

## 1. Company details

Name of entity: CFOAM Limited  
ABN: 46 611 576 777  
Reporting period: For the half-year ended 31 December 2021

## 2. Results for announcement to the market

	31 Dec 2021 US\$	31 Dec 2020 US\$	Movement US\$
Revenues from ordinary activities	521,661	310,635	↑
Loss after income tax expense for the half-year	(1,340,065)	(1,698,593)	↓
Loss for the half-year attributable to the Owners of CFOAM Limited	(1,057,501)	(1,354,040)	↓

### Dividends

There were no dividends declared or paid in the period.

## 3. Net tangible assets

	31 Dec 2021	31 Dec 2020
Net tangible assets per ordinary security	<u>0.6 cents</u>	<u>0.5 cents</u>

## 4. Control or Loss gained over entities

Nil.

## 5. Joint ventures

The Group is not involved in any joint ventures.

## 6. Audit qualification or review

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

**7. Attachments**

*Details of attachments (if any):*

The Interim Report of CFOAM Limited for the half-year ended 31 December 2021 is attached.

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**8. Signed**



Gary Steinepreis  
Director  
Perth

Date: 28 February 2022

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**FOAM** Ltd

**FOAM Limited**

**ABN 46 611 576 777**

**Interim Report - 31 December 2021**

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**CFOAM Limited**  
**Directors' report**  
**31 December 2021**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of CFOAM Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

**Directors**

The following persons were directors of CFOAM Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Gary Steinepreis  
Todd Hoare  
Nicholas Ong

**Principal activities**

The principal activity of the Group is the commercialisation of the CFOAM business. CFOAM® products are an inorganic carbon material that is manufactured from coal, pitch or lignin feedstock. CFOAM® products manufactured in this process have a rigid foam structure, similar in appearance to pumice stone, but with entirely different properties. CFOAM® products are currently used across a wide variety of markets including composite tooling for the aerospace sector, energy absorbing applications and defence applications. Additional markets such as automotive applications for energy absorption and fire resistance are also expected to become significant to the Company over time.

CFOAM® products were developed to meet the growing demand for ultra-high-end performance engineering materials in the industrial, aerospace, military and commercial product markets.

**Review of operations**

During the prior period, the Company was advised by the United States Department of Energy's (DOE) Office of Fossil Energy (FE) that it had been awarded the project listed under Funding Opportunity Announcement (FOA) DE-FOA-0002185, Area of Interest 4. The total project value being US\$2,421,802, including DOE funding of US\$1,923,680 with CFOAM being approximately US\$1.523 million and cost share from CFOAM and CONSOL Energy Inc of US\$498,122. The project commenced on 1 January 2021 and work continued during the current financial period.

CFOAM has already made good progress in the lab on Atmospheric Pressure Carbon Foam and we believe that this was instrumental in CFOAM's application being selected for award. This has provided a solid base for this exciting project and CFOAM has hit the ground running on this exciting project.

The Advanced Coal Processing Program is focused on the conversion of coal into value-added products, outside of traditional thermal and metallurgical markets, that can contribute to the U.S. Gross Domestic Product and provide a stable and sizable market for U.S. coal production. For the Advanced Coal Processing Program, this FOA sought applications to conduct research and development on coal-derived materials for residential/commercial buildings, infrastructure, and high-value products. This includes supporting research and development to migrate from batch manufacturing to continuous manufacturing of coal-based building materials. The FOA will also support the design, R&D and validation of a prototype carbon-based building.

On 26 November 2020, the Company announced invested A\$1,550,000 to acquire a strategic 10.24% interest in Innovaero Technologies Pty Ltd (**Innovaero**), an Australian Aerospace and Defence Technology business.

