

UUV Aquabotix Ltd

Appendix 4E Preliminary final report

Company details

Name of entity: UUV Aquabotix Ltd (referred to hereafter as "Aquabotix")
ABN: 52 616 062 072
Reporting period: For the year ended 31 December 2021
Previous period: For the year ended 31 December 2020

Results for announcement to the market

					\$
Revenues from ordinary activities	down	100%	to		-
Loss from ordinary activities after tax attributable to the owners of Aquabotix	down	62%	to		(515,432)
Loss for the year attributable to the owners of Aquabotix	down	61%	to		(515,432)

Dividends

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

Comments

The operating loss for the Company after providing for income tax amounted to \$515,432 (31 December 2020: loss of \$1,347,290).

Net tangible assets

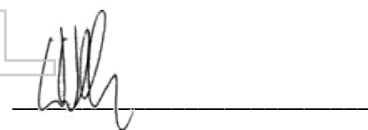
	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security (cents)	0.01	0.03

Attachments

Additional Appendix 4E disclosure requirements can be found in the directors' report and the 31 December 2021 financial statements and accompanying notes.

This report is based on the financial statements which have been audited by RSM Australia Partners.

Signed



Winton Willesee
Director
24 February 2022

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UUV Aquabotix Ltd
ABN 52 616 062 072

ANNUAL REPORT
for the year ended
31 December 2021

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Corporate Information

DIRECTORS

Winton Willesee (Non-Executive Chairman)
James Bahen (Non-Executive Director)
Erlyn Dawson (Non-Executive Director)

JOINT COMPANY SECRETARIES

Winton Willesee
Erlyn Dawson

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 5 CPC, 145 Stirling Highway
NEDLANDS WA 6009
Telephone: (08) 9389 3160
Website: www.aquabotix.com
Email: investors@aquabotix.com

AUDITORS

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
PERTH WA 6000
Telephone: +61 8 9261 9100

SHARE REGISTRY

Link Market Services Limited
Level 12, QV1 Building
250 St Georges Terrace
PERTH WA 6000

Enquiries: +61 1300 554 474

HOME EXCHANGE

Australian Securities Exchange Ltd
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000
ASX Code: UUV and UUVOA

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Directors' Report

Your Directors present their report, together with the financial statements, on UUV Aquabotix Ltd (referred to hereafter as the 'Company') for the year ended 31 December 2021.

Directors

The following persons were directors of the Company during the financial year and up until the date of this report, unless otherwise stated.

Winton Willesee - Non-Executive Chairman

James Bahen - Non-Executive Director

Erlyn Dawson - Non-Executive Director

Winton Willesee: Non-Executive Chairman and Joint Company Secretary

Mr. Willesee is an experienced corporate professional with a broad range of skills and experience in strategy, company development, corporate governance, company public listings, merger and acquisition transactions and corporate finance. Mr Willesee has considerable experience with ASX listed and other companies over a broad range of industries, having held directorships, chairmanships and company secretarial positions with a number of ASX-listed companies over many years.

Mr. Willesee holds a Master of Commerce, a Post-Graduate Diploma in Business (Economics and Finance), a Graduate Diploma in Applied Finance and Investment, a Graduate Diploma in Applied Corporate Governance, a Graduate Diploma in Education and a Bachelor of Business.

He is a Fellow of the Financial Services Institute of Australasia, a Graduate of the Australian Institute of Company Directors, a Member of CPA Australia and a Fellow of the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators/Chartered Secretary.

Other ASX Directorships held within the last 3 years:

- Nanollose Limited (ASX: NC6) Non-Executive Director (Current)
- Hygrovest Limited (ASX: HGV) Non-Executive Director (Current)
- New Zealand Coastal Seafoods Limited (ASX: NZS) Non-Executive Chairman (Current)
- Neurotech International Limited (ASX: NTI) Non-Executive Director (Current)
- eSense-Lab Ltd (ASX: ESE) Non-Executive Director (Ceased September 2021)

James Bahen: Non-Executive Director

Mr Bahen is a Corporate Advisory Executive and Chartered Secretary who commenced his career in audit and assurance with a chartered accounting firm. He is currently a Company Secretary to a number of ASX listed companies.

Mr Bahen is a member of the Governance Institute of Australia (GIA) and holds a Graduate Diploma of Applied Finance and a Bachelor of Commerce degree majoring in Accounting and Finance.

Other ASX Directorships held within the last 3 years:

- MinRex Resources Limited (ASX: MRR) Non-Executive Director (Current)
- Victory Goldfields Limited (ASX: 1VG) Non-Executive Director (Current)
- Cosmos Exploration Limited (ASX: C1X) Non-Executive Director (Current)

Erlyn Dawson: Non-Executive Director and Joint Company Secretary

Mrs Dawson is an experienced corporate professional with a broad range of corporate governance, accounting and capital markets experience. Mrs Dawson holds positions as company secretary for a number of ASX listed public companies across a range of industries, with particular expertise in the facilitation of company listings, merger and acquisition transactions and capital raisings.

Mrs Dawson holds a Bachelor of Commerce (Accounting and Finance) and a Graduate Diploma in Applied Corporate Governance. She is a member of the Governance Institute of Australia/Chartered Secretary.

Other ASX Directorships held within the last 3 years:

- New Zealand Coastal Seafoods Limited (ASX: NZS) Non-Executive Director (Current)

Directors' Report *(Continued)*

Meetings of Directors

Due to the reduced activity of the Company in the period, the full Board of Directors formally met once during the year ended 31 December 2021. The number of meetings eligible to be attended and the number of meetings attended by each director were as follows:

Name	Full Board Meetings		Sub Committee Meetings	
	Eligible to attend	Attended	Eligible to attend	Attended
Winton Willesee	1	1	-	-
James Bahen	1	1	-	-
Erlyn Dawson	1	1	-	-

NB: Given the size of the Board and the nature of the activities of the Company, the members of the Board were in frequent contact to consider opportunities for the Company and administer the Company. The majority of the formal administration of the Company was actioned via circulating resolutions.

Review of Operations and Financial Results

Following cessation of active conduct of the Company's US based, prior business, the Board's objective for the 2021 calendar year was to seek out and assess prospective new opportunities for the Company.

In line with ASX policy, in mid-2021, the Company's securities were suspended from trading, pending embarkment on its next chapter of operations.

With a new Board of Directors experienced in the reformation of ASX listed companies, the Company reviewed a number of exciting opportunities during the year, and made pleasing progress towards commencing its next chapter of operations.

The Company did not receive any material revenue during the year, but continued to manage its cash to retain sufficient levels of funding to implement its next stage of business. The Company did not undertake any capital raising activities during the year, and maintained a low level of expenditure, which was predominantly spent on corporate administration and legal and corporate advisory fees in connection with the assessment of business opportunities.

The loss for the Company for the year ended 31 December 2021 amounted to \$515,432 (31 December 2020 loss of \$1,347,290). This significant reduction in loss was a result of the reduction of expenses of the Company following cessation of conduct of the Company's wholly owned subsidiary in late 2020.

The Company now enters 2022 with a cash position of \$392,061 at 31 December 2021 and the anticipation of completing a significant transaction prior to the exhaustion of those funds.

Principal Activities

Following the cessation of active conduct of the business operations of its wholly owned subsidiary in November 2020, on 7 June 2021, the Company's securities were suspended from trading on ASX. The suspension will continue until the Company embarks on its next chapter of operations.

Significant Changes in the State of Affairs

There have been no other significant changes in the state of affairs of the Company during the year ended 31 December 2021.

