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Netlinkz

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NETLINKZ LIMITED

**APPENDIX 4D
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

ACN 141 509 426

APPENDIX 4D

FY 2022 Interim Financial Report

Under ASX Listing Rule 4.2A

COMPANY DETAILS

Name of entity: Netlinkz Limited

ACN: 141 509 426

Reporting period: For the half year ended 31 December 2021

Previous period: For the half year ended 31 December 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Statutory results summary

	1 July 2020 to	1 July 2021 to	Change	Change	Up/Down
	31 December	31 December			
	2020	2021		%	
	\$	\$	\$	%	
Revenue from customers	8,720,841	8,876,561	155,720	2%	Up
Revenue from ordinary activities (incl. interest and grant income)	9,407,847	8,899,060	(508,788)	(5%)	Down
Loss from ordinary activities after tax attributable to members	(15,610,680)	(4,428,389)	11,182,291	(72%)	Down
Net loss for the period attributable to members	(15,610,680)	(4,428,389)	11,182,291	(72%)	Down
Amount per security of final and interim dividends	Nil	Nil	-	-	-
Franked amount per security of final and interim dividends	Nil	Nil	-	-	-
Record rate for dividend entitlements	Nil	Nil	-	-	-

COMMENTARY ON RESULTS

Refer to the Directors' Report "Review of Operations" in the Interim Financial Report for commentary on the results for the period and explanations to understand the Group's revenue and loss from ordinary activities.

NET TANGIBLE ASSETS PER ORDINARY SHARE

	31 Dec 2021	30 Jun 2021
Net tangible assets per ordinary share	\$0.0020	\$0.0027

The number of ordinary shares on issue at 31 December 2021 is 3,263,160,324.

CONTROL GAINED OR LOST OVER ENTITIES DURING THE PERIOD

There were no entities for which control was gained or lost during the half year ended 31 December 2021.

DIVIDENDS

Current period

No dividends were paid, recommended, or declared during the half year ended 31 December 2021.

Previous period

No dividends were paid, recommended, or declared during the half year ended 31 December 2020.

DIVIDEND REINVESTMENT PLANS

Not applicable.

DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

The Company does not have any associates or joint venture entities.

Refer to Note 17. Interests in subsidiaries for further information.

FOREIGN ENTITY ACCOUNTING STANDARDS

The Company compiled the consolidated financial information in accordance with International Financial Reporting Standards for all foreign entities.

REVIEW

The financial information provided in the Appendix 4D is based on the attached Interim Financial Report which has been prepared in accordance with Australian Accounting Standards.

The 31 December 2021 Interim Financial Report has been reviewed and is not subject to audit dispute or qualification.

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

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NETLINKZ LIMITED

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

ACN 141 509 426

CORPORATE DIRECTORY

Directors

Stephen Gibbs	Non-Executive Chairman
James Tsiolis	Managing Director and Chief Executive Officer
Hualin Zhang	Non-Executive Director
Geoffrey Raby	Non-Executive Director
James Stickland	Non-Executive Director
Grant Booker	Non-Executive Director

Company secretary

Guy Robertson

Registered office

65 Stanley Street
Darlinghurst NSW 2010

Principal place of business

65 Stanley Street
Darlinghurst NSW 2010

Share register

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
172 St Georges Terrace
Abbotsford VIC 3067
Australia

Auditor

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
Australia

Stock exchange listing

Netlinkz Limited shares are listed on the Australian Securities Exchange

ASX code: NET

Website

www.netlinkz.com

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DIRECTORS' REPORT

DIRECTORS

The names of directors who held office during or since the end of the half year are:

- Stephen Gibbs – Non-Executive Chairman
- James Tsiolis – Managing Director and Chief Executive Officer
- Hualin Zhang – Non-Executive Director
- James Stickland - Non-Executive Director
- Geoff Raby AO - Non-Executive Director
- Grant Booker - Non-Executive Director

PRINCIPAL ACTIVITIES

Netlinkz Limited (Netlinkz or the Company) (ASX:NET) provides secure and efficient cloud networking solutions. The Company provides a physical and virtual secure 'Network as a Service' (NaaS) for enterprises of all sizes with its patented technology and products. Netlinkz is focused on cloud-first, security, scalability, and simplicity, allowing its customers to concentrate on business growth, team collaboration, and global sharing of critical data. The technology makes Fortune-500 security commercially available for organisations of all sizes. NET has received numerous industry awards for its technology, including being a worldwide winner of the Global Security Challenge.

REVIEW OF OPERATIONS

The Directors of Netlinkz are pleased to present their report on the consolidated entity and the entities it controlled at the end of the half year period ended 31 December 2021. In the six months ended 31 December 2021, Netlinkz has grown its number of subscription based NaaS recurring revenue customers, increased its operating margin and has been able to further reduce costs, resulting in a significantly stronger financial result for the half year.

Revenue at \$8.9m was 2% up on the prior half year, however revenue in fact increased 25% when discontinued low margin hardware sales are removed from the prior period result. The net loss for the consolidated entity amounted to \$4,428,389 (31 December 2020: loss of \$15,610,680).

A key milestone in the half year was the release of Version 2.2 of the VSN on 31 December 2021. This has enabled Netlinkz to establish 'cloud native' presence for use in large cloud services including Microsoft Azure, AWS, Google Cloud, Alibaba Cloud, JD Cloud and others. The release of VSN 2.2 enables easy global connectivity to cloud providers which will facilitate accelerating growth in Enterprise client numbers. VSN 2.2 brings together a consistent and cohesive set of functionalities in support of Netlinkz's three targeted use-cases (Work from Anywhere, Multiple Cloud Access and Zero Trust Branch networking).