On 12 May 2021, CFOAM announced that it had received binding commitments to raise A\$4.14 million (before costs) through a two-tranche placement of 258,768,127 new shares at an issue price of A\$0.016 (1.6 cents) per share (**Placement**). Tranche 1 of the Placement consisted of 118,768,127 shares issued under the Company's existing Listing Rule 7.1 and 7.1A capacity (**Tranche 1**) and settled on 19 May 2021 with the remaining 140,000,000 shares issued following shareholder approval (**Tranche 2**) and settled on 15 July 2021.

The net proceeds of the Placement have been utilised towards the CFOAM business, investment in Innovaero and for general working capital.

CFOAM had an anti-dilution right for a period to December 2021 in relation to its 10.24% interest in Innovaero. CFOAM further invested A\$1,975,000 in a convertible note with A\$1,000,000 was invested as part of Tranche 1 and A\$975,000 as part of Tranche 2 of the Placement.

This investment has maintained and increased CFOAM's interest in Innovaero when converted to equity. Innovaero is reviewing its options and may be considering an ASX listing later in 2022 and the conversion is subject to 30% discount to an IPO valuation. CFOAM's current interest will increase from 10.24% to up to 17%, subject to the valuation conversion.

**CFOAM Limited  
Directors' report  
31 December 2021**

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

The loss for the consolidated entity after providing for income tax amounted to US\$1,340,065 (2020: loss US\$1,698,593).

**Events after the reporting period**

Subsequent to the end of the financial period, Oakhurst Enterprises Pty Ltd, an entity associated with Gary Steinepreis provided a short term loan advance in the amount of A\$350,000 for working capital. The loan is unsecured with an initial term of 60 days at an interest rate of 2.5% per annum. Other than as stated above, no other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Significant changes in the state of affairs**

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Auditor's independence declaration**

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Gary Steinepreis  
Director  
Perth, 28 February 2022

## DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF CFOAM LIMITED

As lead auditor for the review of CFOAM 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 CFOAM Limited and the entities it controlled during the period.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 28 February 2022

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**CFOAM Limited**  
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**31 December 2021**

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**General information**

The financial statements cover CFOAM Limited as a consolidated entity consisting of CFOAM Limited and the entity it controlled at the end of, or during, the half-year. The financial statements are presented in United States dollars, which is CFOAM Limited's presentation currency.

CFOAM Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

**Registered office**

Level 1  
33 Ord Street  
West Perth WA 6005

**Principal place of business**

1142 Middle Creek Road  
Triadelphia WV 26059  
USA

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2022.

**CFOAM Limited**  
**Consolidated Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2021**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>US\$</b>	<b>US\$</b>
<b>Revenue</b>		
Revenue from operations	521,661	310,635
Loan forgiveness	335,098	-
Department of Energy-grant cost recovery	18,538	-
Other income	46	14,302
	<u><b>875,343</b></u>	<u><b>324,937</b></u>
<b>Expenses</b>		
Raw materials and consumables used	(296,499)	(173,035)
Inventory writedown	-	(139,234)
Legal fees	(5,165)	(31,667)
Loan succession fee	(24,000)	-
Accounting and audit fees	(16,683)	(12,631)
Australian securities exchange fees	(30,959)	(25,711)
Travel and associated costs	(2,429)	(1,933)
Supplies	(53,135)	(27,464)
Premises lease	(60,962)	(137,346)
Other expenses	(468,286)	(348,878)
Foreign exchange loss	(75,432)	(8,555)
Professional services	(112,683)	(115,535)
Repairs and maintenance	(158,125)	(56,014)
Employee salaries, consulting and benefits expense	(343,430)	(213,406)
Share based payments expense	(735)	(8,560)
Depreciation and amortisation expense	(502,079)	(519,689)
Finance costs	(64,805)	(203,872)
	<u><b>(2,215,407)</b></u>	<u><b>(2,023,529)</b></u>
<b>Loss before income tax expense from operations</b>	<b>(1,340,065)</b>	<b>(1,698,593)</b>
Income tax expense	-	-
<b>Loss after income tax expense for the half-year</b>	<b>(1,340,065)</b>	<b>(1,698,593)</b>
<b>Other comprehensive income (loss)</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	(42,960)	(19,724)
<b>Total comprehensive income (loss) for the half-year</b>	<u><b>(1,383,025)</b></u>	<u><b>(1,718,317)</b></u>
<b>Total loss for the half-year is attributable to:</b>		
Owners of CFOAM Limited	(1,057,501)	(1,354,040)
Non-controlling interests	(282,564)	(344,553)
	<u><b>(1,340,065)</b></u>	<u><b>(1,698,593)</b></u>
<b>Loss per share for loss attributable to the owners of CFOAM Limited</b>		
Basic loss per share	(\$0.002)	(\$0.007)
Diluted loss per share	(\$0.002)	(\$0.007)

