

Quantify Technology Holdings Limited ABN 25 113 326 524

Appendix 4D for the period ended 31 December 2020

1. The reporting period is from 1 July 2020 to 31 December 2020. The previous corresponding period is 1 July 2019 to 31 December 2019.  
Both of these periods were prepared in accordance with AASB 134 Interim Financing Reporting. The information contained in this document should be read in conjunction with the Quantify Technology Holdings Ltd FY2019 Annual Report.
2. **Results for announcement to the market.** **\$**
- |     |  |                |             |
|-----|--|----------------|-------------|
| 2.1 | Revenue from ordinary activities   | down 100.0% to | -           |
| 2.2 | Profit (loss) from ordinary activities after tax attributable to members       | down 69.0% to  | (1,612,242) |
| 2.3 | Net profit (loss) for the period attributable to members                       | down 69.0% to  | (1,612,242) |
| 2.4 | Dividend distributions   |                |             |
|     | No dividends have been paid or declared since the start of the financial year. |                |             |
| 2.5 | Record date for determining entitlement to the dividends                       |                | N/A         |
| 2.6 | Explanation of figures in 2.1 to 2.4 that may be required                      |                |             |
|     | Refer to Review of Operations within the Annual Report                         |                |             |
3. **Net tangible assets per ordinary security**
- |     |  |  |             |
|-----|--|--|-------------|
| 3.1 | Current period (\$ / share)                |  | \$ 0.0034   |
| 3.2 | Previous corresponding period (\$ / share) |  | \$ (0.0006) |
4. **Accounting standards used by foreign entities**
- The financial statements of subsidiaries are prepared using consistent accounting policies for the same reporting period as the parent company.
- The foreign subsidiaries prepare their accounts under accounting standards that are equivalent to International Financial Reporting Standards.
5. **Qualifications of audit/review** No qualifications

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QUANTIFY

Half-year  
report

2021

## CONTENTS

CORPORATE DIRECTORY .....	2
DIRECTORS' REPORT .....	3
AUDITOR'S INDEPENDENCE DECLARATION.....	6
FINANCIAL REPORT .....	7
DIRECTORS' DECLARATION .....	25
INDEPENDENT AUDITOR'S REVIEW REPORT .....	26

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# CORPORATE DIRECTORY

## Directors

### Executive Directors

Brett Savill  
Jordan Tentori

### Non-Executive Directors

Simon Gerard  
Peter Rossdeutscher

### Company Secretary

Neville Bassett

### Auditor

HLB Mann Judd (WA) Partnership  
Level 4, 130 Stirling Street  
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### Solicitor

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### ASX Ticker Code

QFY.ASX

### ABN

23 113 326 524

# DIRECTORS' REPORT

Your Directors submit the Interim Report of Quantify Technology Holdings Limited and its subsidiaries ("Quantify", the "Company" or the "Group") for the half-year ended 31 December 2020. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

## DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are detailed below. Directors were in office for the entire period unless otherwise stated.

Simon Gerard	Non-Executive Chairman (Appointed 11 December 2020 as Non-Executive Director, and 16 February 2021 as Non-Executive Chairman)
Peter Rossdeutscher	Non-Executive Director
Brett Savill	Chief Executive Officer (CEO)
Gary Castledine	Non-Executive Director (Resigned 16 February 2021)
Jordan Tentori	Chief Technology Officer (CTO) (Appointed 11 December 2020)

## PRINCIPAL ACTIVITIES

The principal activities of the Group during the half-year were the development of the Q Device within the Internet of Things ("IoT") market, notably enhanced and accelerated through the acquisition of GSM Innovations Pty Ltd, the assessment of new investment opportunities and a focused transition towards product commercialisation.

As noted below, in December 2020, the Company completed the acquisition of GSM Innovations Pty Ltd; the business has been integrated into the Group.

## OPERATING RESULTS FOR THE HALF-YEAR

The net loss after tax of the Group for the period was \$1,612,242 (2020: \$3,725,828).

## REVIEW OF OPERATIONS

### \$4 million capital raising and acquisition of GSM-I completed

During the half-year, and following overwhelming Shareholder approval at the Company's AGM, Quantify Technology acquired 100% of the share capital of GSM Innovations Pty Ltd ("GSM-I"), a wholly owned subsidiary of Gerard Private Holdings (Finance) Pty Ltd.

GSM-I produces a range of connected devices that can be installed by any electrician with the ability for end-users to setup and configure the devices as desired. The GSM-I product range controls lights, fans, appliances, switches, garage doors and more. The technology is scalable for partial to complete home solutions and can accommodate a variety of budgets. The product range is suitable for both new and existing homes.

GSM-I, which trades under the name Zimi/Powermesh, was incubated by Gerard Private, a privately owned business. The Gerard family's electrical tradition spans 100 years of supplying quality electrical products to millions of Australians, including the development of Clipsal C-Bus, one of the leading home automation brands that was acquired by Schneider Electric in 2003. Gerard Private is the parent company of GSM Electrical Pty Ltd which supplies into the electrical wholesale market and the GSM Retail Group which supplies into the electrical retail market.