Revenue generation is made up of the following activities:

- Warehousing and logistics
- Cloud migration
- Surveillance
- Artificial Intelligence
- Fin Tech
- Remote working – mobility

Enterprise client numbers grew from 68 at the start of the financial year to 102 as of 31 December 2021. The roll out of VSN 2.2 has commenced in Australia, MENA, China and Europe. Sales to enterprises (local and western companies) in China continues to grow, with a significant increase in recurring revenue. Recurring contracted revenue continues to increase from \$13.8m annualised to \$18.4m annualised over the six-month period.

With the growth in NaaS and VSN subscription, revenue gross margins have improved to 25% compared with 14.9% for 1H 2021.

China

China revenue totalled \$7.3m for the half year (1H2021: \$7.7m). The prior half year included approximately \$1.6m of low margin hardware sales which is no longer a core offering, with key sources of revenue now being VSN and VSN 2.2 revenue and NaaS based services, including secure networking design, implementation, and engineering work.

China continues to grow its contracted recurring revenue base with enterprise customers - predominantly foreign companies based in China.

Netlinkz's joint venture in China – iLinkAll, is now achieving break even each month. iLinkAll, excluding R&D, returned a positive cashflow result for the half year. The business is currently restructuring to facilitate a focus on business unit reporting and profitability, with VSN and engineering (including design and implementation) reporting to two senior division heads.

The iLinkAll continues to build on its enterprise customer base and successfully migrated Austcham Beijing to cloud using VSN as NaaS service. Further opportunity exists to extrapolate this success to international enterprises in China.

MENA

Netlinkz's Joint Venture with Al Rabban, Qatar continues to focus on the development of business in Qatar, Kuwait, Kingdom of Saudi Arabia, United Arab Emirates, Bahrain, Oman, Jordan, Lebanon, Egypt and Iraq. It is expected that the first contract opportunities will be converted in H2FY2022 with the focus on surveillance, remote working – mobility and fintech.

Europe

Netlinkz is continuing to work with Uni Systems on European R&D initiatives and go to market opportunities with enterprise clients in Europe. Surveillance underpinned by the VSN will be the first product bundle for the European market.

The Company is also exploring various jurisdictions in the northern hemisphere (excluding India and China) to establish its customer support centre for the provision of the 24/7 client support for its products globally.

Australia

SSI contributed the majority ~\$1.1m of the Rest Of World (ROW) revenue for the half year and is continuing to grow its surveillance revenue with a number of new additional customers in the period to 31 December 2021.

Netlinkz's alliance with SouthCloud, a telecommunications provider servicing rural customers across the country, has continued to develop with VSN 2.2 being included in SouthCloud's product offering, underpinning SouthCloud's backbone in network security. The SSI management team have commenced working with SouthCloud to assist with the rollout of VSN 2.2 to the growing SouthCloud customer base.

Product Development

Development and evolution VSN 2.2

The Netlinkz secure communication platform aims to instrument every connection in an increasingly mobile world. As users' devices and applications become more ephemeral and transient as communications become more sophisticated, digital identities are blurring the lines between the physical and the virtual. As data generation continues to exponentially grow, Netlinkz VSN secures communications from any location everywhere. It assures data integrity and ownership while ensuring privacy and anonymity for every device and application. Most importantly, Netlinkz solutions can scale to meet the growth requirements demanded by enterprises.

Mobility is the new normal

The global COVID pandemic has accelerated what was a secular trend to more mobile interaction in the business world. The way in which enterprises' leverage technology has also changed. As enterprise workforces shift from in-office to hybrid working, connectivity from private to the Internet and applications from on-premise to cloud, business leaders have found new ways to embrace technology to digitise all aspects of their businesses - understanding that the risk of not doing so, may mean going out of business.

Pre-*new-normal* norms have dictated that enterprise connectivity be designed to support fixed infrastructure domains – namely LAN, WAN and DC/Cloud. It assumed that user-to-application connectivity originated in a LAN, transverses a WAN and terminated in a DC or cloud location. In the *new-normal*, these domains are dissolving as users and applications become mobile, rendering such assumptions inaccurate.

Netlinkz Solution

Netlinkz's personal secure communications platform powered by Netlinkz VSN is a mobility-first platform designed to address this new phenomenon. It offers consistent availability, security, and performance regardless of user location. As

employees connect in a variety of ways from a variety of locations, IT administrators can ensure that employees have privileged access to required resources to perform their work duties.

Enterprises who leverage the Netlinkz VSN will be able to enforce secure communication policies (compliance), simplify operations (cost), improve security (business continuity), while directly correlating technology investment to user-productivity through efficient management of devices across many locations (value).

Corporate Overview

Personnel

Chief Technology Officer (CTO), Mr Rotem Salomonovitch commenced in August 2021.

Mr Salomonovitch is an industry veteran with two decades of experience in the networking industry. He has over 10 years' professional experience as a product leader in software-defined networking and IOT, particularly in the highly competitive USA and Australian markets. Mr Salomonovitch has deployed and scaled up advanced networking solutions with a range of US based and global organisations and has worked at the cutting edge of networking and digital infrastructure solutions since 2007.

Mr Matthew Ryan resigned as CFO on 29 December 2021 and this role has now been assumed by Mr Guy Robertson (B.Com Hons) CA.