Significant Events after the Balance Date

The impact of the COVID-19 pandemic is on-going, and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. Given the Company is largely dormant the pandemic is not expected to have any significant impact at all. The situation is rapidly developing and could change depending on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected or may significantly affect the results of the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Directors' Report *(Continued)*

Environmental regulation

The Company's operations are not subject to any significant environmental regulation under either Australian Commonwealth or State legislation. The Board considers that adequate systems are in place to manage the Company's obligations and is not aware of any breach of environmental requirements as they relate to the Company.

Dividends

No dividends were declared or paid to shareholders during the financial year (2020: \$nil).

Corporate Governance Statement

The Board of the Company recognises the importance of establishing a comprehensive system of control and accountability as the basis for the administration of corporate governance.

In establishing its corporate governance framework for the financial year ended 31 December 2021, the Board has referred to the Corporate Governance Principles and Recommendations (4th Edition) published by the ASX Corporate Governance Council ('Recommendations'). The Company sets out its compliance with, and departures from the Recommendations for the financial year ended 31 December 2021 in its Corporate Governance Statement.

The Company's Corporate Governance Statement for the financial year ended 31 December 2021 was approved by the Board of Directors on 24 February 2022 and is available on the Company's website at <https://www.aquabotix.com/investor-relations.html>.

In the context of the Company's nature, scale and operations, the Board considers that the current corporate governance regime is an efficient, practical, and cost-effective method of directing and managing the Company.

Annual General Meeting

The Company anticipates that it will hold its next Annual General Meeting ('AGM') on or after 22 April 2022. In accordance with ASX Listing Rule 3.13.1, the closing date for the receipt of nominations from persons wishing to be considered for election as a director of the Company is 8 March 2022. Any nominations must be received in writing no later than 5.00pm (WST) on 8 March 2022 at the Company's registered office.

Remuneration Report

The remuneration report details the key management personnel remuneration arrangements for the Company, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration
3. Additional information
4. Additional disclosures relating to key management personnel

1. Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage/alignment of executive compensation
- transparency

The Board as a whole carries out the function of the Nomination and Remuneration Committee, which is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Voting and comments made at the Company's 2020 Annual General Meeting (AGM)

At the 2020 AGM, 99% of the votes cast supported the adoption of the remuneration report for the year ended 31 December 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Non-executive director's remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed as required by the Board (fulfilling the responsibilities of the Nomination and Remuneration Committee). The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market.

The ASX Listing Rules require the aggregate non-executive directors' remuneration be determined by a general meeting, with any increase to the aggregate remuneration to be subject to shareholder approval.

Remuneration Report *(Continued)*

Executive remuneration

The Company aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed as required by the Board (fulfilling the role of the Nomination and Remuneration Committee) based on individual and business unit performance, the overall performance of the Company and comparable market remunerations.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include share-based payments. Shares are awarded to executives over a period of years based on long-term incentive measures.

2. Details of remuneration

Details of the remuneration of key management personnel of the Company are set out in the following tables.

There have been no changes to the key management personnel since the end of the reporting period.

Executive remuneration governance

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders having consideration to the amount deemed to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

Remuneration committee

Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company does not currently have a Remuneration Committee. Pursuant Schedule 1, section 7 of the Company's Corporate Governance Plan (available at www.aquabotix.com/investor-relations.html), the full Board currently carries out the duties that would ordinarily be assigned to the Remuneration Committee under the written terms of reference for that committee.

The Board will devote time as required to fulfil the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive. The Board of Directors is responsible for overseeing performance evaluations of senior executives. This evaluation is based on specific criteria, including the business performance of the Company, whether strategic objectives are being achieved and the development of management and personnel.

Remuneration Report *(Continued)*

Directors' remuneration

The remuneration of an Executive Director is decided by the Board, without the affected Executive Director participating in that decision-making process.

In accordance with the Constitution, the total maximum remuneration of Non-Executive Directors is initially set out in the Constitution, and may be varied by ordinary resolution of shareholders in general meeting in accordance with the Constitution, the *Corporations Act 2001* and the ASX Listing Rules, as applicable.

The determination of Non-Executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director. The current amount has been set at an amount not to exceed \$300,000 per annum.

In addition, a Director may be paid fees or other amounts, subject to any necessary shareholder approval, including non-cash performance incentives such as options, as the Directors determine, where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Company's remuneration policy for Executive Directors (including the Managing Director) and senior management is designed to promote superior performance and long-term commitment to the Company. Executives receive a base remuneration which is market related and may also be entitled to performance-based remuneration at the ultimate discretion of the Board.

Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of the Company and the Company's shareholders to do so.

Executive remuneration and other terms of employment are reviewed as required by the Board having regard to performance, relevant comparative information and, where necessary, expert advice.

Executive remuneration framework

The Company's reward policy reflects the benefits of aligning executive remuneration with shareholders' interests to retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policy are:

- (a) remuneration is reasonable and fair, taking into account the Company's obligations at law, the competitive market in which the Company operates and the relative size and scale of the Company's business;
- (b) individual reward should be linked to clearly specified performance targets which should be aligned to the Company's short term and long-term performance objectives; and
- (c) executives should be rewarded for both financial and non-financial performance.

The total remuneration of Executive Directors (including the Managing Director) and other senior managers consist of the following:

- (a) Salary – Executive Directors and senior managers may receive a fixed sum payable monthly in cash;
- (b) Short term incentive – Executive Directors and nominated senior managers are eligible to participate in a profit participation plan if deemed appropriate. The Board may at its discretion award bonuses for exceptional performance in relation to each person's pre-agreed Key Performance Indicators;
- (c) Post-employment benefits – this refers to superannuation schemes; and
- (d) Long term incentives – Executive Directors may participate in share option schemes with the prior approval of shareholders. Executives may also participate in employee share option schemes, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders. The Board however, considers it appropriate to retain the flexibility to issue options to executives outside of approved Employee Option Plans in exceptional circumstances.

Employment agreements with Key Management Personnel

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Whitney Million
Title:	Chief Executive Officer
Agreement commenced:	1 November 2020
Agreement terminated:	Remains
Details:	Monthly base fee of \$4,750. Termination notice period of three months.

Remuneration Report *(Continued)*

KMP remuneration disclosures in detail

Details of the remuneration of the Directors of UUV Aquabotix Ltd and other KMP are set out in tables below:

2021	Short-term benefits				Share-based payments		Total
	Cash Salary and fees	Cash bonus	Other Benefits	Superannuation	Equity-settled shares	Equity-settled options	
	\$	\$	\$	\$	\$	\$	
<i>Non-Executive Directors:</i>							
Winton Willesee	66,000	-	-	-	-	-	66,000
James Bahen	36,000	-	-	-	-	-	36,000
Erlyn Dawson	36,000	-	-	-	-	-	36,000
	138,000	-	-	-	-	-	138,000
<i>Other Key Management Personnel:</i>							
Whitney Million	57,000	-	-	-	-	-	57,000
	195,000	-	-	-	-	-	195,000

2020	Short-term benefits				Share-based payments		Total
	Cash Salary and fees	Cash bonus	Other Benefits	Superannuation	Equity-settled shares	Equity-settled options	
	\$	\$	\$	\$	\$	\$	
<i>Non-Executive Directors:</i>							
Winton Willesee	16,145	-	-	-	-	-	16,145
James Bahen	6,888	-	-	-	-	-	6,888
Erlyn Dawson	6,871	-	-	-	-	-	6,871
Peter James	58,666	-	-	-	25,000	-	83,666
Jay M. Cohen	19,795	-	-	-	-	-	19,795
Robert Clisdell	21,250	-	-	-	12,500	-	33,750
	129,615	-	-	-	37,500	-	167,115
<i>Other Key Management Personnel:</i>							
Whitney Million	170,700	-	-	-	18,128	31,545	220,373
	300,315	-	-	-	55,628	31,545	387,488

Remuneration Report *(Continued)*

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed Remuneration		At Risk – STI		At Risk - LTI	
	2021	2020	2021	2020	2021	2020
Non-Executive Directors:						
Winton Willesee	100%	100%	-	-	-	-
James Bahen	100%	100%	-	-	-	-
Erlyn Dawson	100%	100%	-	-	-	-
Peter James	-	100%	-	-	-	-
Jay M. Cohen	-	100%	-	-	-	-
Robert Clisdell	-	100%	-	-	-	-
Other Key Management Personnel:						
Whitney Million	100%	100%	-	-	-	-

Cash bonuses are dependent on meeting defined performance measures. The amount of the bonus is determined having regard to the satisfaction of performance measures and weightings. The maximum bonus values are established at the start of each financial year and amounts payable are determined in the final month of the financial year by the Board (fulfilling the role of the Nomination and Remuneration Committee).