The acquisition will bring a number of synergies and benefits to the Company, including:

- Cross-sell a more complete family of connected products. GSM Electrical Pty Ltd trading under the brand, Trader, will be the exclusive distributor into the electrical wholesale market under an initial three-year agreement whereby it will distribute, promote, stock and sell the GSM-I products into the more than 900 electrical wholesalers across Australia.
- There will be reduced costs from combining the two teams. As importantly, the GSM-I manufacturing and logistics' relationships will result in improved supply chain performance.
- The Company and GSM-I will create a single, powerful software platform for all its connected products resulting in accelerated performance and greater opportunity to use the data.
- Finally, GSM-I has a flexible business model that can both supply product directly and license its intellectual property via existing arrangements with GSM Electrical Pty Ltd, Beacon Lighting and Steel-line. This flexibility will be even more attractive for partners, enabling the Company to expand into new markets and overseas.

The Board has been strengthened with the appointments of Mr Simon Gerard and Mr Jordan Tentori, the latter of which has additionally been appointed as Chief Technology Officer. Mr Gerard is the CEO of Gerard Private, which owns GSM Electrical Pty Ltd and the GSM Retail Group. Mr Tentori is the Co-Founder of GSM-I, with a demonstrated history of working nationally and internationally with electrical and lighting industries to evolve technology into commercial reality.

The combination of the Company and GSM-I creates a leading domestic player in connected lighting with extensive sales channels in place. Its platform is cloud-based to reduce costs and complexity for distributors and end-users. It is Australian-owned and designed meaning it is tailored to the local requirements. Its intellectual property is protected through a series of patents and patents pending. It has the ability to use data to improve the end-user experience, reduce costs, and enhance security. Finally, the licensing model provides a flexible channel to expand into new markets and overseas.

The consideration for the acquisition was satisfied by the issue to Gerard Private Holdings (Finance) Pty Ltd of:

- 240,000,000 Shares at issue price of \$0.02 per Share (post consolidation); and
- 110,000,000 Performance Rights.

#### Capital Raising

During the period ended 31 December 2020, the Company successfully completed a capital raising through a placement of 200 million shares. The shares were issued at a price of \$0.02 per share, raising approximately \$4 million in capital.

#### Trader orders 10,000 devices and Beacon installs devices into one third of its flagship stores

GSM-I has three main distribution partners, including GSM Electrical Pty Ltd, a wholly owned subsidiary of Gerard Private Holdings (Finance) Pty Ltd, Beacon Lighting Group, and Steel-line Garage Doors.

During the half-year and following the acquisition of GSM-I, GSM-I received an order from Trader for 10,000 devices which are due to be delivered in the first half of calendar year 2021. Once delivered, the 10,000 devices will be recognised as revenue for Quantify Technology.

Beacon is installing devices with marketing material into one third of its flagship stores. The devices are also being sold through its on-line store. Steel-line Garage Doors have begun commercialisation of the garage door controllers.

### Consolidation of Capital

During the period, the Company completed a consolidation of its issued securities; this reduced the number of shares on issue to 600,785,535, following the 25:2 consolidation, acquisition and capital raise.

### Blaq Project product recall

As noted in the FY2020 Annual Report, Quantify Technology announced it had discovered a technical issue with one of its devices, the Blind Controller, and had issued a recall notice.

The heads of agreement with Blaq remains in place, with their initial order having been put on hold, and during the half-year Quantify completed the recall of products from Blaq and all other blind controllers.

### Reduction in overheads

In the prior year, Quantify enacted significant long-term cost reductions. During the period ending 31 December 2020, Quantify undertook further cuts and initiatives, where many of the staff were stood down receiving JobKeeper payments.

In the current period, offsetting these reductions in overheads, were a series of one-off costs for the acquisition and capital raise – including legal and advisory fees, as well as redundancy costs; these costs were incurred in completing both the \$4 million capital raising, and the significant acquisition of GSM Innovations Pty Ltd.

## **DIVIDENDS**

No dividends have been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the half-year.

## **SIGNIFICANT EVENTS AFTER BALANCE DATE**

Subsequent to 31 December 2020, the Company announced it had received a further order of 7,000 devices from GSM-Electrical (“Trader”) increasing total orders to date of 17,000 products, representing sales in excess of \$1 million. These products are due to be delivered from June 2021 through to September 2021.

Additionally, Peter Rosseutscher had stepped down as Chairman, being replaced by Simon Gerard. At the same time, Gary Castledine resigned as Non-Executive Director, but will continue in an advisory capacity.

Aside from the above, there has not been any other matter or circumstance that has arisen after balance date that has 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 periods.

## **AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES**

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year report. This Independence Declaration is set out on page 6 and forms part of this Directors’ report for the half-year ended 31 December 2020.

Signed in accordance with a resolution of the Directors.