Funding

The exercise of options in July and December raised \$520,000 (26,000,000 options) and \$300,000 (15,000,000 options) respectively. In addition, the Company issued 13,989,054 shares in settlement of debt and invoices totalling \$444,432.

The Company rolled over \$1.13m of debt in December 2021 to 15 June 2022, at an interest rate of 20%.

The Company issued 10,000,000 shares to the incoming CTO in December 2021, escrowed for 3 years, and 3,000,000 shares in December 2021 to the outgoing CFO in line with contract.

SIGNIFICANT CHANGE IN THE STATE OF AFFAIRS

It is the opinion of the Directors that there were no significant changes in the state of affairs of the consolidated entity during the half year period ended 31 December 2021, except as otherwise noted in this report.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE PERIOD

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years, except as otherwise stated in this report.

DIVIDENDS

No dividends have been declared for the half year period ended 31 December 2021 or for the previous corresponding period.

INDEMNIFICATION OF AUDITORS

The Company has not, during or since the end of the half year period ended 31 December 2021, indemnified, or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the half year period ended 31 December 2021, 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 GROUP

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.

AUDITOR INDEPENDENCE

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is included in this report.

AUDITOR

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

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



James Tsiolis
Director
Sydney NSW

Dated this 28th day of February 2022.

DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF NETLINKZ LIMITED

As lead auditor for the review of Netlinkz Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Netlinkz Limited and the entities it controlled during the period.



Ashleigh Woodley
Director

BDO Audit (WA) Pty Ltd
Perth, 28 February 2022

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Continuing operations	Note	Consolidated for the half year ended	
		31 Dec 2021	31 Dec 2020
		\$	\$
Revenue	3	8,876,561	8,720,841
Other income	3	22,499	687,006
		<u>8,899,060</u>	<u>9,407,847</u>
Expenses			
Business development, marketing, travel and accommodation expenses		(715,129)	(308,669)
Admin, office and corporate expenses		(3,132,878)	(7,414,378)
Development and commercialisation expenses		(899,201)	(750,662)
Selling, design, implementation and hardware expenses	4(a)	(7,326,021)	(7,420,514)
Financing costs	4(b)	(232,725)	(8,579,181)
Employee share based payment expenses (shares and options)	4(c)	(643,506)	(634,866)
Other share based payment expenses (shares and options)	4(d)	-	(210,000)
Net fair value (loss)/gain on debt settlement	4(e)	-	334,504
Foreign exchange loss		(377,989)	(34,761)
	4(f)	<u>(13,327,449)</u>	<u>(25,018,527)</u>
Loss before income tax expense		(4,428,389)	(15,610,680)
Income tax expense		-	-
Loss after income tax expense for the half year		<u>(4,428,389)</u>	<u>(15,610,680)</u>
Other comprehensive income			
<i>Items that will be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		210,940	(78,681)
Other comprehensive income (loss) for the year, net of tax		210,940	(78,681)
Total comprehensive loss for the half year		<u>(4,217,449)</u>	<u>(15,689,361)</u>
<i>Loss for the half year is attributable to:</i>			
Members of the parent entity		(4,441,739)	(15,408,460)
Non-controlling interests		13,350	(202,220)
		<u>(4,428,389)</u>	<u>(15,610,680)</u>
<i>Total comprehensive loss for the half year is attributable to:</i>			
Members of the parent entity		(4,250,563)	(15,499,152)
Non-controlling interests		33,114	(190,209)
		<u>(4,217,449)</u>	<u>(15,689,361)</u>
Loss per share from continuing operations		\$	\$
Basic loss per share	16	(0.0014)	(0.0067)
Diluted loss per share	16	(0.0014)	(0.0067)

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

		Consolidated as at	
	Note	31 Dec 2021	30 Jun 2021
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	5	7,382,748	10,836,411
Trade and other receivables	6	1,790,340	1,912,240
Inventory		37,792	-
Other assets	6	1,153,247	1,184,676
Total current assets		10,364,127	13,933,327
Non-current assets			
Property, plant and equipment		2,856	7,692
Investments		100,000	100,000
Receivable from Southcloud Pty Ltd	7	538,550	-
Right of use asset		174,325	216,722
Intangible assets	8	3,005,334	3,362,075
Goodwill	8	9,381,815	9,381,815
Total non-current assets		13,202,880	13,068,304
Total assets		23,567,007	27,001,631
LIABILITIES			
Current liabilities			
Trade and other payables	9	585,851	2,628,618
Employee benefits	10	92,811	316,104
Borrowings	11	1,130,000	1,343,190
Other current liabilities	12a	2,632,944	1,322,830
Total current liabilities		4,441,606	5,610,742
Non-current liabilities			
Borrowings	11	-	-
Other non-current liabilities	12b	-	23,537
Total non-current liabilities		-	23,537
Total liabilities		4,441,606	5,634,279
Net assets		19,125,401	21,367,352
Equity			
Issued capital	13	122,473,735	120,447,809
Reserves	15	12,735,065	12,594,317
Accumulated losses	16	(116,231,700)	(111,789,961)
Capital and reserves attributable to members of the parent entity		18,977,100	21,252,165
Non-controlling interests		148,301	115,187
Total equity		19,125,401	21,367,352