No cash bonuses were paid or are payable for the financial year ended 31 December 2021 (2020: nil). There has been no forfeit of cash bonuses.

Key Management Personnel shareholdings

The number of shares in the Company held during the financial year by each Director of UUV Aquabotix Ltd and other key management personnel, including their personally related entities, are set out in the table below:

Name	Balance at 1 January 2021	Shares acquired	Shares issued in lieu of salary or fees	Other changes during the year	Balance at 31 December 2021
Winton Willesee	84,723,000	-	-	-	84,723,000
James Bahen	-	-	-	-	-
Erlyn Dawson	5,000,000	-	-	-	5,000,000
Whitney Million	28,164,771	-	-	-	28,164,771
Total	117,887,771	-	-	-	117,887,771

Options issued

No options were issued to Directors or key management personnel during the financial year ended 31 December 2021.

Remuneration Report *(Continued)*

Option holdings

The number of options over ordinary shares in the Company held during the financial year ended 31 December 2021 by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Issued or Granted	Exercised	Expired or Cancelled	Balance at the end of the year	Options Vested at the end of the year	Options exercisable at the end of the year	Options unexercisable at the end of the year
Winton Willesee	74,595,166	-	-	-	74,595,166	74,595,166	74,595,166	-
James Bahen	-	-	-	-	-	-	-	-
Erlyn Dawson	3,333,334	-	-	-	3,333,334	3,333,334	3,333,334	-
Whitney Million	66,000,000	-	-	(6,000,000)	60,000,000	60,000,000	60,000,000	-
	143,928,500	-	-	(6,000,000)	137,928,500	137,928,500	137,928,500	-

4. Additional information

Performance of the Company and shareholder returns

The performance of the Company is summarised below.

	2017	2018	2019	2020	2021
	\$	\$	\$	\$	\$
Sales revenue	747,131	154,494	322,166	457,767	-
EBITDA	(4,565,627)	(4,803,011)	(2,329,871)	(1,333,812)	(511,530)
Loss after income tax	(4,559,109)	(4,833,146)	(2,409,264)	(1,347,290)	(515,432)
Basic loss per share (cents)	(4.23)	(3.35)	(0.75)	(0.001)	(0.02)
Share price as at 31 December (cents)	9.90	5.00	0.4	0.1	0.2
Dividends proposed or paid in the year	Nil	Nil	Nil	Nil	Nil

Remuneration consultants

No remuneration consultants were used during the year.

5. Additional disclosures relating to key management personnel

Other transactions with key management personnel and their related parties.

Fees of \$66,000 were paid and \$6,000 is payable at 31 December 2021 to Azalea Consulting Pty Ltd which is an entity associated with Mr Winton Willesee and Ms Erlyn Dawson, for company secretarial services and for the provision of the front and registered office.

Fees of \$13,388 were paid and \$2,863 are payable at 31 December 2021 to Valle Corporate Pty Ltd which is an entity associated with Mr Winton Willesee and Ms Erlyn Dawson, for accounting services.

All amounts were charged at standard commercial rates. There were no transactions with key management personnel and their related parties other than as disclosed above.

This concludes the remuneration report, which has been audited.

Directors' Report *(Continued)*

Shares under option

Unissued ordinary shares of UUV Aquabotix Ltd under option at the date of this report are as follows:

Unlisted Option Class	Grant date	Expiry date	Exercise price	Number under option
Class F	20 April 2017	26 April 2022	\$0.300	3,000,000
Class AD	12 and 18 December 2019	24 December 2023	\$0.005	32,750,000
Class AE	12 and 18 December 2019	24 December 2023	\$0.010	6,000,000
Class AF	12 and 18 December 2019	24 December 2023	\$0.015	6,500,000
Class AG	12 and 18 December 2019	24 December 2023	\$0.020	6,500,000
Class AH	23 June 2020	30 June 2022	\$0.0008	29,687,500
				84,437,500

Listed Option Class	Grant date	Expiry date	Exercise price	Number under option
UUVOA	28 July 2020 to 4 June 2021	28 July 2023	\$0.001	1,164,592,677

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

No ordinary shares of UUV Aquabotix Ltd were issued during the year ended 31 December 2021 (31 December 2020: 333,334) upon the exercise of options granted.

Indemnity and Insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executive of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Directors' Report *(Continued)*

Non-audit services

No non-audit services were provided by the auditors for the year ended 31 December 2021.

Officers of the Company who are former partners of RSM Australia Partners

There are no officers of the Company who are former partners of RSM Australia Partners.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under the Section 307C of the *Corporations Act 2001* is set out on page 14.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Winton Willesee

Chairman

24 February 2022

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RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of UUV Aquabotix Ltd for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 24 February 2022

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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Note	31 December 2021 \$	31 December 2020 \$
Revenue	4	-	457,767
Cost of goods sold		-	(286,707)
Gross profit		-	171,060
Other income	4	12,666	71,951
Gain on deconsolidation of subsidiary	5	-	228,071
Expenses			
General and administrative expense		(492,808)	(1,586,553)
Selling and marketing expense		-	(6,072)
Research and development expense		-	(54,335)
Depreciation expense		-	(9,163)
Loss on disposal of assets		(31,176)	(2,668)
Share option expense		-	(77,294)
Foreign exchange losses		(212)	-
Interest expense		(3,902)	(4,532)
US subsidiary bankruptcy expenses		-	(77,755)
Loss before income tax		(515,432)	(1,347,290)
Income tax expense	6	-	-
Loss after income tax		(515,432)	(1,347,290)
Other comprehensive income/(loss):			
<i>Items that may be reclassified to profit or loss</i>			
Translation of foreign controlled entity		-	23,063
Total comprehensive loss for the year		(515,432)	(1,324,227)
		Cents	Cents
Basic loss per share	20	(0.02)	(0.001)
Diluted loss per share	20	(0.02)	(0.001)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 31 December 2021

	Note	31 December 2021 \$	31 December 2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	392,061	911,323
Trade and other receivables	8	16,836	37,265
Total current assets		408,897	948,588
Total assets		408,897	948,588
LIABILITIES			
Current liabilities			
Trade and other payables	9	81,184	226,192
Total current liabilities		81,184	226,192
Total liabilities		81,184	226,192
Net assets		327,713	722,396
EQUITY			
Issued capital	15	13,779,012	13,779,012
Reserves	16	1,337,192	1,216,443
Accumulated losses	10	(14,788,491)	(14,273,059)
Total equity		327,713	722,396