Simon Gerard  
Chairman  
26 February 2021

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the consolidated financial report of Quantify Technology Holdings Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia  
26 February 2021



**L Di Giallonardo**  
Partner

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# FINANCIAL REPORT

CONDENSED STATEMENT OF COMPREHENSIVE INCOME.....	8
CONDENSED STATEMENT OF FINANCIAL POSITION.....	9
CONDENSED STATEMENT OF CHANGES IN EQUITY.....	10
CONDENSED STATEMENT OF CASH FLOWS.....	11
NOTES TO THE CONDENSED FINANCIAL STATEMENTS.....	12
NOTE 1. BASIS OF PREPARATION.....	12
NOTE 2. SIGNIFICANT ACCOUNTING POLICIES.....	13
NOTE 3. SEGMENT ASSETS AND LIABILITIES.....	14
NOTE 4. LOSS PER SHARE.....	14
NOTE 5. INTANGIBLE ASSETS.....	15
NOTE 6. RIGHT-OF-USE ASSET.....	16
NOTE 7. TRADE AND OTHER PAYABLES.....	16
NOTE 8. LEASE LIABILITY.....	17
NOTE 9. CONTRIBUTED EQUITY.....	17
NOTE 10. RESERVES.....	18
NOTE 11. SHARE-BASED PAYMENTS.....	19
NOTE 12. CONTINGENCIES.....	22
NOTE 13. FINANCIAL INSTRUMENTS.....	22
NOTE 14. BUSINESS COMBINATIONS.....	22
NOTE 15. SUBSEQUENT EVENTS.....	24
NOTE 16. RELATED PARTY DISCLOSURES.....	24
DIRECTORS' DECLARATION.....	25
INDEPENDENT AUDITOR'S REVIEW REPORT.....	26

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# CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	Consolidated	
		Dec-20	Dec-19
<b>Revenue</b>			
Revenue		\$ -	\$ 364,138
Cost of Sales		-	(279,902)
<b>Gross profit</b>		\$ -	\$ 84,236
<b>Income</b>			
Other income		\$ 23,759	\$ 4,006
<b>Expenses</b>			
Administration and corporate		\$ (670,992)	\$ (486,112)
Allowance for credit losses		(231,354)	-
Marketing expenses		(16,871)	(123,896)
Occupancy costs		(8,562)	(64,500)
Travel		(2,873)	(66,794)
Depreciation and amortisation		(202,461)	(1,030,975)
Employee benefits		(455,087)	(1,976,251)
Financing costs		(47,801)	(65,542)
<b>(Loss) before income tax</b>		\$ (1,612,242)	\$ (3,725,828)
Income tax expense		\$ -	\$ -
<b>(Loss) after tax</b>		\$ (1,612,242)	\$ (3,725,828)
<b>Other comprehensive income (OCI)</b>			
Other comprehensive income		\$ -	\$ -
<b>Other comprehensive income net of tax for the period</b>		\$ -	\$ -
<b>Total comprehensive loss for the period</b>		\$ (1,612,242)	\$ (3,725,828)
<b>Loss per share (cents per share)</b>			
- basic loss per share	4	(0.77)	(3.33)
- diluted loss per share	4	(0.77)	(3.33)

The Condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

# CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	Consolidated	
		Dec-20	Jun-20
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		\$ 3,282,319	\$ 694,803
Trade and other receivables		182,834	1,137,746
Prepayments		14,007	5,037
Inventory		11,924	-
Total		\$ 3,491,084	\$ 1,837,586
<b>Non - Current Assets</b>			
Property, plant and equipment		\$ 370,491	\$ 128,343
Intangible assets	5	6,908,693	125,316
Right-of-use asset	6	167,764	226,128
Total		\$ 7,446,948	\$ 479,787
<b>Total Assets</b>		<b>\$ 10,938,032</b>	<b>\$ 2,317,373</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	7	\$ (1,720,192)	\$ (845,088)
Interest-bearing loans and borrowings		-	(776,400)
Provisions		(78,906)	(154,486)
Lease liability	8	(117,737)	(109,822)
Total		\$ (1,916,835)	\$ (1,885,796)
<b>Non - Current Liabilities</b>			
Lease liability		\$ (65,308)	\$ (126,225)
Total		\$ (65,308)	\$ (126,225)
<b>Total Liabilities</b>		<b>\$ (1,982,143)</b>	<b>\$ (2,012,021)</b>
<b>Net Assets</b>		<b>\$ 8,955,889</b>	<b>\$ 305,352</b>
<b>Equity</b>			
Issued capital	9	\$ 42,754,029	\$ 34,694,074
Unissued capital		60,000	60,000
Reserves	10	3,901,941	1,699,117
Accumulated losses		(37,760,081)	(36,147,839)
<b>Equity attributable to owners of the parent</b>		<b>\$ 8,955,889</b>	<b>\$ 305,352</b>

The Condensed statement of financial position should be read in conjunction with the accompanying notes.

# CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Issued Capital	Unissued Capital	Consolidated Share-Based Payment Reserve	Accumulated Losses	Total
<b>Balance at 1 July 2019</b>	\$ 31,696,873	\$ 750,000	\$ 2,622,371	\$ (26,445,208)	\$ 8,624,036
<b>Comprehensive Income</b>					
(Loss) for the period	\$ -	\$ -	\$ -	\$ (3,725,828)	\$ (3,725,828)
Other comprehensive income	-	-	-	-	-
<b>Total Comprehensive (loss) for the period</b>	\$ -	\$ -	\$ -	\$ (3,725,828)	\$ (3,725,828)
<b>Other equity transactions</b>					
Shares issued as part of capital raising	\$ 1,726,238	\$ -	\$ -	\$ -	\$ 1,726,238
Transfer to Issued Capital for issued shares	750,000	(750,000)	-	-	-
Transaction costs relating to issue of shares	(312,086)	-	141,074	-	(171,012)
Share-based payment - settlement of advisor costs	64,000	-	-	-	64,000
Share-based payment - Employee Option Plan	-	-	32,371	-	32,371
Share-based payment - Employee Share Scheme	15,000	-	2,057	-	17,057
Share-based payment - Unissued Director shares <sup>1</sup>	-	60,000	-	-	60,000
Share-based payment - Director Performance rights	-	-	56,659	-	56,659
Share-based payment - Performance rights	-	-	88,620	-	88,620
Adjustment from adoption of AASB 16 <sup>2</sup>	-	-	-	(21,279)	(21,279)
Transfer to Accumulated losses <sup>3</sup>	-	-	(992,544)	992,544	-
<b>Total</b>	\$ 2,243,152	\$ (690,000)	\$ (671,763)	\$ 971,265	\$ 1,852,654
<b>Equity at 31 December 2019</b>	\$ 33,940,025	\$ 60,000	\$ 1,950,608	\$ (29,199,771)	\$ 6,750,862
<b>Balance at 1 July 2020</b>	\$ 34,694,074	\$ 60,000	\$ 1,699,117	\$ (36,147,839)	\$ 305,352
<b>Comprehensive Income</b>					
(Loss) for the period	\$ -	\$ -	\$ -	\$ (1,612,242)	\$ (1,612,242)
Other comprehensive income	-	-	-	-	-
<b>Total Comprehensive (loss) for the period</b>	\$ -	\$ -	\$ -	\$ (1,612,242)	\$ (1,612,242)
<b>Other equity transactions</b>					
Shares issued as part of capital raising	\$ 4,002,000	\$ -	\$ -	\$ -	\$ 4,002,000
Acquisition consideration - shares <sup>4</sup>	4,800,000	-	-	-	4,800,000
Acquisition consideration - performance rights <sup>4</sup>	-	-	2,200,000	-	2,200,000
Transaction costs relating to issue of shares	(742,045)	-	-	-	(742,045)
Share-based payment - Employee Share Scheme	-	-	48,822	-	48,822
True-up of performance rights vesting conditions	-	-	(162,597)	-	(162,597)
Share-based payment - Director Performance rights	-	-	56,659	-	56,659
Share-based payment - Performance rights	-	-	59,940	-	59,940
<b>Total</b>	\$ 8,059,955	\$ -	\$ 2,202,824	\$ -	\$ 10,262,779
<b>Equity at 31 December 2020</b>	\$ 42,754,029	\$ 60,000	\$ 3,901,941	\$ (37,760,081)	\$ 8,955,889

1. Shares which were unissued but due to the CEO as part of executive agreement bonus provision.

2. As a result of the adoption of AASB 16 Leases during the current year, the opening retained earnings balance has been restated in line with the requirements of the new accounting standard.

3. During the financial year, 33,158,169 options expired. As such, the amount of \$0.993 million which was previously recognised in Share-Based Payment Reserve has been transferred to Accumulated Losses.

4. 240 million shares and 110 million options were issued as part of the cost of acquisition for GSM Innovations Pty Ltd.

The Condensed statement of changes in equity should be read in conjunction with the accompanying notes.

# CONDENSED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	Consolidated	
		Dec-20	Dec-19
<b>Cash flows from operating activities</b>			
Receipts from customers		\$ -	\$ 200,564
Payments to suppliers and employees		(1,323,429)	(2,589,548)
Interest received		68	768
Interest paid		(71,703)	(92,306)
Other tax receipts		1,036,379	1,742,692
		<hr/>	<hr/>
Net cash used in operating activities		\$ (358,685)	\$ (737,830)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		\$ (20)	\$ (4,742)
Development costs of intangible assets	5	(10,856)	(632,398)
		<hr/>	<hr/>
Net cash used in investing activities		\$ (10,876)	\$ (637,140)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		\$ 4,002,000	\$ 1,726,238
Transaction costs related to issues of securities		(242,500)	(171,012)
Proceeds from borrowings		-	382,232
Repayment of borrowings		(734,423)	(1,028,004)
Payment of debt issue costs		-	(699)
Repayment of lease liabilities		(68,000)	(78,962)
		<hr/>	<hr/>
Net cash from financing activities		\$ 2,957,077	\$ 829,793
		<hr/>	<hr/>
<b>Net increase / (decrease) in cash and cash equivalents</b>		\$ 2,587,516	\$ (545,177)
		<hr/>	<hr/>
<b>Cash and cash equivalents at the beginning of the period</b>		\$ 694,803	\$ 795,190
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>		\$ 3,282,319	\$ 250,013
		<hr/>	<hr/>

The Condensed statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

## NOTE 1. BASIS OF PREPARATION

The condensed interim consolidated financial statements (the interim financial statements) are general purpose interim financial statements and have been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The interim financial statements comprise the condensed interim financial statements for the Group. For the purposes of preparing the interim financial statements, the Company is a for-profit entity.

The interim financial statements do not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended the interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2020 and any public announcements made by Quantify Technology Holdings Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year. All accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The interim financial statements has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets.

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

The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim financial statements, the half-year has been treated as a discrete reporting period.

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

### I. Statement of compliance

The interim financial statements were authorised for issue on 26 February 2021.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

### II. Adoption of new and revised standards

#### *Standards and Interpretations applicable to 31 December 2020*

For the period ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period.

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There is no material impact of the new and revised Standards and Interpretations on the Group.

#### *Standards and Interpretations in issue not yet adopted*

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

### III. Significant accounting estimates and judgements

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2020.