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*



**CFOAM Limited**  
**Consolidated Statement of financial position**  
**As at 31 December 2021**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
		<b>US\$</b>	<b>US\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		367,432	1,101,272
Trade and other receivables		229,587	92,537
Financial assets at fair value through profit or loss	10	1,436,042	775,650
Inventories		799,956	833,451
<b>Total current assets</b>		<b><u>2,833,017</u></b>	<b><u>2,802,910</u></b>
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	10	1,127,020	1,141,397
Property, plant and equipment	4	4,388,511	4,683,384
Right of use assets		59,607	87,923
Intangibles	5	1,976,710	2,151,140
<b>Total non-current assets</b>		<b><u>7,551,848</u></b>	<b><u>8,063,844</u></b>
<b>Total assets</b>		<b><u>10,384,865</u></b>	<b><u>10,866,754</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		344,139	373,880
Lease liabilities		29,211	58,422
Borrowings	6	2,727,924	2,164,831
<b>Total current liabilities</b>		<b><u>3,101,274</u></b>	<b><u>2,597,133</u></b>
<b>Non-current liabilities</b>			
Lease liabilities		33,144	33,144
Borrowings	7	786,968	1,978,839
<b>Total non-current liabilities</b>		<b><u>820,112</u></b>	<b><u>2,011,983</u></b>
<b>Total liabilities</b>		<b><u>3,921,386</u></b>	<b><u>4,609,116</u></b>
<b>Net assets</b>		<b><u>6,463,480</u></b>	<b><u>6,257,638</u></b>
<b>Equity</b>			
Issued capital	8	23,292,226	21,686,704
Non-controlling interests	11	489,254	771,818
Reserves	9	2,015,056	2,074,671
Accumulated losses		(19,333,056)	(18,275,555)
<b>Total equity</b>		<b><u>6,463,480</u></b>	<b><u>6,257,638</u></b>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes*

**CFOAM Limited**  
**Consolidated Statement of changes in equity**  
**For the half-year ended 31 December 2021**

<b>Consolidated</b>	<b>Issued capital US\$</b>	<b>Reserves US\$</b>	<b>Accumulated losses US\$</b>	<b>Total US\$</b>	<b>Non-controlling interests US\$</b>	<b>Total equity US\$</b>
Balance at 1 July 2021	21,686,704	2,074,671	(18,275,555)	5,485,820	771,818	6,257,638
Loss after income tax expense for the half-year	-	-	(1,057,501)	(1,057,501)	(282,564)	(1,340,065)
Other comprehensive loss for the half-year, net of tax	-	(42,960)	-	(42,960)	-	(42,960)
Total comprehensive loss for the half-year	-	(42,960)	(1,057,501)	(1,100,461)	(282,564)	(1,383,025)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity	1,663,290	-	-	1,663,290	-	1,663,290
Costs of contributions of equity	(57,768)	-	-	(57,768)	-	(57,768)
Transactions with Non-controlling interest	-	-	-	-	-	-
Share-based payments	-	(16,655)	-	(16,655)	-	(16,655)
Balance at 31 December 2021	<u>23,292,226</u>	<u>2,015,056</u>	<u>(19,333,056)</u>	<u>5,974,226</u>	<u>489,254</u>	<u>6,463,480</u>