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 31 December 2021

	Issued Capital \$	Options reserve \$	Foreign exchange reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2021	13,779,012	1,216,443	-	(14,273,059)	722,396
Loss for the year	-	-	-	(515,432)	(515,432)
Total comprehensive loss for the year	-	-	-	(515,432)	(515,432)
<i>Transactions with owners in their capacity as owners:</i>					
Share options issued in the year	-	120,749	-	-	120,749
Balance at 31 December 2021	13,779,012	1,337,192	-	(14,788,491)	327,713
Balance at 1 January 2020	12,065,190	1,139,149	23,063	(12,948,832)	278,570
Loss for the year	-	-	-	(1,347,290)	(1,347,290)
Exchange difference on translation of foreign operations	-	-	(23,063)	23,063	-
Total comprehensive loss for the year	-	-	(23,063)	(1,324,227)	(1,347,290)
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued during the year	1,884,009	-	-	-	1,884,009
Share issue costs	(170,187)	-	-	-	(170,187)
Share options lapsed in the year	-	(49,703)	-	-	(49,703)
Share options issued in the year	-	25,402	-	-	25,402
Share option expense recognised	-	101,595	-	-	101,595
Balance at 31 December 2020	13,779,012	1,216,443	-	(14,273,059)	722,396

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 31 December 2021

	Note	31 December 2021 \$	31 December 2020 \$
Operating activities			
Receipts from customers		-	511,706
Receipts from Australian Taxation Office		12,585	-
Payments to suppliers and employees		(531,635)	(1,440,131)
Net cash flows used in operating activities	22	(519,050)	(928,425)
Investing activities			
Purchase of plant and equipment		-	-
Net cash flows used in investing activities		-	-
Financing activities			
Net proceeds from issue of shares		-	1,769,156
Share issue costs		-	(170,187)
Net cash flows provided by financing activities		-	1,598,969
Cash and cash equivalents at beginning of year		911,323	260,254
Net (decrease) / increase in cash and cash equivalents		(519,050)	670,544
De-recognition of subsidiary cash balance		-	(19,475)
Effects of exchange rate changes on cash and cash equivalents		(212)	-
Cash and cash equivalents at the end of the financial year	7	392,061	911,323

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 31 December 2021

Corporate Information

The financial report of UUV Aquabotix Ltd ("the Company") for the year ended 31 December 2021 was authorised for issue in accordance with a resolution of the Directors on 24 February 2022.

UUV Aquabotix Ltd is a company incorporated in Australia, limited by shares which are publicly traded on the Australian Securities Exchange.

1. Summary of Significant Accounting Policies

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

(a) New accounting standards and interpretations

The Company has adopted all of the new, revised or amended Accounting Standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

(b) Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

These financial statements have been prepared on the basis of historical cost as explained in the accounting policies below.

The prior period comparative information includes the consolidated results of the Company and its former wholly-owned United States subsidiary Aquabotix Technology Corporation (ATC). On 23 December 2020 ATC filed for Chapter 7 bankruptcy in the United States Bankruptcy Court in the District of Massachusetts.

The accounting policies are consistent with prior periods and have been consistently applied unless otherwise stated. The principal accounting policies are set out below.

(c) Going Concern

During the year ended 31 December 2021, the Company incurred a loss after income tax of \$515,432 and had net cash outflows used in operating activities of \$519,050.

This financial report has been prepared on the basis that the Company will continue to meet its commitments and can therefore continue normal business activities and realise assets and settle liabilities in the ordinary course of business.

The Directors believe that there are reasonable grounds to believe that the Company will continue as a going concern for a period of at least 12 months following the date of this report, after consideration of the following factors:

- the Company had net current assets and net assets of \$327,713 including cash and cash equivalents of \$392,061 as at 31 December 2021;
- the Company's securities were suspended from trading on ASX and will remain suspended until the Company embarks on its next chapter of operations. This results in minimal cash spend until such time that the next chapter of operations commences. The Company will have the ability to issue additional shares to raise further working capital and has been successful in doing this previously, as evidenced by the successful capital raising completed during financial year ended 31 December 2020; and
- The Company has the ability to curtail discretionary administrative and overhead cash outflows as and when required.

Notes to the Financial Statements *(Continued)*

For the year ended 31 December 2021

(d) Critical accounting estimates

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

(e) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only for the period ended 31 December 2020. Supplementary information about the parent entity is disclosed in Note 23 for the year ended 31 December 2020. As the Company's wholly owned US based subsidiary Aquabotix Technology Corporation was deconsolidated on 23 December 2020, the current period 31 December 2021 results reflects that of the Company only.

(f) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of UUV Aquabotix Ltd ('Company' or 'parent entity') for the period 1 January 2020 to 23 December 2020.

On this date, the Company's wholly owned US based subsidiary Aquabotix Technology Corporation ("ATC") filed for Chapter 7 bankruptcy in the United States Bankruptcy Court in the District of Massachusetts, and which time ATC was de-consolidated.

Subsidiaries are all those entities over which the Company has control, which occurs if the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is acquired and they are de-consolidated from the date that control ceases.

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

Accordingly, the Company's sole subsidiary ATC was deconsolidated as of 23 December 2020 – refer to Note 5 for further details on the effect of the deconsolidation on the financial statements.

(g) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. The CODM, who is responsible for allocating resources and assessing performance of the operating segments is the CEO.

(h) Current and non-current classification

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

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

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

Notes to the Financial Statements *(Continued)*

For the year ended 31 December 2021

(i) Foreign currency translation

The consolidated financial statements are presented in Australian dollars, which is UUV Aquabotix Ltd's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

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

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

The table below shows the average exchange rates and the exchange rates as at the reporting date for the period.

	USD 2020
As at 31 December	0.77
Average rate for the period ending 31 December	0.72

(j) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into consideration any trade rebates or discounts. Revenue is recognised when it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(k) Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(l) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Notes to the Financial Statements *(Continued)*

For the year ended 31 December 2021

Income tax (continued)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

The Company currently does not recognise any deferred tax assets or liabilities.

(m) Goods and services and other value-added taxes ("GST")

Revenue, expenses and assets are recognised net of the amount of associated GST, except where the amount of GST incurred is not recoverable from the taxation authority, in which case it is recognised as part of the acquisition cost of an asset or as part of the expense.

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

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

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

(n) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less, and bank overdrafts.

For the statement of cash flows presentation purposes, cash and cash equivalents comprise the above.

(o) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowances for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been calculated based on days overdue.

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

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. They are initially recognised at fair value. Due to their short-term nature, they are subsequently measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Research and development

Research costs are expensed as incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Company is able to use or sell the asset; the Company has sufficient resources; and intent to complete the development and its costs can be measured reliably. Otherwise, development costs are expensed as incurred. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit.

(r) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Notes to the Financial Statements *(Continued)*

For the year ended 31 December 2021

(t) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense

The Company makes mandatory fixed percentage contributions for all Australian resident employees to complying third party superannuation funds.

Contributions to these superannuation funds are expensed in the period they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to certain key employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

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

The costs of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(u) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of UUV Aquabotix Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(v) Financial instruments – recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs.

The Company's financial assets include loans, trade and other receivables. After initial recognition, financial assets are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

The Company's financial liabilities include borrowings, trade and other payables. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Notes to the Financial Statements *(Continued)*

For the year ended 31 December 2021

(w) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely dependent of the cash inflows from other assets or other group of assets (cash generating units).

(x) Reclassifications

During the period, certain amounts have been reclassified in order to comply with new accounting standards.

(y) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian accounting standards and interpretations that have recently been issued or amended but are not mandatory for 31 December 2021 reporting periods have not been early adopted by the Company. The Company has not yet assessed the impact of these new or amended standards and interpretations.