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

Attributable to owners of Netlinkz Limited							
	Notes	Issued capital	Reserves	Accumulated losses	Total equity	Non-controlling interest	Total equity
Consolidated		\$	\$	\$	\$	\$	\$
At 1 July 2020		79,736,988	8,915,364	(88,338,081)	314,271	396,884	711,155
Loss for the year		-	-	(15,408,460)	(15,408,460)	(202,220)	(15,610,680)
Other comprehensive income		-	(90,692)	-	(90,692)	12,011	(78,681)
Total comprehensive loss for the year		-	(90,692)	(15,408,460)	(15,499,152)	(190,209)	(15,689,361)
Transactions with owners in their capacity as owners:							
Share issue		23,717,588	-	-	23,717,588	-	23,717,588
Collateral shares converted to ordinary shares		1,331,700	-	-	1,331,700	-	1,331,700
Share based payments		-	3,562,343	-	3,562,343	-	3,562,343
Capital raising costs		(1,127,421)	-	-	(1,127,421)	-	(1,127,421)
Balance at 31 December 2020	12	103,658,855	12,387,015	(103,746,541)	12,299,329	206,675	12,506,004

Attributable to owners of Netlinkz Limited							
		Issued capital	Reserves	Accumulated losses	Total equity	Non-controlling interest	Total equity
Consolidated		\$	\$	\$	\$	\$	\$
Balance at 1 July 2021		120,447,809	12,594,317	(111,789,961)	21,252,165	115,187	21,367,352
Loss for the half year		-	-	(4,441,739)	(4,441,739)	13,350	(4,428,389)
Other comprehensive income		-	191,176	-	191,176	19,764	210,940
Total comprehensive loss for the half year		-	191,176	(4,441,739)	(4,250,563)	33,114	(4,217,449)
Transactions with owners in their capacity as owners:							
Share issue		1,564,432	-	-	1,564,432	-	1,564,432
Share based payments		-	411,066	-	411,066	-	411,066
Shares issued on conversion of performance rights		461,494	(461,494)	-	-	-	-
Capital raising costs		-	-	-	-	-	-
Balance at 31 December 2021	12	122,473,735	12,735,065	(116,231,700)	18,977,100	148,301	19,125,401

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

	Note	Consolidated	
		31 Dec 2021	31 Dec 2020
		\$	\$
Cash flows from operating activities			
Receipts from customers		10,845,208	10,879,184
Payments to suppliers and employees		(14,232,253)	(16,525,828)
Grants received		8,540	79,293
Tax paid		(843)	-
Interest received		13,959	36,040
Interest paid		(114,817)	(277,366)
Net cashflows (used in) operating activities		(3,480,206)	(5,808,677)
Cash flows from investing activities			
Investment in low-risk at-call financial assets (FVTPL)		-	2,683,264
Advances made to third party borrowers		(538,550)	-
Payment for software development costs		(21,002)	(36,631)
Net cashflows (used in)/from investing activities		(559,552)	2,646,632
Cash flows from financing activities			
Proceeds from issue of shares		-	7,914,000
Proceeds from issue of convertible notes		-	4,995,000
Payments of convertible note redemptions		-	(11,193,822)
Proceeds from exercise of share options		820,000	1,486,350
Capital raising expenses		-	(672,088)
Proceeds from borrowings		-	11,250,000
Repayments of borrowings		(20,000)	(6,870,000)
Principle lease payments		(27,151)	(65,510)
Net cashflows from financing activities		772,849	6,843,930
Net (decrease)/increase in cash and cash equivalents		(3,266,909)	3,681,885
Effect of foreign exchange movements on cash		(186,754)	(142,018)
Cash and cash equivalents at the beginning of the period		10,836,411	1,439,935
Cash and cash equivalents at the end of the period	5	7,382,748	4,979,802

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

General information

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

Netlinkz Limited (ASX:NET) is a listed public company limited by shares, incorporated and domiciled in Australia.

Basis of preparation

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report. The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the year ended 30 June 2021.

Going concern

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

The Group incurred a total comprehensive loss of \$4,428,389, had net cash outflows from operating activities of \$3,529,495 for the half year and working capital of \$6,393,571 as at 31 December 2021.

The ability of the Group to continue as a going concern is dependent upon its ability to generate operating profits and secure funds by raising capital or sale of assets. The Directors are confident of the ability of the Company to raise capital as and when required.

These conditions indicate the existence of a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors are satisfied there are sufficient funds to meet the Group's working capital requirements as at the date of this report. The Directors believe that there are reasonable grounds to believe that the Company and the Group will continue as a going concern, after consideration of the following factors:

- The Group is demonstrating solid recurring revenue growth, after removing approximately \$1.6m of non-recurring hardware sales in the previous half year period.
- As at the date of this Report, there are approximately 107.8 million unlisted options on issue, the exercise of which may provide additional funding to the Company (although no forecast is made of whether any options will be exercised into shares).
- Subject to shareholder approval, or its available issue capacity pursuant to ASX Listing Rule 7.1, the Company has the ability to issue additional equity under the Corporations Act 2001 to raise further working capital and has a track record for being able to do so in the past, as evidenced by the two successful share placements (\$7,914,000 and \$14,979,270) completed in the financial year ended 30 June 2021.
- The Board receives consolidated profit and loss, balance sheet and cash flow statements on a regular basis. The directors regularly monitor the Group's cash position and consider a number of strategic initiatives to ensure that adequate funding continues to be available.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

NOTE 2. OPERATING SEGMENTS

Identification of reportable operating segments

The consolidated entity is organised into two operating segments based on differences in geography: Australia & New Zealand and International of which China is the first material country starting operations to develop and sell products and services. Each country has a management team to oversee the local operations and undertake local research and development, including source code specific to that country and/or region. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews monthly management and financial reports, including EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

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

Types of products and services

The principal products and services of each of these operating segments are as follows:

Software & licensing revenue	the sale, licensing and support of software.
Consulting, design & implementation services	the design and execution of secure network migration and deployment services and hardware.