<b>Consolidated</b>	<b>Issued capital US\$</b>	<b>Reserves US\$</b>	<b>Accumulated losses US\$</b>	<b>Total US\$</b>	<b>Non-controlling interests US\$</b>	<b>Total equity US\$</b>
Balance at 1 July 2020	17,359,740	1,773,176	(15,888,690)	3,244,226	1,193,382	4,437,608
Loss after income tax expense for the half-year	-	-	(1,354,040)	(1,354,040)	(344,553)	(1,698,593)
Other comprehensive loss for the half-year, net of tax	-	(19,724)	-	(19,724)	-	(19,724)
Total comprehensive loss for the half-year	-	(19,724)	(1,354,040)	(1,373,764)	(344,553)	(1,718,317)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity	3,247,542	-	-	3,247,542	-	3,247,542
Costs of contributions of equity	(338,163)	-	-	(338,163)	-	(338,163)
Transactions with Non-controlling interest	-	-	-	-	229,134	229,134
Share-based payments	-	320,735	-	320,735	-	320,735
Balance at 31 December 2020	<u>20,269,119</u>	<u>2,074,187</u>	<u>(17,242,730)</u>	<u>5,100,576</u>	<u>1,077,963</u>	<u>6,178,539</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

**CFOAM Limited**  
**Consolidated Statement of cash flows**  
**For the half-year ended 31 December 2021**

	<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2020</b>
		<b>US\$</b>
		<b>US\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of sales and other taxes)		485,768
Payments to suppliers and employees (inclusive of sales and other taxes)		(1,576,664)
Interest received		46
Interest and other finance costs paid		(64,805)
		<u>251,455</u>
Net cash used in operating activities		<u>(1,395,191)</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	4	(356,504)
Receipt from government grant-plant and equipment	4	352,044
Investment in Innovaero – convertible note	10	(721,793)
		<u>(12,749)</u>
Net cash used in investing activities		<u>(1,154,146)</u>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares		1,512,210
Costs of the offer		(57,767)
Proceeds from CONSOL investment		-
Proceeds from converting loan		-
Proceeds from borrowings		500,301
Repayment of borrowings		(806,677)
		<u>2,821,617</u>
Net cash provided by financing activities		<u>3,115,505</u>
Net increase / (decrease) in cash and cash equivalents		(733,841)
Cash and cash equivalents at the beginning of the financial half-year		1,101,273
Effects of exchange rate changes on cash and cash equivalents		-
		<u>566,168</u>
Cash and cash equivalents at the end of the financial half-year		<u>984,286</u>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*

## **Note 1. Significant accounting policies**

### **Basis for Preparation**

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by CFOAM Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below and a new financial instruments policy.

#### **(a) New and amended standards adopted by CFOAM Limited**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The consolidated entity did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### **Significant accounting judgements and estimates**

The significant accounting judgements, estimates and assumptions adopted in the half-year financial report are consistent with those applied in the preparation of the Group's annual report for the year ended 30 June 2021.

## **Note 2: Going concern**

For the half year ended 31 December 2021 the Group recorded a loss from continuing operations after income tax of US\$1,340,065 (2020: loss US\$1,698,593), had net cash outflows from operating activities of US\$1,155,655 (2020: US\$1,395,191) and had a working capital deficit of US\$268,257 due to the classification of borrowings (30 June 2021: Surplus US\$205,777).

The ability of the entity to continue as a going concern is dependent on securing additional funding through raising of debt or equity to continue to fund the development activities and expansion of the CFOAM products business.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity'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 have reviewed the Group's financial position and are of the opinion that there are sufficient funds to meet the entity's working capital requirements and as at the date of this report.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Company's subsidiary (CFOAM CORP) expects to maintain the ongoing support of its shareholders including CFOAM Ltd and CONSOL Energy Inc;
- CFOAM LLC has been successful for financial assistance and funding opportunity (FOA) to fund process development work over a 24 month period commencing 1 January 2021; and
- The directors expect the Group to be successful in securing additional funds through debt or equity issues, when and if required.