2. Critical accounting judgements, estimates and assumptions

In the application of the Company's accounting policies, which are described in Note 1, management is required to make judgements, estimates and assumptions in the preparation of the financial statements about matters that are not readily available from other sources. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share based payments

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

3. Segment information

Operating segment information

Until the cessation of operations of the Company's wholly owned US based subsidiary Aquabotix Technology Corporation ("ATC") and its subsequent filing for Chapter 7 bankruptcy in the United States Bankruptcy Court in the District of Massachusetts, there was one operating segment, being the development and sale of unmanned underwater vehicles. There is no operating segment for the year ended 31 December 2021.

Geographical segment information

The Company's wholly owned US based subsidiary Aquabotix Technology Corporation was deconsolidated on 23 December 2020 and therefore there are no geographical segments for the year ended 31 December 2021. See below the geographical segments for the year ended 31 December 2020.

Notes to the Financial Statements *(Continued)*

For the year ended 31 December 2021

Segment information (continued)

Segment performance 31 December 2020	USA \$	Australia \$	Elimination \$	Total \$
Segment revenue	457,767	-	-	457,767
Other income	-	71,734	-	71,734
Interest income	206	11	-	217
Depreciation	(9,163)	-	-	(9,163)
Finance costs	-	-	-	-
Income tax credit/(expense)	-	-	-	-
Loss after income tax expense	(896,342)	(450,948)	-	(1,347,290)
<i>Assets and liabilities</i>				
Segment assets	-	948,588	-	948,588
Segment liabilities	-	(226,192)	-	(226,192)

4. Revenue

	31 December 2021 \$	31 December 2020
Revenue from contracts with customers		
Sale of goods	-	457,767
	-	457,767
Other revenue		
Interest revenue	81	217
Government grant revenue	-	53,634
Other revenue	12,585	18,100
	12,666	71,951
	12,666	529,718

5. Deconsolidation of subsidiary

On 30 November 2020 the Company's wholly owned US based subsidiary Aquabotix Technology Corporation ("ATC") ceased active conduct of its business operations. Subsequently, on 23 December 2020 ATC filed for Chapter 7 bankruptcy in the United States Bankruptcy Court in the District of Massachusetts. Accordingly, ATC has been de-consolidated as at that date as the Company no longer has control over ATC.

The effect of the de-consolidation of ATC on the loss before income tax for the period is as follows:

Notes to the Financial Statements *(Continued)*

For the year ended 31 December 2021

Deconsolidation of subsidiary (continued)

	31 December 2020
	\$
Derecognition of assets	
Cash at bank	(19,475)
Trade and other receivables	(33,055)
Plant and equipment	(20,921)
	<u>(73,451)</u>
Derecognition of liabilities	
Trade and other payables	156,727
Unearned income	69,312
Borrowings	98,546
	<u>324,585</u>
Net assets de-consolidated	<u>251,134</u>
Gain or de-consolidation recognised in net profit before income tax	228,071
Foreign currency translation reserve	23,063
Net assets de-consolidated	<u>251,134</u>

6. Income taxes

	31 December 2021	31 December 2020
	\$	\$
The components of tax recognised in profit or loss include:		
Current tax	-	-
Deferred tax	-	-
Aggregate income tax expense	<u>-</u>	<u>-</u>
The income tax for the year can be reconciled to the accounting profit as follows:		
Loss before income tax expense	(515,432)	(1,347,290)
Income tax credit calculated at the Australian statutory rate of 25% (2020: 30%)	(128,858)	(404,187)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income tax:		
Other non-allowable items		
Carried forward tax benefits not recognised in the current year	128,858	404,187
	<u>128,858</u>	<u>404,187</u>
Income tax expense/(credit) recognised in profit or loss (relating to continuing operations)	<u>-</u>	<u>-</u>

As at December 2020, the Company had US domiciled tax losses of approximately \$12,972,467 relating to international operations, which will expire at various dates over the next seven years. Such losses may also be subject to changes in ownership provisions.

The operations of the US subsidiary ATC were discontinued on 30 November 2020 and ATC was placed into bankruptcy on 23 December 2020 and de-consolidated as a result.

Accordingly, some or all of these US domiciled tax losses may be limited in future periods or may expire before being able to be applied to reduce future foreign income tax liabilities.

The benefit of these losses has not been recognised and will only be recognised in the future when it is probable that future taxable profits will be available against which the benefits of the deferred tax assets can be utilised. In the opinion of the Directors, it is considered likely that these tax losses will not be available in the future.

Notes to the Financial Statements *(Continued)*

For the year ended 31 December 2021

7. Cash and cash equivalents

	31 December 2021	31 December 2020
	\$	\$
Cash at bank and in hand	387,061	905,823
Short-term deposits	5,000	5,500
	392,061	911,323

8. Trade and other receivables

	31 December 2021	31 December 2020
	\$	\$
Prepayments and other receivables	16,836	37,265
	16,836	37,265

9. Current liabilities – trade and other payables

	31 December 2021	31 December 2020
	\$	\$
Other payables and accrued expenses	81,184	226,192
	81,184	226,192

10. Accumulated losses

	31 December 2021	31 December 2020
	\$	\$
Accumulated losses at the beginning of the financial year	(14,273,059)	(12,948,832)
Loss after income tax expense for the financial year	(515,432)	(1,347,290)
Foreign exchange translation	-	23,063
	(14,788,491)	(14,273,059)

Notes to the Financial Statements *(Continued)*

For the year ended 31 December 2021

11. Loan facility and related parties

On 28 January 2020, UUV Aquabotix Ltd entered into a non-convertible unsecured credit facility agreement, replacing the above facility, with Bergen Global Opportunity Fund LP ("the Lender"), a related party to the Company. Under the agreement, the Lender made available US\$248,000 by way of an unsecured credit facility, to be drawn down at its discretion by the Company over the following 12 months subject to it meeting various administrative conditions precedent. A further US\$352,000 may have been drawn down by mutual agreement between the Company and the Lender. Initial fees of US\$48,000 were payable if the Company elected to draw down on the facility. Interest was payable on any drawn down amount at a rate of 14.99%, payable in arrears on a quarterly basis. The facility was available for a period of 12 months from the date of execution of the agreement. In the event that facility had been drawn down, the maturity date for repayment of the loans would have been 24 January 2021.

The facility with Bergen Global Opportunity Fund LP was never drawn down and was terminated by mutual consent on 23 October 2020.

12. Financial risk management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and inter-company funding. Due to the geographical position of the Company and its activities, it is exposed to a variety of financial risks: market risk (including foreign currency risk), interest rate risk, credit risk and liquidity risk. The Directors' overall risk management program focuses on enabling the Company to meet its financial targets and obligations whilst minimising the potential adverse effects on financial performance.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors. These policies include identification and analysis of the risk exposure of the Company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and mitigates financial risks within the Company's operating units. Finance reports to the Board on a monthly basis.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Market Risk

Foreign currency risk

As a result of the deconsolidation of the Company's wholly owned US based subsidiary Aquabotix Technology Corporation on 23 December 2020, the Company only operates in Australia and therefore is not exposed to any significant foreign currency risk.

Price risk

The Company is not exposed to any significant price risk.

Interest rate risk

The Company is not exposed to any significant interest rate risk. The Company does not have any interest-bearing borrowings.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Company obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Company does not hold any collateral. Credit risk is limited to major banks.

Liquidity risk

The Company manages liquidity risk by maintaining sufficient liquid assets (mainly cash and cash equivalents) in Australia to be able to pay debts as and when they become due. The Company achieves this through the continual monitoring of cashflows and the maturity profile of term deposits. The Company can potentially also raise additional capital as required to manage its liquidity risk.