Intersegment transactions

No intersegment transactions occurred during the period.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Operating segment information

For the half year ended 31 December 2021	Australia & New Zealand	China	Corporate	Netlinkz Group
EBITDA	\$	\$	\$	\$
Revenue	1,516,204	7,360,357	-	8,876,561
Other income	7,872	306	14,321	22,499
Total revenue	1,524,076	7,360,663	14,321	8,899,060
Selling, design, implementation and hardware expenses	(560,602)	(6,764,906)	(513)	(7,326,021)
Employees share based expenses (shares and options)	(110,208)	(532,262)	(1,036)	(643,506)
Foreign exchange movements	(80,956)	(296,456)	(577)	(377,989)
Other operating expenses	(1,211,481)	(3,103,787)	(3,864)	(4,319,132)
Total EBITDA	(439,171)	(3,336,748)	8,331	(3,767,588)
Depreciation and amortisation	(178,035)	(235,051)	(14,990)	(428,076)
Finance and restructuring costs	-	(47,533)	(185,192)	(232,725)
Loss before income tax from continuing operations	(617,206)	(3,619,332)	(191,851)	(4,428,389)

For the half year ended 31 December 2020	Australia & New Zealand	China	Corporate	Netlinkz Group
	\$	\$	\$	\$
EBITDA				
Revenue	918,630	7,699,410	102,801	8,720,841
Other income	29,293	-	657,713	687,006
Total revenue	947,923	7,699,410	760,514	9,407,847
Selling, design, implementation and hardware expenses	(66,989)	(7,353,525)	-	(7,420,514)
Employees share based expenses (shares and options)	(63,968)	(519,576)	(51,322)	(634,866)
Other share based expenses (shares and options)	(21,159)	(171,865)	(16,976)	(210,000)
Net fair value gain/(loss) on debt settlement	33,704	273,759	27,041	334,504
Foreign exchange movements	(15,669)	(17,375)	(1,717)	(34,761)
Other operating expenses	(1,321,274)	(6,218,714)	(470,188)	(8,010,176)
Total EBITDA	(507,432)	(6,307,886)	247,352	(6,567,966)
Depreciation and amortisation	(191,233)	(1,736)	(270,564)	(463,533)
Finance and restructuring costs	(6)	(7,026)	(8,572,149)	(8,579,181)
Profit/(loss) before income tax from continuing operations	(698,671)	(6,316,648)	(8,595,361)	(15,610,680)

As at 31 December 2021	Australia & New Zealand	China	Corporate	Netlinkz Group
	\$	\$	\$	\$
Summarised balance sheet				
Current assets	1,430,474	4,930,603	4,003,050	10,364,127
Current liabilities	(985,940)	(215,446)	(3,240,220)	(4,441,606)
Current net assets	444,534	4,715,157	762,830	5,922,521
Non-current assets	8,000,182	4,366,339	836,359	13,202,880
Non-current liabilities	-	-	-	-
Non-current net assets	8,000,182	4,366,339	836,359	13,202,880
Net assets	8,444,716	9,081,496	1,599,189	19,125,401

As at 30 June 2021	Australia & New Zealand	China	Corporate	Netlinkz Group
	\$	\$	\$	\$
Summarised balance sheet				
Current assets	147,092	4,247,581	9,538,654	13,933,327
Current liabilities	(338,518)	(724,556)	(4,547,668)	(5,610,742)
Current net assets	(191,426)	3,523,025	4,990,986	8,322,585
Non-current assets	8,292,982	4,571,548	203,774	13,068,304
Non-current liabilities	-	-	(23,537)	(23,537)
Non-current net assets	8,292,982	4,571,548	180,237	13,044,767
Net assets	8,101,556	8,094,573	5,171,223	21,367,352

NOTE 3. REVENUE AND OTHER INCOME

Disaggregation of revenue

	Consolidated for the half year ended	
	31 Dec 2021	31 Dec 2020
	\$	\$
Consulting, design and implementation revenue	7,527,401	7,699,410
Software, service and licensing revenue	1,349,160	1,021,431
Total revenue	8,876,561	8,720,841

	Consolidated for the half year ended	
	31 Dec 2021	31 Dec 2020
	\$	\$
Other Income		
Interest	13,959	36,040
COVID-19 cash flow boost	8,540	79,293
Grants and research and development tax offset	-	571,673
Total other income	22,499	687,006

	<i>Consulting, design & implementation revenue</i>	<i>Software and Licensing revenue</i>	<i>Total</i>
Revenue	31 Dec 2021	31 Dec 2021	31 Dec 2021
	\$	\$	\$
Primary Geographical markets			
Australia	167,044	626,590	793,634
New Zealand	-	722,570	722,570
China	7,360,357	-	7,360,357
Other	-	-	-
	7,527,401	1,349,160	8,876,561

Timing of revenue Recognition

	<i>Consulting, design & implementation revenue</i>	<i>Software and Licensing revenue</i>	<i>Total</i>
Revenue	31 Dec 2020	31 Dec 2020	31 Dec 2020
	\$	\$	\$
Products transferred at point in time	167,044	157,975	325,019
Products and services transferred over time	7,360,357	1,191,185	8,551,542
	7,527,401	1,349,160	8,876,561

