers

The Group derives revenue from funding from Dairy Australia, the provision of genetic evaluation services, data and software services. Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods or services.

Revenue from fulfilment of grant performance obligations

Revenue from fulfilment of grant performance obligations comprises revenue derived from Dairy Australia funding agreements. These performance obligations are satisfied in line with agreed milestones under funding agreements that contain enforceable and sufficiently specific performance obligations. Revenue is recognised over time, as performance obligations are satisfied, based on the fulfilment of milestones, consistent with the manner and timing as stated in the funding agreements.

Revenue from the provision of services

Revenue from the provision of services comprises revenue derived from the provision of genetic evaluation, data and software services. These services are provided under contractual arrangements that contain enforceable and sufficiently specific performance obligations. Revenue from the provision of services is recognised over time, as performance obligations are satisfied, based on either costs incurred or service hours performed, consistent with the manner in which services are provided.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Membership subscription fees

Membership fees are recognised as revenue when no significant uncertainty as to its collectibility exists, if the fee relates only to membership and all other services or products are paid for separately, or if there is a separate annual subscription. Membership fees are recognised on a basis that reflects the timing, nature and value of the benefit provided if the fee entitles the member to services or publications to be provided during the membership period, or to purchase goods or services at prices lower than those charged to non-members.

(e) Income arising from the transfer of assets

The Group derives income from the transfer of assets when the Group provides no consideration in exchange for the asset received, or the consideration provided by the Group is significantly less than the fair value of the asset received, principally to enable the Group to further its objectives, and the arrangement does not satisfy the criteria to be accounted for as a 'contract with a customer'.

Operating grants

A transfer of an asset, including cash, under arrangements that do not contain enforceable and sufficiently specific performance obligations is referred to in the financial statements as an 'operating grant'. Assets arising from operating grants are recognised at fair value when the Group obtains control of the asset. Any related amounts, such as contributions from owners, financial liabilities, contract liabilities, lease liabilities and provisions are recognised in accordance with the applicable Australian Accounting Standard. The excess of the initial carrying amount of assets received over the aggregate of the consideration provided by the Group and any related amounts is recognised as income.

(f) Other revenue and other income

Interest

Interest revenue is measured in accordance with the effective interest method.

All revenue is measured net of the amount of goods and services tax (GST).

(g) Income tax

No provision for income tax has been raised as the Group is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the Group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

(a) the Group's business model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the Group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the Group are subsequently measured at amortised cost.

Trade and other receivables

Trade and other receivables arise from the Group's transactions with its customers and are normally settled within 30 days.

Consistent with both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

Impairment of financial assets

Financial assets are tested for impairment at each financial year end to establish whether there is any objective evidence for impairment as a result of one or more events ('loss events') having occurred and which have an impact on the estimated future cash flows of the financial assets.

(a) debt instruments measured at amortised cost;

(b) debt instruments classified at fair value through other comprehensive income; and

(c) receivables from contracts with customers, contract assets and lease receivables.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

The Group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables. Under the AASB 9 simplified approach, the Group determines the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses’ is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Group considers a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition when the financial asset is determined to have a low credit risk at the reporting date. The Group considers a financial asset to have a low credit risk when the counterparty has an external 'investment grade'' credit rating (if available) of BBB or higher, or otherwise is assessed by the Group to have a strong financial position and no history of past due amounts from previous transactions with the Group.

The Group assumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The Group determines expected credit losses based on the Group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

The Group has identified contractual payments more than 90 days past due as default events for the purpose of measuring expected credit losses. These default events have been selected based on the Group's historical experience. Because contract assets are directly related to unbilled work in progress, contract assets have a similar credit risk profile to receivables from contracts with customers. Accordingly, the Group applies the same approach to measuring expected credit losses of receivables from contracts with customers as it does to measuring impairment losses on contract assets.

The measurement of expected credit losses reflects the Group's 'expected rate of loss', which is a product of the probability of default and the loss given default, and its 'exposure at default', which is typically the carrying amount of the relevant asset. Expected credit losses are measured as the difference between all contractual cash flows due and all contractual cash flows expected based on the Group's exposure at default, discounted at the financial asset’s original effective interest rate.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include observable data about the following:

(a) significant financial difficulty of the issuer or the borrower;

(b) breach of contract;

(c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the Group has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the Group. Recoveries, if any, are recognised in profit or loss.

(i) Property, plant and equipment

Each class of plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis.

Depreciation

The depreciable amount of all other property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Class of fixed asset	Depreciation rates	Depreciation basis
Motor vehicles at cost	14 - 20%	Straight line
Office equipment at cost	15%	Straight line
Computer equipment at cost	25 - 33%	Straight line
Office fit-out	5%	Straight line

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Intangible assets

Software development expenditure

The software expenditure relates to a re-write project for genetic software. The re-write project was important to the industry to assist with the production of Australian breeding values.
Expenditure during the research phase of a project is recognised as an expense when incurred.
Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Amortisation of software expenditure

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

GESNP, CDR and DataVat software is in use as of April 2019 and the amortisation rate is over 12 years or 8.3%.