Notes to the Financial Statements *(Continued)*

For the year ended 31 December 2021

Finance risk management (continued)

The table below reflects the undiscounted contractual settlement terms for financial liabilities.

Contractual maturities of financial liabilities	Less than 6 months \$	6-12 Months \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total contractual cash flows \$	Carrying amount (assets)/ liabilities \$
As at 31 December 2021							
Trade and other payables	81,184	-	-	-	-	81,184	81,184
Total	81,184	-	-	-	-	81,184	81,184
As at 31 December 2020							
Trade and other payables	226,192	-	-	-	-	226,192	226,192
Total	226,192	-	-	-	-	226,192	226,192

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

13. Remuneration of auditor

During the year, the following fees were paid or payable for services provided by the auditor, RSM Australia Partners:

	31 December 2021 \$	31 December 2020 \$
Audit and review of financial reports	25,000	38,500
	25,000	38,500

14. Key Management Personnel disclosure and related party transactions

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	31 December 2021 \$	31 December 2020 \$
Short-term employee benefits	195,000	300,314
Share-based payments	-	87,173
	195,000	387,487

Notes to the Financial Statements *(Continued)*

For the year ended 31 December 2021

Key management personnel disclosure and related party transactions (continued)

Details of performance shares granted to directors and other members of key management personnel of the Company are included in Note 18.

Details of the share options granted to directors and other members of key management personnel of the Company are included in Note 19.

Additional detail in respect of remuneration disclosures for key management personnel are provided in the Remuneration Report contained within the Director's Report.

Fees of \$66,000 were paid and \$6,000 is payable at 31 December 2021 to Azalea Consulting Pty Ltd which is an entity associated with Mr Winton Willesee and Mrs Erlyn Dawson for company secretarial services and for the provision of the front and registered office.

Fees of \$13,388 were paid and \$2,863 are payable at 31 December 2021 to Valle Corporate Pty Ltd which is an entity associated with Mr Winton Willesee and Mrs Erlyn Dawson for accounting services.

All amounts were charged at standard commercial rates or less. There were no transactions with key management personnel and their related parties other than as disclosed above.

15. Issued equity

	Note	No. of shares	\$
Balance at 31 December 2019		516,984,204	12,065,190
Placement – January 2020	(a)	77,500,000	77,500
Placement/Fee Shares – March 2020	(b)	87,500,000	87,500
Placement – April 2020	(c)	59,375,000	47,500
Rights issue – July 2020	(d)	1,583,822,997	1,583,823
Shares issued in lieu of payment for services	(e)	6,000,000	6,000
Shares issued in lieu of Director's fees	(f)	16,387,300	37,500
Shares issued on conversion of options	(g)	333,334	333
Shares issued to CEO in lieu of salary	(h)	28,164,771	31,546
Shares issued to employees in lieu of salaries	(i)	12,307,205	12,307
Capital raising costs		-	(170,187)
Balance as at 31 December 2020		2,388,374,811	13,779,012
No movement during the year		-	-
Balance as at 31 December 2021		2,388,374,811	13,779,012

Notes to the Financial Statements *(Continued)*

For the year ended 31 December 2021

Issued equity (continued)

- Note (a) Issue of 77,500,000 shares at \$0.001 to Azalea Investments Pty Ltd (as entity associated with Winton Willesee)
- Note (b) Issue of 87,500,000 shares at \$0.001
- Note (c) Issue of 59,375,000 shares at \$0.0008 to Azalea Investments Pty Ltd (an entity associated with Winton Willesee)
- Note (d) Issue of 1,583,822,997 shares at \$0.001 pursuant to the Prospectus dated 24 June 2020. Shares were issued as follows:
- Share subscriptions – 505,552,088 shares to raise \$505,552
 - Shares issued pursuant to Underwriting – 494,447,909 shares to raise \$494,448
 - Share issued pursuant to Rights Issue shortfall – 583,823,000 shares to raise \$583,823
- Note (e) Issue of 6,000,000 shares at \$0.001 in lieu of fees for services provided by Azalea Consulting Pty Ltd (an entity associated with Winton Willesee and Erlyn Dawson) for \$6,000
- Note (f) Issue of 16,387,300 shares at \$0.00228 in lieu of Director's fees to Peter James (former Director) for \$25,000 and Rony Investments Pty Ltd (an entity associated with Robert Clisdell a former Director) for \$12,500
- Note (g) 333,334 options exercised at \$0.001
- Note (h) Issue of 28,164,771 shares to Whitney Million (Chief Executive Officer) at \$0.00112 in lieu of salary of \$31,546
- Note (i) Issue of 12,307,205 shares to employees in lieu of salaries and entitlements of \$12,307

Ordinary shares

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

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

Share buy-back

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

Capital risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Notes to the Financial Statements *(Continued)*

For the year ended 31 December 2021

16. Reserves

	Options reserve \$	Foreign exchange reserve \$
Opening balance at 31 December 2019	1,139,149	23,063
Options issued to employees in lieu of salaries	25,402	-
Share option expense recognised during the financial year	101,595	-
Employee share options lapsed and cancelled	(49,703)	-
Deconsolidation of foreign subsidiary (Note 5)	-	(23,063)
Opening balance at 31 December 2020	1,216,443	-
Options issued to employees in lieu of salaries	120,749	-
Balance at 31 December 2021	1,337,192	-

Nature and purpose of reserves

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payment reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Notes to the Financial Statements *(Continued)*

For the year ended 31 December 2021

17. Changes in composition of securities

		Number of Unlisted Options	Number of Listed UUV options	Number of Performance Shares
Opening balance at 1 January 2020		107,000,000	-	30,000,000
Expiry of Class B options	(i)	(10,000,000)	-	-
Expiry of Class C options	(i)	(700,000)	-	-
Options issued pursuant to the Rights Issue	(ii)	-	696,458,395	-
Underwriter options	(ii)	-	359,423,637	-
Class AH options issued	(iii)	29,687,500	-	-
Options Issued to US Employees in lieu of cash salaries and wages	(iv)	-	49,043,979	-
Options exercised	(v)	-	(333,334)	-
Performance shares lapsed during the period		-	-	(30,000,000)
		125,987,500	1,104,592,677	-
Closing balances at 31 December 2020		125,987,500	1,104,592,677	-
Lapse of UUVUOPAE due to employee resignations	(vi)	(26,750,000)	-	-
Expiry of Class D options	(vii)	(700,000)	-	-
Expiry of Class E options	(vii)	(5,000,000)	-	-
Expiry of UUVUOP15	(vii)	(1,000,000)	-	-
Expiry of UUVUOP16,17,18	(vii)	(1,200,000)	-	-
Expiry of US Employees options	(vii)	(600,000)	-	-
Expiry of UUVUOP19	(vii)	(300,000)	-	-
Options Issued to former directors in lieu of unpaid director's fees	(viii)	-	60,000,000	-
Expiry of UUVUOP11	(vii)	(1,500,000)	-	-
Lapse of UUVUOP12, UUVUOP13 and UUVUOP14	(ix)	(4,500,000)	-	-
		84,437,500	1,164,592,677	-
Closing balances at 31 December 2021		84,437,500	1,164,592,677	-

- (i) These options expired during the financial period ended 31 December 2020.
- (ii) These options were issued pursuant to the prospectus dated 24 June 2020.
- (iii) These options were issued as free attaching options to shares subscribed for under a placement to an entity associated with Winton Willesee prior to him becoming a Director.
- (iv) These options were issued to US based employees in lieu of unpaid cash salaries and wages of \$25,402 during the period.
- (v) These options were exercised at a strike price of \$0.001 for consideration of \$333.
- (vi) These options lapsed due to the resignations of Directors and US employees.
- (vii) These options expired during the financial period ended 31 December 2021.
- (viii) 60,000,000 Listed UUVOA Options were issued to former directors in lieu of unpaid director's fees of \$120,749.
- (ix) These options lapsed in the period effective 9 August 2021.