	<i>Consulting, design & implementation revenue</i>	<i>Software and Licensing revenue</i>	<i>Total</i>
Revenue	31 Dec 2020	31 Dec 2020	31 Dec 2020
	\$	\$	\$
Primary Geographical markets			
Australia	-	305,818	305,818
New Zealand	-	693,701	693,701
China	7,699,410	-	7,699,410
Other	-	21,912	21,912
	7,699,410	1,021,431	8,720,841

Timing of revenue Recognition

	<i>Consulting, design & implementation revenue</i>	<i>Software and Licensing revenue</i>	<i>Total</i>
Revenue	31 Dec 2020	31 Dec 2020	31 Dec 2020
	\$	\$	\$
Products transferred at point in time	-	25,853	25,853
Products and services transferred over time	7,699,410	995,578	8,694,987
	7,699,410	1,021,431	8,720,841

NOTE 4. EXPENSES

(a) Selling, design, implementation and hardware expenses

These are direct costs associated with design, implementation and hardware costs of sales in China and New Zealand.

(b) Financing costs

These are costs and facilitation fees incurred to secure financing and funding for the Group including interest expense.

(c) Employees share based payment expenses

These are incentives paid to directors and employees settled in shares or options.

(d) Other share-based payment expenses

In the prior year, the Company issued 3,500,000 shares at \$0.06 per share as payment of investor relations and media strategy services to Everblu Capital Pty Ltd, the Company's previous corporate advisor.

(e) Net fair value gain on debt settlements

In the prior year, the Group settled outstanding debts using shares and options. Net fair value gain represents the difference between the fair value of instruments used for debt settlements and carrying amount of the debts.

(f) Included in expenses are the following costs:

	Consolidated for the half year ended	
	31 Dec 21	31 Dec 20
	\$	\$
Employee salary and wages expense	2,677,767	3,094,398
Consulting fees	853,592	1,629,789
Foreign exchange loss	377,989	34,761
Amortisation expense	377,743	378,968
Contractor fees	276,834	496,037
Interest paid/payable	131,514	1,740,117
Compliance and other costs related to being listed	88,163	177,219
Rental outgoings	57,392	56,029
Depreciation expense	50,333	84,565

NOTE 5. CASH AND CASH EQUIVALENTS

	Consolidated as at	
	31 Dec 21	30 Jun 21
	\$	\$
Cash at bank	7,382,748	10,836,411

NOTE 6. TRADE AND OTHER RECEIVABLES

	Consolidated as at	
	31 Dec 21	30 Jun 21
	\$	\$
Trade receivables	1,409,875	1,535,049
Security deposits	4,449	3,649
Prepayments	376,016	373,542
Trade and other receivables	<u>1,790,340</u>	<u>1,912,240</u>

	Consolidated as at	
	31 Dec 21	30 Jun 21
	\$	\$
Funds held on trust for deferred consideration of SSI Pacific Pty Ltd	1,020,000	1,020,000
Other receivable	133,247	164,676
Total other assets	<u>1,153,247</u>	<u>1,184,676</u>

NOTE 7. NON-CURRENT ASSETS

	Consolidated as at	
	31 Dec 21	30 Jun 21
	\$	\$
Receivable from Southcloud Pty Ltd ¹	<u>538,550</u>	<u>-</u>

¹ This amount is secured by a fixed and floating charge over the assets of this company. The advance is interest free and repayable on demand.

NOTE 8. INTANGIBLE ASSETS

	Goodwill	Customer contracts and relationships	Internally generated software	Total
	\$	\$	\$	\$
For the half year period ended 31 Dec 2021				
Opening net book amount	9,381,815	1,756,800	1,605,275	12,743,890
Additions - internal development	-	-	21,002	21,002
Amortisation charge	-	(146,400)	(231,343)	(377,743)
Closing net book amount	<u>9,381,815</u>	<u>1,610,400</u>	<u>1,394,934</u>	<u>12,387,149</u>
As at 31 Dec 2021				
Cost	9,381,815	2,196,000	2,316,002	13,893,817
Accumulated amortisation and impairment	-	(585,600)	(921,068)	(1,506,668)
Net book amount	<u>9,381,815</u>	<u>1,610,400</u>	<u>1,394,934</u>	<u>12,387,149</u>

NOTE 9. TRADE AND OTHER PAYABLES

	Consolidated as at	
	31 Dec 21	30 Jun 21
	\$	\$
Trade payables and accruals	585,851	2,628,618

NOTE 10. EMPLOYEE BENEFITS

	Consolidated as at	
	31 Dec 21	30 Jun 21
	\$	\$
Employee benefits	92,811	316,104

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The above amounts reflect annual leave that has accrued as at the reporting date.

NOTE 11. BORROWINGS

	Consolidated as at	
	31 Dec 21	30 Jun 21
	\$	\$
Current		
Borrowings - unsecured ¹	1,130,000	1,150,000
Related party loans	-	193,190
	1,130,000	1,343,190

¹ Short term loans totalling \$1,130,000 from Viriathus Capital investors with a 6-month term maturing 15 June 2022 and 20% per annum interest rate paid monthly.