### NOTE 3. SEGMENT ASSETS AND LIABILITIES

#### I. Identification of reportable segments

AASB 8 “Operating Segments” requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Group’s operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision maker to make decisions regarding the Group’s operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

#### II. Reportable segments

Based on the quantitative thresholds included in AASB 8, there is only one reportable segment, being development and manufacturing and one geographical segment, namely Australia.

#### III. Presentation of segment

The revenues and results of this segment are those of the Group as a whole and are set out in the consolidated statement of comprehensive income and the assets and liabilities of the Group as a whole are set out in the consolidated statement of financial position.

### NOTE 4. LOSS PER SHARE

	Dec-20	Dec-19
Net loss for the period	\$ (1,612,242)	\$ (3,725,828)
Weighted average number of share on issue	208,520,936	111,831,202
Basic and diluted loss per share (cents per share)	(0.77)	(3.33)

During the period, the Company completed a consolidation of its issued securities; this reduced the number of shares on issue to 600,785,535, following the 25:2 consolidation, acquisition and capital raise.

Loss per share is calculated as net loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

As the Group is loss making, there is no dilutive effect of the issued securities.

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## NOTE 5. INTANGIBLE ASSETS

### I. Net carrying amount

	Development	Excess consideration paid over net assets acquired	Patents & Trademarks	Total
<b>BALANCE 30 JUNE 2020</b>				
Gross carrying amount at cost	\$ 7,354,823	\$ -	\$ 1,310,116	\$ 8,664,939
Accumulated Amortisation & Impairment	(7,354,823)	-	(1,184,800)	(8,539,623)
Net Carrying Amount	\$ -	\$ -	\$ 125,316	\$ 125,316
<b>BALANCE 31 DECEMBER 2020</b>				
Gross carrying amount at cost <sup>1</sup>	\$ 3,404,178	\$ 3,468,240	\$ 1,320,972	\$ 8,193,390
Accumulated Amortisation & Impairment	(47,628)	-	(1,237,069)	(1,284,697)
Net Carrying Amount	\$ 3,356,550	\$ 3,468,240	\$ 83,903	\$ 6,908,693

### II. Reconciliation of movement for the period

	Development	Excess consideration paid over net assets acquired	Patents & Trademarks	Total
<b>BALANCE 1 JULY 2019</b>				
	\$ 6,819,585	\$ -	\$ 1,127,280	\$ 7,946,865
Additions	\$ 559,938	\$ -	\$ 98,246	\$ 658,184
R&D grant offset	(24,700)	-	-	(24,700)
Amortisation	(1,908,173)	-	(71,513)	(1,979,686)
Impairment	(5,446,650)	-	(1,028,697)	(6,475,347)
Total	\$ (6,819,585)	\$ -	\$ (1,001,964)	\$ (7,821,549)
<b>BALANCE 30 JUNE 2020</b>				
	\$ -	\$ -	\$ 125,316	\$ 125,316
Additions <sup>1</sup>	\$ 3,404,178	\$ 3,468,240	\$ 10,856	\$ 6,883,274
R&D grant offset	-	-	-	-
Amortisation	(47,628)	-	(52,269)	(99,897)
Impairment	-	-	-	-
Total	\$ 3,356,550	\$ 3,468,240	\$ (41,413)	\$ 6,783,377
<b>BALANCE 31 DECEMBER 2020</b>				
	\$ 3,356,550	\$ 3,468,240	\$ 83,903	\$ 6,908,693

1. For additions to 'Development' and 'Excess consideration paid over net assets acquired', refer to Note 14 for details of the acquisition of GSM Innovations Pty Ltd.

## NOTE 6. RIGHT-OF-USE ASSET

### I. Net carrying amount

	Premises	Total
<b>BALANCE 30 JUNE 2020</b>		
Cost	\$ 644,185	\$ 644,185
Accumulated Depreciation & Impairment	(418,057)	(418,057)
Net Carrying Amount	\$ 226,128	\$ 226,128
<b>BALANCE 31 DECEMBER 2020</b>		
Cost	\$ 644,185	\$ 644,185
Accumulated Depreciation & Impairment	(476,421)	(476,421)
Net Carrying Amount	\$ 167,764	\$ 167,764

### II. Reconciliation of movement for the period

	Premises	Total
<b>BALANCE 30 JUNE 2019</b>		
Recognised on 1 July 2019 on adoption of AASB 16 Remeasurement - lease term extension	\$ -	\$ -
Depreciation and amortisation charge for the year	\$ 157,025	\$ 157,025
	209,346	209,346
	(140,243)	(140,243)
Total	\$ 226,128	\$ 226,128
<b>BALANCE 30 JUNE 2020</b>		
Depreciation and amortisation charge for the year	\$ 226,128	\$ 226,128
	(58,364)	(58,364)
Total	\$ (58,364)	\$ (58,364)
<b>BALANCE 31 DECEMBER 2019</b>		
	\$ 167,764	\$ 167,764

## NOTE 7. TRADE AND OTHER PAYABLES

	Dec-20	Jun-20
<b>CURRENT</b>		
Trade payables	\$ (992,173)	\$ (694,245)
Unissued options	(497,545)	-
PAYG withheld	(66,872)	(38,319)
Superannuation payable	(23,170)	(38,390)
Accrued expenses	(81,523)	(60,571)
Other	(58,909)	(13,563)
<b>TOTAL</b>	\$ (1,720,192)	\$ (845,088)