Other intangibles

Other intangibles acquired in a business combination are initially recognised at fair value at the acquisition date. Such intangibles are amortised over their estimated useful lives and are carried at cost less accumulated amortisation and any impairment losses.

Other intangible assets other than those acquired in a business combination are initially recorded at cost. Other intangible assets are amortised on a straight line basis over the period of 20 years. The balances are reviewed annually and amounts are written off to the extent the realisable future benefits are considered to be no longer probable.

(k) Research and development expenditure

Expenditure on research activities is recognised as an expense when incurred.

Development costs are capitalised when the Group can demonstrate all of the following: the technical feasibility of completing the asset so that it will be available for use or sale; the intention to complete the asset and use or sell it; the ability to use or sell the asset; how the asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and the ability to measure reliably the expenditure attributable to the asset during its development. Capitalised development costs are amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to capitalised development costs is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, capitalised development costs are measured at cost, less accumulated amortisation and any accumulated impairment losses.

Other development expenditure is recognised as an expense when incurred.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group’s incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the consolidated statement of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that are denominated in the currency in which the benefits will be paid. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the consolidated statement of financial position.

(n) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

		2023 $	2022 $
NOTE 2: REVENUE FROM CONTRACTS WITH CUSTOMERS			
Rendering of services		3,157,400	3,604,897
Dairy Australia funding		2,494,000	2,421,000
		5,651,400	6,025,897
NOTE 3: OTHER REVENUE AND OTHER INCOME			
Interest income		41,298	2,711
Other revenue		-	73,750
		41,298	76,461
Other income		30,499	32,168
		30,499	32,168
NOTE 4: OPERATING SURPLUS			
(Deficit) / surplus has been determined after:			
Finance costs		43,276	42,849
Depreciation		79,618	72,232
Amortisation		477,797	475,982
Employee benefits		2,953,272	2,639,572
Software expense	(a)	1,056,733	901,206

(a) Software expense includes the cost of engaging external software developers to deliver numerous activities internally and projects to external clients plus various software licenses.

	2023 $	2022 $
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash at bank	1,378,245	1,794,266
NOTE 6: RECEIVABLES		
CURRENT		
Receivables from contracts with customers	535,532	605,486
Other receivables	-	1,895
	535,532	607,381
NOTE 7: OTHER FINANCIAL ASSETS		
CURRENT		
Financial assets measured at amortised cost		
Cash on deposit	111,407	109,813

	2023 $	2022 $

NOTE 8: OTHER ASSETS

	2023 $	2022 $
CURRENT		
Prepayments	17,080	-
Accrued income	-	6,474
	17,080	6,474

NOTE 9: INTANGIBLE ASSETS

	2023 $	2022 $
Software development - GESNP, CDR and DataVat at cost	4,961,135	4,961,135
Accumulated amortisation and impairment	(1,755,653)	(1,342,225)
	3,205,482	3,618,910
Total intangible assets	3,205,482	3,618,910

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

	2023 $	2022 $
Software Development - GESNP, CDR and DataVat		
Opening balance	3,618,910	4,032,338
Amortisation expense	(413,428)	(413,428)
Closing balance	3,205,482	3,618,910

	2023 $	2022 $

NOTE 10: LEASE ASSETS AND LEASE LIABILITIES

(a) Lease assets

	2023 $	2022 $
Land and buildings		
Under lease	1,324,618	1,252,626
Accumulated depreciation	(246,519)	(182,150)
Total carrying amount of lease assets	1,078,099	1,070,476

Reconciliations

Reconciliation of the carry amount of lease assets at the beginning and end of the financial year:

	2023 $	2022 $
Land and buildings		
Opening carrying amount	1,070,476	1,093,213
Depreciation	(64,369)	(61,109)
Impact of revised lease payments	71,992	38,372
Closing carrying amount	1,078,099	1,070,476

(b) Lease liabilities

	2023 $	2022 $
CURRENT		
Lease liability	102,072	46,846
NON CURRENT		
Lease liability	1,044,601	1,076,564
Total carrying amount of lease liabilities	1,146,673	1,123,410

(c) Lease expenses and cashflows

	2023 $	2022 $
Interest expense on lease liabilities	43,276	42,849
Depreciation expense on lease assets	64,369	61,109
Cash outflow in relation to leases	92,005	89,683

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	2023 $	2022 $
Motor vehicles at cost	55,548	55,548
Accumulated depreciation	(55,548)	(54,678)
	-	870
Office equipment at cost	2,530	2,530
Accumulated depreciation	(2,530)	(2,378)
	-	152
Computer equipment at cost	423,363	385,308
Accumulated depreciation	(325,357)	(266,011)
	98,006	119,297
Office fit-out	384,992	384,992
Accumulated depreciation	(85,141)	(65,891)
	299,851	319,101
Total property, plant and equipment	397,857	439,420

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

	2023 $	2022 $
Motor vehicles		
Opening carrying amount	870	10,388
Depreciation expense	(870)	(9,518)
Closing carrying amount	-	870
Office equipment		
Opening carrying amount	152	576
Depreciation expense	(152)	(424)
Closing carrying amount	-	152
Computer equipment		
Opening carrying amount	119,297	68,364
Additions	38,055	93,973
Depreciation expense	(59,346)	(43,040)
Closing carrying amount	98,006	119,297