18. Performance shares

The Class B and Class C Performance shares lapsed on 30 November 2020 as the Company's wholly owned US based subsidiary Aquabotix Technology Corporation ("ATC") ceased active conduct of its business operations. Subsequently, on 23 December 2020 ATC filed for Chapter 7 bankruptcy in the United States Bankruptcy Court in the District of Massachusetts. No performance rights were issued in the year ended 31 December 2021.

Notes to the Financial Statements *(Continued)*

For the year ended 31 December 2021

19. Options issued

A share option plan has been established by the Company and approved by shareholders at a general meeting, whereby the Company may grant options over ordinary shares in the Company to key management personnel of the Company (amongst others). The options are issued for not more than nominal consideration and are granted in accordance with performance guidelines established by the Board.

During the year ended 31 December 2021 there were no options issued under the share option plan.

The movement of options during the period is set out in Note 17.

The total options on issue as at 31 December 2021 was 1,249,030,177, comprising 84,437,500 unlisted options and 1,164,592,677 listed UUVOA options and details are set out on page 12 of the Directors Report.

20. Earnings/ (loss) per share

	31 December 2021	31 December 2020
	\$	\$
(a) Loss attributable to the owners of UUV Aquabotix Ltd		
Loss after income tax attributable to the owners of UUV Aquabotix Ltd	(515,432)	(1,347,290)
	Cents	Cents
(b) Loss per share		
Basic loss per share	(0.02)	(0.001)
Diluted loss per share	(0.02)	(0.001)
	Number	Number
(c) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	2,388,374,811	1,267,712,828

All performance shares and share options were considered anti-dilutive in the period ended 31 December 2021 and 31 December 2020.

21. Contingent liabilities

During January 2020, the Group learned that a licensor of technology incorporated into the SwarmDiver™ product, Apium Inc. ("Apium"), a small, privately held U.S. Company, filed a lawsuit against the Company's subsidiary, Aquabotix Technology Corporation ("ATC") in the U.S. District Court, Central District of California in Los Angeles.

The lawsuit includes claims for actual and anticipatory breach of the license agreement, a declaratory judgement that the license is terminated and that Apium itself has not breached the license, as well as violation of the Defend Trade Secrets Act, a U.S. law often invoked in licensing disputes.

The Company believes that the lawsuit is completely without merit and that Apium's actions are themselves a breach of the terms of the license agreement.

The Company notes that the filing of the bankruptcy automatically stays the action, and a formal Notice of Stay of Proceedings due to filing of bankruptcy was filed in December in the U.S. District Court, Central District of California in Los Angeles.

The position remains unchanged and due to the deconsolidation of Aquabotix Technology Corporation from the group on 23 December 2020, this lawsuit is considered to sit with Aquabotix Technology Corporation and not with UUV Aquabotix Ltd.

As at 31 December 2021 the Company had no contingent liabilities (2020: none).

Notes to the Financial Statements *(Continued)*

For the year ended 31 December 2021

22. Reconciliation from loss after income tax to net cash outflow from operating activities

	31 December 2021	31 December 2020
	\$	\$
Operating loss for the year after tax	(515,432)	(1,347,290)
<i>Add/(deduct) non-cash items- income and expenses</i>		
Depreciation	-	9,163
Share option expense	-	77,294
Effects of exchange	212	-
Operating expenses paid in shares	-	91,789
Effect of deconsolidation of subsidiary working capital	-	66,128
<i>Change in operating assets and liabilities:</i>		
- Trade and other receivables	20,429	53,939
- Inventory	-	109,834
- Trade and other payables	(24,259)	56,947
- Other operating liabilities	-	(46,229)
Net cash flows (used in) operating activities	(519,050)	(928,425)

23. Parent entity financial information

The individual financial statements for the accounting parent entity, UUV Aquabotix Ltd, show the following aggregate amounts. As Aquabotix Technology Corporation was deconsolidated on 23 December 2020, the current period 31 December 2021 results reflect that of the Company only.

	31 December 2020 \$
Statement of profit or loss and other comprehensive income	
Loss for the year	(450,948)
Total comprehensive loss	(450,948)
Statement of financial position	
Current assets	948,588
Total assets	948,588
Current liabilities	(226,192)
Total liabilities	(226,192)
Net assets	722,396
Share Capital	13,779,012
Share option reserve	1,216,443
Accumulated losses	(14,273,059)
Total Equity	722,396

Notes to the Financial Statements *(Continued)*

For the year ended 31 December 2021

24. Events after the reporting date

The impact of the COVID-19 pandemic is on-going, and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. Given the Company is largely dormant the pandemic is not expected to have any significant impact at all. The situation is rapidly evolving and could change depending on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected or may significantly affect the results of the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

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Directors' Declaration

In the opinion of the Directors:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the financial year ended on that date;
- 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 Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer for the year ended 31 December 2021 required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

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

On behalf of the Directors



Winton Willesee
Chairman

24 February 2022

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
UUV AQUABOTIX LTD**

Opinion

We have audited the financial report of UUV Aquabotix Ltd (the Company), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 Company is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2021 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
<p>Going Concern Refer to Note 1 in the financial statements</p>	
<p>For the year ended 31 December 2021, the Company had incurred a net loss of \$515,432 and net cash outflows from operating activities of \$519,050.</p> <p>The directors have prepared the financial report on the going concern basis. The directors' assessment of the Company's ability to continue as a going concern is based on a cash flow budget.</p> <p>We determined this assessment of going concern to be a key audit matter due to the significant judgments involved in preparing the cash flow budget and the potential material impact of the results of management's assessment.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Critically assessing the directors' reasons as to why they believe it is appropriate to prepare the financial report on a going concern basis; • Assessing the appropriateness and mathematical accuracy of the cash flow budget prepared by management; • Challenging the reasonableness of key assumptions used; and • Assessing the adequacy of the going concern disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2021 but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2021.

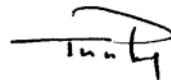
In our opinion, the Remuneration Report of UUV Aquabotix Ltd for the year ended 31 December 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 24 February 2022

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ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 1 February 2022.

1. Quotation

Listed securities in UUV Aquabotix Ltd are quoted on the Australian Securities Exchange under ASX code UUV (Fully Paid Ordinary Shares) and UUVOA (Listed Options), and are not quoted on any other exchange.

2. Voting Rights

The voting rights attached to the Fully Paid Ordinary Shares of the Company are, at a meeting of members or classes of members:

- (a) each member entitled to vote may vote in person or by proxy, attorney or representative; and
- (b) on a show of hands, every person present, who is a member or a proxy, attorney or representative of a member has one vote (even though they may represent more than one member); and
- (c) on a poll, every person present who is a member or a proxy, attorney or representative of a member, has one vote for each Fully Paid Ordinary Share held by the member, or in respect of which she or he is appointed a proxy, attorney or representative.

There are no voting rights attached to any Options on issue.