## NOTE 8. LEASE LIABILITY

### I. Net carrying amount

	Dec-20	Jun-20
<b>CURRENT</b>		
Current liabilities	\$ (117,737)	\$ (109,822)
Total	\$ (117,737)	\$ (109,822)
<b>NON-CURRENT</b>		
Non-current liabilities	(65,308)	(126,225)
Total	\$ (65,308)	\$ (126,225)
<b>TOTAL</b>	<b>\$ (183,045)</b>	<b>\$ (236,047)</b>

### II. Reconciliation of movement for the period

	Premises	Total
<b>BALANCE 30 JUNE 2019</b>	\$ -	\$ -
Recognised on 1 July 2019 on adoption of AASB 16	\$ (178,304)	\$ (178,304)
Remeasurement - lease term extension	(209,346)	(209,346)
Principal repayments	171,284	171,284
Interest accretion	(19,681)	(19,681)
Closing balance	\$ (236,047)	\$ (236,047)
<b>BALANCE 30 JUNE 2020</b>	<b>\$ (236,047)</b>	<b>\$ (236,047)</b>
Principal repayments	\$ 68,000	\$ 68,000
Interest accretion	(14,998)	(14,998)
Closing balance	\$ (183,045)	\$ (183,045)
<b>BALANCE 31 DECEMBER 20</b>	<b>\$ (183,045)</b>	<b>\$ (183,045)</b>

## NOTE 9. CONTRIBUTED EQUITY

	Shares		\$	
	Half-year to Dec-20	Year to Jun-20	Half-year to Dec-20	Year to Jun-20
<b>ORDINARY SHARES ON ISSUE</b>				
Ordinary shares issued and fully paid	600,785,535	2,008,549,744	\$ 42,754,029	\$ 34,694,074

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

## NOTE 9. CONTRIBUTED EQUITY (CONTINUED)

### I. Movements in ordinary share capital

	Shares		\$	
	Half-year to Dec-20	Year to Jun-20	Half-year to Dec-20	Year to Jun-20
<b>ORDINARY SHARES ON ISSUE</b>				
At start of period	2,008,549,744	980,990,717	\$ 34,694,074	\$ 31,696,873
Shares issued during the period	200,100,000	909,757,277	\$ 4,002,000	\$ 4,278,284
Settlement of advisor costs	-	57,800,000	\$ -	\$ 154,000
Transfer of historical employee share rights	-	23,999,997	\$ -	\$ 114,830
Transaction costs relating to issue of shares	-	36,001,753	\$ (742,045)	\$ (461,261)
Reversal of Listing Expense	-	-	\$ -	\$ (1,088,652)
Share consolidation (2 shares for every 25 on issue)	(1,847,864,209)	-	\$ -	\$ -
Shares issued in acquisition of GSM Innovations Pty Ltd	240,000,000	-	\$ 4,800,000	\$ -
At end of period	600,785,535	2,008,549,744	\$ 42,754,029	\$ 34,694,074

The movement in ordinary shares during the period is comprised of the following transactions:

- 200,100,000 fully paid ordinary shares were issued as part of the raising in December 2020;
- The Company undertook a share consolidation of 2 shares for every 25; and
- 240,000,000 shares were issued as consideration for the acquisition of GSM Innovations Pty Ltd.

## NOTE 10. RESERVES

	Dec-20	Jun-20
<b>RESERVES</b>		
Options reserve	\$ 656,856	\$ 656,856
Share rights reserve	555,309	506,487
Performance rights reserve	337,032	383,030
Listed options reserve	152,744	152,744
Vendor performance rights	2,200,000	-
Total	\$ 3,901,941	\$ 1,699,117

### MOVEMENT IN RESERVES

Opening balance	\$ 1,699,117	\$ 2,622,371
Movement for year - vesting of share based payments	165,421	377,110
Performance rights issued for acquisition of GSM Innovations Pty Ltd	2,200,000	-
Reversals during year	(162,597)	(167,251)
Transfers to Accumulated Losses	-	(1,133,113)
Total	\$ 3,901,941	\$ 1,699,117

## NOTE 11. SHARE-BASED PAYMENTS

### OPTIONS

Grant	Balance at start of the year	Options issued during the year	Expired / Lapsed	Consolidation <sup>1</sup>	Options granted and to be issued	Balance at end of year	Tranche 1 Expiry date
<b>FY2020</b>							
Advisor options	8,747,626	-	(8,747,626)	-	-	-	30 Sep 2019
Bid options	61,325,622	-	(61,325,622)	-	-	-	30 Sep 2019
Broker options	5,000,000	-	(5,000,000)	-	-	-	30 Sep 2019
EOP - FY2017	6,910,543	-	(6,910,543)	-	-	-	30 Sep 2019
EOP - FY2018	13,531,800	-	-	-	-	13,531,800	31 Jul 2020
Consultant options	6,000,000	-	(6,000,000)	-	-	-	4 Apr 2020
Contract options	12,500,000	-	(12,500,000)	-	-	-	30 Sep 2019
Listed options	-	995,759,030	-	-	-	995,759,030	31 Aug 2021
<b>Total</b>	<b>114,015,591</b>	<b>995,759,030</b>	<b>(100,483,791)</b>	<b>-</b>	<b>-</b>	<b>1,009,290,830</b>	
<b>FY2021 H1</b>							
EOP - FY2017	13,531,800	-	(13,531,800)	-	-	-	30 Sep 2019
Listed options	995,759,030	-	-	(916,098,118)	-	79,660,912	31 Aug 2021
Lead Manager options	-	-	-	-	25,000,000	25,000,000	11 Dec 2024
<b>Total</b>	<b>1,009,290,830</b>	<b>-</b>	<b>(13,531,800)</b>	<b>(916,098,118)</b>	<b>25,000,000</b>	<b>104,660,912</b>	

1. On 11 December 2020, the Company consolidated its issued share capital on the basis of every 25 shares on issue was consolidated to 2 shares.