NOTE 12. OTHER LIABILITIES

(a) Other current liabilities

	Consolidated as at	
	31 Dec 21	30 Jun 21
	\$	\$
Contract liabilities	1,255,211	397,665
Deferred consideration on SSI Pacific Pty Ltd acquisition	1,020,000	510,000
Payroll tax and other statutory liabilities	113,800	244,661
AASB 16 Lease liability - Current	149,136	170,504
GST/VAT	94,797	-
	2,632,944	1,322,830

(b) Other non-current liabilities

	Consolidated as at	
	31 Dec 21	30 Jun 21
	\$	\$
AASB 16 Lease liability - Non-current	-	23,537
	-	23,537

NOTE 13. EQUITY – ISSUED CAPITAL

	Consolidated		Consolidated	
	31 Dec 21	31 Dec 21	30 Jun 21	30 Jun 21
	Shares	\$	Shares	\$
Ordinary shares - fully paid	3,263,160,324	122,473,735	3,191,671,270	119,116,109
Issue of collateral shares subsequently forgiven	-	-	-	1,331,700
Total issued capital	3,263,160,324	122,473,735	3,191,671,270	120,447,809

Movements in ordinary share capital – Year ended 30 June 2021

	No. of shares	\$
Opening balance 1 July 2020	2,036,424,162	79,736,988
Issue of shares – placement	131,900,004	7,914,000
Issue of shares – entitlement offer	599,168,811	14,979,220
Issue of shares – exercise of options	95,779,279	2,811,043
Issue of shares – debt settlement	148,869,159	8,347,804
Issue of shares – services	122,935,275	6,547,606
Issue of shares – cancellation of options	56,594,580	1,046,997
Collateral Shares converted to ordinary shares	-	1,331,700
	3,191,671,270	122,715,358
Less: Capital raising costs arising on share issues	-	(2,267,549)
Closing balance 30 June 2021	3,191,671,270	120,447,809

Movements in ordinary share capital – Half year ended 31 December 2021

	Notes	No. of shares	\$
Opening balance 1 July 2021		3,191,671,270	120,447,809
Issue of shares – staff incentives	(i)	16,500,000	761,494
Issue of shares – exercise of options	(ii)	41,000,000	820,000
Issue of shares – debt settlement	(iii)	13,989,054	444,432
		3,263,160,324	122,473,735
Less: Capital raising costs arising on share issues		-	-
Closing balance 31 Dec 2021		3,263,160,324	122,473,735

(i) Staff incentives

On 5 October 2021 and 29 December 2021, 6,500,000 shares were issued to the former Chief Financial Officer on vesting of performance rights. On 29 December 2021, 10,000,000 shares were issued to the Chief Product and Technology Officer (CTO). The shares issued to the CTO are subject to escrow for three years from date of issue. Refer to Note 14 for further details regarding share based payments.

(ii) Exercise of options

41,000,000 options were exercised at a weighted average exercise price of \$0.0200, generating consideration of \$820,000.

(iii) Debt settlement

13,989,054 shares with a fair value of \$444,432 were issued pursuant to the settlement of debt and invoices for services rendered.

Ordinary shares

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

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

Share buy-back

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

Capital risk management

The consolidated entity'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.

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

NOTE 14. SHARE BASED PAYMENTS

Options

		31 Dec 2021	30 Jun 2021
		Options	Options
Options		107,820,782	170,320,782
Unissued ordinary shares under option:	Grant date	No of Options	Average Exercise price
Opening balance 1 July 2020		204,671,658	
Options issued with expiry date of 24 December 2021	17/12/2020	4,057,520	\$0.1200
Options issued with expiry date of 24 September 2022	17/09/2020	83,634,229	\$0.1000
Options issued with expiry date of 25 September 2022	17/09/2020	17,366,875	\$0.1000
Options issued with expiry date of 28 September 2022	17/09/2020	3,703,716	\$0.1000
Options issued with expiry date of 24 September 2022	17/09/2020	5,000,000	\$0.0600
Options issued with expiry date of 1 September 2023	19/11/2020	40,000,000	\$0.1750
Options issued with expiry date of 24 September 2023	10/12/2019	2,500,000	\$0.1600
Options issued with expiry date of 24 December 2023	19/11/2020	5,500,000	\$0.1273
Options issued with expiry date of 24 December 2025	19/11/2020	2,500,000	\$0.1600
Options issued with expiry date of 1 September 2023	19/11/2020	20,000,000	\$0.1750
Options issued with expiry date of 22 June 2022	16/06/2021	17,320,782	\$0.2000
Exercise of options		(95,779,279)	
Options lapsed/cancelled		<u>(140,154,719)</u>	
Closing balance 30 June 2021		<u>170,320,782</u>	
Opening balance 1 July 2021		170,320,782	
Exercise of options		(41,000,000)	\$0.0200
Options lapsed		<u>(21,500,000)</u>	
Closing balance 31 December 2021		<u>107,820,782</u>	

On 8 December 2021, the company granted 14,500,000 performance rights to Mr Salomonovitch, CTO. These performance rights have been valued at the underlying share price on grant date of \$0.017. The vesting of rights are subject to an attaching service condition to remain employed by the Group at 30 June 2022, in addition to achievement of certain non-market performance hurdles over the service period. These hurdles have been assessed as more than likely to be achieved at reporting date. The fair value of the grant has been vested over the vesting period from grant date to 30 June 2022. Consequently, a share-based payment expense of \$114,107 has been recognised in relation to these rights in the current period.