	2023 $	2022 $

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliations (Continued)

	2023 $	2022 $
Office fit-out		
Opening carrying amount	319,101	338,351
Depreciation expense	(19,250)	(19,250)
Closing carrying amount	299,851	319,101
Total property, plant and equipment		
Carrying amount at 1 July	439,420	417,679
Additions	38,055	93,973
Depreciation expense	(79,618)	(72,232)
Carrying amount at 30 June	397,857	439,420

NOTE 12: PAYABLES

	2023 $	2022 $
CURRENT		
Unsecured liabilities		
Trade creditors	179,770	584,278
Amounts payable to:		
- associated companies (Holstein Australia, Jersey Australia and NHIA)	21,366	21,311
Other creditors	359,229	215,531
	560,365	821,120

NOTE 13: PROVISIONS

	2023 $	2022 $
CURRENT		
Employee benefits	512,858	419,277
NON CURRENT		
Employee benefits	32,579	45,151

NOTE 14: OTHER LIABILITIES

	2023 $	2022 $
CURRENT		
Deferred income	60,000	-

	2023 $	2022 $
NOTE 15: ACCUMULATED SURPLUS		
Accumulated surplus at beginning of year	5,237,782	5,139,492
Net surplus	(826,555)	98,290
	4,411,227	5,237,782

NOTE 16: RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel of the entity or its parent and their personally related entities

Related party transactions are separated into transactions with founding members, KMP related entities and members.

All transactions with related parties were at arm's length for the year ended 30 June 2023.

The consolidated group entered into related party transactions with the following classes of parties:

	2023 $	2022 $
Founding member funding and sales	2,567,507	2,561,616
KMP related entity sales	969,695	848,848
Founding member purchases	(868)	-
KMP related entity purchases	(156,506)	(159,057)
Founding member trade debtors	6,565	15,809
KMP related entity trade debtors	141,090	147,042
KMP related entity trade creditors	(18,814)	(26,120)
	3,508,669	3,388,138

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

	2023 $	2022 $
Total compensation paid or payable to key management personnel	1,070,304	888,648

NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2023 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2023, of the Group, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 30 June 2023, of the Group.

NOTE 19: MEMBERS' GUARANTEE

The Group is incorporated under the *Corporations Act 2001* and is a Group limited by guarantee. If the Group is wound up, the Constitution states that each member is required to contribute to a maximum of $10 each towards meeting any outstandings and obligations of the Group. At 30 June 2023 the number of members was 27. The combined total amount that members of the Group are liable to contribute if the Group is wound up is $270.

NOTE 20: CONTINGENT LIABILITIES

A contingent liabilitiy exists for the portion of office space and carparks relating to the other tenants of Dairy House, as the lease agreement holds all 3 tenants equally liable for any lease payments. The value of the contingent liability is determined by discounting the cashflows of the full lease agreement less DataGene's share that is already recognised as a lease liability under AASB 16.

A contingent liability exists for bank guarantees for rental of Dairy House, Agri Bio, Bundoora. The term deposit is restricted collateral for this lease.

	2023 $	2022 $
Estimates of the maximum amounts of contingent liabilities that may become payable:		
Lease liability	1,126,667	1,103,811
Bank guarantee	42,006	42,006
	1,168,673	1,145,817

NOTE 21: REMUNERATION OF AUDITORS

Remuneration of auditors for:

Pitcher Partners (MELBOURNE)

Audit and assurance services		
- Audit or review of the financial report	28,150	25,686

NOTE 22: ENTITY DETAILS

The registered office of the Group is:

DataGene Ltd and controlled entity
AgriBio, 5 Ring Road
BUNDOORA VIC 3083

DATAGENE LTD AND CONTROLLED ENTITY
ABN: 78 613 579 614

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 11 - 30 presents fairly the Company's financial position as at 30 June 2023 and performance for the year ended on that date of the Company in accordance with Australian Accounting Standards - Simplified Disclosures;

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: ______________________________

Graeme Gillan

Director: ______________________________

Tim Jelbart

Dated this 28th day of September 2023

DATAGENE LTD AND CONTROLLED ENTITY
ABN: 78 613 579 614

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DATAGENE LTD AND CONTROLLED ENTITY

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of DataGene Ltd and controlled entity ''the company'' and its subsidiaries, "the Group", which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(a) giving a true and fair view of the Group’s financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* "ACNC Act" and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2023, but does not include the financial report and our auditor’s report thereon.

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DATAGENE LTD AND CONTROLLED ENTITY

Other Information (Continued)

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the ACNC Act and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

DATAGENE LTD AND CONTROLLED ENTITY
ABN: 78 613 579 614

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DATAGENE LTD AND CONTROLLED ENTITY

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Pitcher Partners

J J MITCHELHILL

Partner

Date: 3 October 2023

PITCHER PARTNERS

MELBOURNE

DataGene acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples.

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DataGene

Solutions for Herd Development

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September 2023.