## NOTE 11. SHARE-BASED PAYMENTS (CONTINUED)

### SHARES & RIGHTS AWARDS

Grant	Balance at start of the year	Number Exercised	Forfeited / Lapsed	Consolidation <sup>1</sup>	Rights issued during the year <sup>2</sup>	Balance at end of year	Vesting date
<b>FY2020</b>							
Performance rights	4,166,666	-	(4,166,666)	-	-	-	30 Nov 2016
Performance shares	90,000,000	-	(30,000,000)	-	-	60,000,000	30 Jun 2018
Director Performance shares	80,000,000	-	-	-	-	80,000,000	30 Nov 2023
Employee Performance rights	18,000,000	-	-	-	-	18,000,000	30 Nov 2023
<b>Total</b>	<b>192,166,666</b>	<b>-</b>	<b>(34,166,666)</b>	<b>-</b>	<b>-</b>	<b>158,000,000</b>	
<b>FY2021 H1</b>							
Performance shares	60,000,000	-	(30,000,000)	(27,599,992)	-	2,400,008	30 Jun 2018
Director Performance shares	80,000,000	-	-	(73,600,000)	-	6,400,000	30 Nov 2023
Employee Performance rights	18,000,000	-	-	(16,560,000)	-	1,440,000	30 Nov 2023
Vendor Performance rights	-	-	-	-	110,000,000	110,000,000	11 Dec 2021
<b>Total</b>	<b>158,000,000</b>	<b>-</b>	<b>(30,000,000)</b>	<b>(117,759,992)</b>	<b>110,000,000</b>	<b>120,240,008</b>	

1. On 11 December 2020, the Company consolidated its issued share capital on the basis of every 25 shares on issue was consolidated to 2 shares.

2. All awards are issued at a zero exercise price.

## NOTE 11. SHARE-BASED PAYMENTS (CONTINUED)

### I. LEAD MANAGER OPTIONS

The Group granted 25,000,000 Lead Manager options to PAC Partners during the period ended 31 December 2020. The options were granted as part of the placement, which occurred in December 2020. All options were granted as part of the fees for corporate advisory services relating to the capital raising.

As at 31 December 2020, the options had not been issued, therefore, a liability has been recorded. The issuance of the options will be cashless, and as such upon issue a corresponding adjustment will be made to reserves.

The options granted to the advisor to cover capital raising costs must be valued and recognised as a cost to equity, and are not treated as a share based payment.

#### VALUATION OF LEAD MANAGER OPTIONS

Exercise price	\$0.0001
Expiry date	30-Nov-24
Risk-free rate	0.11%
Volatility	110%
Value per option	\$0.0199
Number of options	25,000,000
Total value of options	\$497,545
Amount recognised as capital raising cost in prior periods	\$ -
Amount recognised in current period	\$497,545
Amount to be recognised in future periods	\$ -

#### MOVEMENTS IN LEAD MANAGER OPTIONS

Option movements as held by Quantify Technology Holdings Ltd., are as follows:

	Dec-20	
	Number	WAEP
Outstanding at the beginning of the period	-	\$ -
Issued during the period	25,000,000	\$ 0.020
Outstanding at the end of the period	25,000,000	\$ -
Exercisable at the end of the period	25,000,000	

#### LEAD MANAGER OPTIONS EXERCISED DURING THE PERIOD

No Lead Manager options were exercised during the period.

## NOTE 11. SHARE-BASED PAYMENTS (CONTINUED)

The expense recognised for share-based payments during the period is shown in the table below:

	Dec-20	Dec-19
Director Performance rights	\$ 61,138	\$ (56,659)
Performance rights	(15,140)	(88,620)
Share rights	(48,822)	(2,057)
Employee options	-	(32,371)
Director bonus shares	-	(60,000)
Total	\$ (2,824)	\$ (239,707)

During the period ended 31 December 2020, it was determined that the likelihood of Tranche B of the Director Performance Rights, and Tranche A of the Performance rights, were unlikely to vest. As the vesting conditions were non-market based, the expenses have been reversed through the P&L, which has resulted in a net gain to the Director Performance rights.

## NOTE 12. CONTINGENCIES

There has been no change in contingent liabilities since the last annual reporting date.

## NOTE 13. FINANCIAL INSTRUMENTS

The methods and valuation techniques used for the purpose of measuring fair values are unchanged compared to the previous reporting period.

The carrying amounts of financial assets and liabilities are considered to be a reasonable approximation of their fair value.