Further, on 21 October 2021 Mr Salomonovitch was granted 10,000,000 ordinary shares, valued at the underlying share price on grant date of \$0.03, resulting in a \$300,000 share-based payment expense recognised in the current period. These shares are subject to escrow for 3 years from date of issue.

During the current period Mr Ryan, Chief Financial Officer, was issued 3,000,000 shares upon resignation on 29 December 2021, in relation to partial vesting of previously granted performance rights. A total share-based payment expense of \$149,533 was recognised during the current period, net of reversal in relation to 500,000 tranche 2 and 3,500,000 tranche 3 rights lapsing on resignation.

Share options outstanding as at 31 December 2021 have the following expiry date and exercise price:

Grant date	Expiry date	Exercise price	31 Dec 2021	30 Jun 2021
9/02/2017	1/10/2021	\$0.060	-	2,000,000
9/02/2017	1/10/2021	\$0.120	-	2,000,000
9/02/2017	1/10/2021	\$0.240	-	2,000,000
9/02/2017	1/10/2021	\$0.360	-	2,000,000
6/06/2018	2/07/2021	\$0.020	-	26,000,000
6/06/2018	2/07/2021	\$0.090	-	6,250,000
6/06/2018	2/07/2021	\$0.150	-	5,000,000
6/06/2018	2/07/2021	\$0.045	-	2,250,000
21/12/2018	21/12/2021	\$0.020	10,000,000	25,000,000
10/12/2019	24/09/2023	\$0.160	2,500,000	2,500,000
24/12/2019	24/12/2022	\$0.200	10,000,000	10,000,000
24/09/2020	24/09/2022	\$0.060	5,000,000	5,000,000
19/11/2020	1/09/2023	\$0.100	15,000,000	15,000,000
19/11/2020	1/09/2023	\$0.150	15,000,000	15,000,000
19/11/2020	1/09/2023	\$0.200	15,000,000	15,000,000
19/11/2020	1/09/2023	\$0.250	15,000,000	15,000,000
19/11/2020	24/12/2023	\$0.100	3,000,000	3,000,000
16/06/2021	22/06/2022	\$0.200	17,320,782	17,320,782
Total			107,820,782	170,320,782

NOTE 15. EQUITY – RESERVES

	Consolidated as at	
	31 Dec 2021	30 Jun 2021
	\$	\$
Foreign currency translation reserve	(101,055)	(292,291)
Share based payments and options reserve	12,836,120	12,886,608
Total reserves	12,735,065	12,594,317

Share based payments and options reserve

This reserve is used to record the value of equity benefits provided for the issue of equity instruments.

NOTE 16. EQUITY – ACCUMULATED LOSSES

	Consolidated as at	
	31 Dec 2021	30 Jun 2021
	\$	\$
Accumulated losses at the beginning of the period	(111,789,961)	(88,338,081)
Loss after income tax expense for the period	(4,441,739)	(23,451,880)
Accumulated losses at the end of the period	(116,231,700)	(111,789,961)

NOTE 17. LOSS PER SHARE

	Consolidated for the half year ended	
	31 Dec 21	31 Dec 20
	\$	\$
<i>Loss per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Netlinkz Limited	(4,441,739)	(15,408,460)
	Consolidated for the half year ended	
	31 Dec 21	31 Dec 20
Weighted average number of ordinary shares used in calculating basic loss per share	3,247,410,324	2,298,973,873
	\$	\$
Basic loss per share	(0.0014)	(0.0067)
Diluted loss per share	(0.0014)	(0.0067)

NOTE 18. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business/ Country of incorporation	Ownership interest	
		31 Dec 21	31 Dec 20
		%	%
Netlinkz Global Services (Aust & NZ) Pty Limited	Australia	100%	100%
Netlinkz Technology Pty Ltd	Australia	100%	100%
SSI Pacific Pty Ltd	Australia	100%	100%
AcFa Software Engineering (Shanghai) Co. Ltd	China	100%	100%
Netlinkz Japan K.K.	Japan	100%	100%
Beijing iLinkAll Science and Technology Co	China	80%	80%

NOTE 19. RELATED PARTY TRANSACTIONS

Since the end of the previous reporting period, 30 June 2021, the following related party transactions occurred:

Personnel

Chief Technology Officer (CTO), Mr Rotem Salomonovitch commenced in August 2021. As CTO, Mr Salomonovitch is paid a salary of \$400,000 per annum plus statutory superannuation. The CTO will also be entitled to a commission cash bonus based on the amount which revenue receipts (excluding China) exceed an annual target set by the Chief Executive Officer.

On 29 December 2021, 10,000,000 shares were issued to Mr Salomonovitch at a price of \$0.03 per share. These shares are subject to escrow for 3 years from date of issue. Refer to Note 14 for details regarding further share-based payments made to Mr Salomonovitch during the current period.

NOTE 20. CONTINGENT LIABILITIES

There have been no changes in contingent liabilities since the end of the previous annual reporting period, 30 June 2021.

NOTE 21. EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances that have arisen since 31 December 2021 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

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DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The Financial Statements and Notes, as set out on pages 8 to 24 are in accordance with the *Corporations Act 2001*, including:
 - a. giving a true and fair view of the Consolidated entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
 - b. complying with Accounting Standard AASB 134 "Interim Financial Reporting".
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



James Tsiolis
Director
Sydney NSW

Dated this 28th day of February 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Netlinkz Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Netlinkz Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

BDO Audit (WA) Pty Ltd



Ashleigh Woodley

Director

Perth, 28 February 2022