3. Distribution of Equity Securities:

i) Fully Paid Ordinary Shares

Shares Range	Holders	Units	%
1 - 1,000	32	2,644	-
1,001 - 5,000	26	107,000	-
5,001 - 10,000	53	461,775	0.02
10,001 - 100,000	225	10,987,400	0.46
100,001 and above	1,426	2,376,815,972	99.52
Total	1,762	2,388,374,811	100.00%

On 1 February 2022, there were 636 holders of unmarketable parcels of less than 250,000 Fully Paid Ordinary Shares (based on the last share price of \$0.002).

ii) UUVOA Listed Options exercisable at \$0.001 on or before 28 July 2023

Shares Range	Holders	Units	%
1 - 1,000	5	347	-
1,001 - 5,000	4	14,069	-
5,001 - 10,000	1	6,000	-
10,001 - 100,000	33	1,770,026	0.15
100,001 and above	211	1,162,802,235	99.85
Total	254	1,164,592,677	100.00%

iii) Unlisted Options exercisable at \$0.005 on or before 24 December 2023

Shares Range	Holders	Units	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-

10,001 - 100,000	-	-	-
100,001 and above	7	32,750,000 ¹	100.00
Total	7	32,750,000	100.00%

¹ Holders who hold more than 20% of securities are:

- a. Peter Richard James – 10,000,000 options; and
- b. Rondy Investments Pty Ltd <Clisdell Family No 1> – 7,000,000 options.

iv) **Unlisted Options exercisable at \$0.010 on or before 24 December 2023**

Shares Range	Holders	Units	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 and above	1	6,000,000 ¹	100.00
Total	1	6,000,000	100.00%

¹ Held by Whitney Gayle Million.

v) **Unlisted Options exercisable at \$0.015 on or before 24 December 2023**

Shares Range	Holders	Units	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 and above	1	6,500,000 ¹	100.00
Total	1	6,500,000	100.00%

¹ Held by Whitney Gayle Million.

vi) **Unlisted Options exercisable at \$0.020 on or before 24 December 2023**

Shares Range	Holders	Units	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 and above	1	6,500,000 ¹	100.00
Total	1	6,500,000	100.00%

¹ Held by Whitney Gayle Million.

vii) **Unlisted Options exercisable at \$0.30 on or before 26 April 2022**

Shares Range	Holders	Units	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-

100,001 and above	1	3,000,000 ¹	100.00
Total	1	3,000,000	100.00%

¹Held by Peter Richard James.

viii) **Unlisted Options exercisable at \$0.0008 on or before 30 June 2022**

Shares Range	Holders	Units	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 and above	1	29,687,500 ¹	100.00
Total	1	29,687,500	100.00%

¹Held by Azalea Investments Pty Ltd.

4. **Substantial Shareholders**

There are no substantial shareholders notified to the Company, or listed on the Company's Share Register as at 1 February 2022.

5. **Restricted Securities**

There are no restricted securities on the Company's securities registers as at 1 February 2022.

6. **On market buy-back**

There is currently no on market buy-back in place.

7. **Twenty Largest Shareholders:**

The twenty largest holders of the Company's quoted Shares as at 1 February 2022 are as follows:

UUV Fully Paid Ordinary Shares:

Name	No. of Shares	%
1 SCINTILLA STRATEGIC INVESTMENTS LIMITED	100,000,000	4.19%
2 SILVERINCH PTY LIMITED <THE SILVERINCH S/F A/C>	84,723,000	3.55%
3 MR MARK ALEXANDER BROUSEK & MRS RHONDA JOAN BROUSEK	71,000,000	2.97%
4 BOND STREET CUSTODIANS LIMITED <DOBAND – I20149 A/C>	55,495,612	2.32%
5 MR MICHAEL SCHLOMAN	54,999,999	2.30%
6 HONGMEN PTY LTD <HONGMEN FAMILY A/C>	40,000,000	1.67%
7 PETER RICHARD JAMES	32,676,281	1.37%
8 MRS CHRISTINE MULLER	30,000,000	1.26%
8 MR BRADLEY AITKEN & MRS LEANNE LOUISE AITKEN <B AITKEN SUPERFUND A/C>	30,000,000	1.26%
9 WHITNEY GAYLE MILLION	28,164,771	1.18%
10 MR PHILLIP JAMES RAE	25,000,000	1.05%
11 AC YOUNG PTY LTD <AC YOUNG A/C>	24,723,000	1.04%
12 AQUABOTIX TECH. CORP. 401(K) DURVAK TAVARES	23,049,813	0.97%
13 AMAX PACIFIC PTY LIMITED	22,500,000	0.94%
14 SCINTILLA CAPITAL PTY LTD	20,000,000	0.84%

Name	No. of Shares	%
14 MR GREGORY MILTS	20,000,000	0.84%
14 RUI LONG INTERNATIONAL PTY LTD <RUI LONG FAMILY A/C>	20,000,000	0.84%
15 MR DANIEL ROSS BAOHM	19,872,658	0.83%
16 MR MOHAMMAD MANZUR MURSHED	18,500,000	0.77%
17 MR HIEN QUANG TRINH <TRIVEST CAPITAL A/C>	18,000,000	0.75%
18 MR ADRIAN TREVOR BANDUCCI	16,000,000	0.67%
19 RONDY INVESTMENTS PTY LTD <CLISDELL FAMILY NO 1 A/C>	15,700,407	0.66%
20 MR REUBEN MICHAEL CIAPPARA	15,000,000	0.63%
Total	785,405,541	32.88%

8. Twenty Largest Optionholders:

The twenty largest holders of the Company's quoted Options as at 1 February 2022 are as follows:

UUVOA Listed Options:

Name	No. of Shares	%
1 HAMMERHEAD HOLDINGS PTY LTD <HHH S/F A/C>	96,000,000	8.24%
2 GEORDIE BAY HOLDINGS PTY LTD	75,476,806	6.48%
3 MR MICHAEL FRANK MANFORD	60,903,636	5.23%
4 DRAGAN INV PTY LTD <DN SUPER FUND A/C>	50,000,000	4.29%
5 UPSKY EQUITY PTY LTD <UPSKY INVESTMENT A/C>	46,666,666	4.01%
6 PETER RICHARD JAMES	40,000,000	3.43%
7 LONGREACH 52 PTY LTD	38,666,666	3.32%
8 WHITNEY GAYLE MILLION	35,000,000	3.01%
9 CHRISTIE JAMES FUNDS MANAGEMENT PTY LTD <CHRISTIE JAMES FUND A/C>	32,379,966	2.78%
10 SILVERINCH PTY LIMITED <THE SILVERINCH S/F A/C>	28,241,000	2.42%
11 SCINTILLA STRATEGIC INVESTMENTS LIMITED	26,666,667	2.29%
12 LOKTOR HOLDINGS PTY LTD <TAYBIRD A/C>	24,907,666	2.14%
12 AC YOUNG PTY LTD <AC YOUNG A/C>	24,907,666	2.14%
13 MR GREGORY MILTS	23,000,000	1.97%
14 MR ARJUNAN SUNDARAMOORTHY	22,500,000	1.93%
15 MR ROBERT ANTHONY CLISDELL	20,000,000	1.72%
15 MR DRAGOSLAV JEVTIC & MRS NICOLE JEVTIC	20,000,000	1.72%
15 KOBALA INVESTMENTS PTY LTD <FERNANDO EDWARD FAMILY A/C>	20,000,000	1.72%
16 RONDY INVESTMENTS PTY LTD <CLISDELL FAMILY NO 1 A/C>	18,277,934	1.57%
17 MRS LISA MARLANE ROBERTS	17,747,016	1.52%
18 AZALEA INVESTMENTS PTY LTD	16,666,666	1.43%
19 INCISIVE ACCOUNTING PTY LTD	16,325,000	1.40%
20 MR STEPHEN JULIAN KOUKOULAS	15,000,000	1.29%
Total	769,333,355	66.06%