## NOTE 14. BUSINESS COMBINATIONS

On 11 December 2020, Quantify acquired 100% of the ordinary shares of GSM Innovations Pty Ltd ("GSM-I") in exchange for 240 million shares in Quantify Technology Holdings Limited, issued at \$0.02 per share, and 110 million performance rights which will convert to ordinary shares upon the achievement of certain non-market milestones. At acquisition date, the Directors consider it probable that the milestones will be achieved. GSM-I produces a range of connected devices, controlling lights, fans, appliances, switches, garage doors and more.

The 'Excess consideration paid over net assets acquired' of \$3.468 million represents the following synergies:

- the ability to cross-sell a more complete family of connected products;
- a strengthening of the team with the appointments of Simon Gerard and Jordan Tentori to the Board, as well as the appointment of Jordan Tentori as Chief Technology Officer;
- reduced costs from combining the two teams;
- improved supply chain performance by utilising GSM-I's manufacturing and logistics' relationships;
- the creation of a single, powerful software platform for all its connected products resulting in accelerated performance and greater opportunity to use the data; and
- GSM-I has a flexible business model that can both supply product directly and license its intellectual property via existing arrangements with GSM Electrical Pty Ltd, Beacon Lighting and Steel-line. This flexibility will be even more attractive for partners, enabling the Company to expand into new markets and overseas.



## NOTE 14. BUSINESS COMBINATIONS (CONTINUED)

Assets acquired and liabilities assumed:

### Consideration paid to acquire business:

- Shares issued - 240 million	4,800,000
- Performance rights issued - 110 million	2,200,000

Total consideration	\$ 7,000,000
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### Assets and liabilities acquired:

- Inventory	\$ 11,924
- Property, plant & equipment	286,329
- Capitalised development costs	3,404,178
- Trade and other payables	(170,671)

Fair value of net assets acquired (provisional)	\$ 3,531,760
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Excess consideration paid over net assets acquired	3,468,240
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\$ 7,000,000
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## I. VENDOR PERFORMANCE RIGHTS

As part of the acquisition consideration for the acquisition of GSM Innovations Pty Ltd, Quantify issued two (2) tranches totalling 110,000,000 Vendor Performance Rights.

### VENDOR PERFORMANCE RIGHTS CRITERIA

The vesting conditions of the Vendor Performance Rights are as follows:

No. granted	Grant date	Vesting conditions
55,000,000	11 Dec 2020	Upon the Company designing and manufacturing glass fronted dimmable light switch, GPO or power point, and blind controller; each of which must be controlled by the GSMI-Zimi cloud platform and be available for sale, within 12 months of the Acquisition completing;
55,000,000	11 Dec 2020	Upon sales of 30,000 Zimi-controlled / Powermesh units or \$3,000,000 in Sales Revenue derived from Zimi-controlled / Powermesh units (whichever occurs first) within 12 months of the Acquisition completing

The performance rights have been included as part of the consideration for the acquisition, as the Directors consider it highly likely that they will vest.

## NOTE 14. BUSINESS COMBINATIONS (CONTINUED)

The acquisition has been prepared on a provisional basis, as allowed for under AASB 3 Business Combinations, as the Group will require additional time to complete its Purchase Price Allocation. The Group will finalise its acquisition accounting when it prepares its 30 June 2021 Annual Report.

The Group incurred acquisition costs of \$398,000, which are included in administration and other expenses, and recognised against equity as a cost of capital, for those costs which were incurred in conjunction with the capital raising.

### II. Provisional accounting

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

## NOTE 15. SUBSEQUENT EVENTS

Subsequent to 31 December 2020, the Company announced it had received a further order of 7,000 devices from GSM-Electrical (“Trader”) increasing total orders to date of 17,000 products, representing sales in excess of \$1 million. These products are due to be delivered from June 2021 through to September 2021.

Additionally, Peter Rosseutschler had stepped down as Chairman, being replaced by Simon Gerard. At the same time, Gary Castledine resigned as Non-Executive Director, but will continue in an advisory capacity.

Aside from the above, there has not been any other matter or circumstance that has arisen after balance date that has 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 periods.

## NOTE 16. RELATED PARTY DISCLOSURES

There were no loans outstanding to related parties as at 31 December 2020 (FY2020: Nil).

## DIRECTORS' DECLARATION

In the opinion of the Directors of Quantify Technology Holdings Limited (the "Company"):

- The accompanying interim financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
  - Giving a true and fair view of the Group's financial position at 31 December 2020 and of its performance for the half-year ended then ended; and
  - Complying with Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- The interim financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with sections 303(5) of the *Corporations Act 2001* for the half-year ended 31 December 2020.

This declaration is signed in accordance with a resolution of the board of Directors.



Simon Gerard  
Chairman  
On behalf of the Board.  
26 February 2021

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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Quantify Technology Holdings Limited

### Report on the Condensed Half-Year Financial Report

#### *Conclusion*

We have reviewed the accompanying half-year financial report of Quantify Technology Holdings Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2020, the condensed statement of comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### *Basis for conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### *Responsibility of the directors for the financial report*

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

#### *Auditor's responsibility for the review of the financial report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

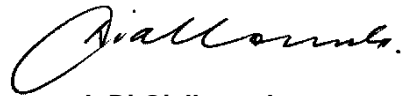
*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*HLB Mann Judd*

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**26 February 2021**



**L Di Giallonardo**  
**Partner**