Should the consolidated entity 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 and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

**Note 3. Operating segments**

*Identification of reportable operating segments*

The Group is organised into one operating segment, being the operation of production of CFOAM. This is 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.

As a result, the operating segment information is as disclosed in the statements and notes to the financial statements throughout the report.

*Geographical information*

All sales and non-current assets are based in the USA.

*Revenue Recognition:*

Disaggregation of Revenue.

All revenue recognised during the period was recognised at a point in time for the sale of products. All revenue recorded related to sales in USA.

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**Note 4. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>US\$</b>	<b>US\$</b>
Assets in course of construction	168,368	261,496
Plant and equipment - at cost	6,544,693	6,447,104
Less: Accumulated depreciation	(2,324,550)	(2,036,610)
	<u>4,220,143</u>	<u>4,410,494</u>
Manufacturing use assets - at cost	205,751	205,751
Less: Accumulated depreciation	(205,751)	(194,357)
	<u>-</u>	<u>11,394</u>
Total property, plant and equipment - at cost	6,918,812	6,914,351
Less: Accumulated depreciation	(2,530,301)	(2,230,967)
	<u><u>4,388,511</u></u>	<u><u>4,683,384</u></u>

**Reconciliations**

Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

	Assets in course of construction US\$	Plant and equipment US\$	Manufacturing use US\$	Total US\$
Consolidated				
Balance at 1 July 2021	261,496	4,410,494	11,394	4,683,384
Additions/transfers	-	97,589	-	97,589
Disposals/transfers	(93,128)	-	-	(93,128)
Depreciation expense	-	(287,940)	(11,394)	(299,334)
Balance at 31 December 2021	<u><u>168,368</u></u>	<u><u>4,220,143</u></u>	<u><u>-</u></u>	<u><u>4,388,511</u></u>

During the period, the Group recognised US\$370,582 (30 June 2021: US\$447,330) in government grants from the United States Department of Energy's (DOE) Office of Fossil Energy (FE). Of these amounts received, US\$352,044 (30 June 2021: US\$241,845) related to reimbursements for eligible plant and equipment and was therefore offset against costs capitalised in property, plant and equipment. The remaining amount of US\$18,538 (30 June 2021: US\$205,485) was recognised as income in the consolidated statement of profit or loss.

**CFOAM Limited**  
**Notes to the financial statements**  
**31 December 2021**

**Note 5. Non-current assets – intangibles**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>US\$</b>	<b>US\$</b>
Development asset - at cost	5,232,900	5,232,900
Less: Impairment loss	(1,434,053)	(1,434,053)
Less: Accumulated amortisation	<u>(1,822,137)</u>	<u>(1,647,707)</u>
	<u>1,976,710</u>	<u>2,151,140</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

<b>Consolidated</b>	<b>Development Asset US\$</b>
Balance at 1 July 2021	2,151,140
Impairment	-
Amortisation expense	<u>(174,430)</u>
Balance at 31 December 2021	<u>1,976,710</u>

No impairment indicators were identified by management for the development asset as at 31 December 2021.

**Note 6. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>US\$</b>	<b>US\$</b>
Loan payable – CONSOL Energy Inc – unsecured	683,247	182,946
Paycheck Protection Program (PPP) – unsecured	-	333,800
Loans payable – secured	1,641,579	533,397
Promissory note – secured (Note 7(a))	403,098	1,114,688
	<u>2,727,924</u>	<u>2,164,831</u>

The PPP is a US government backed loan related to COVID-19 measures. The Group confirms that this loan was forgiven during the period.

Refer to note 7 for further information on assets pledged as security and financing arrangements.

**Note 7. Non-current liabilities – borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>US\$</b>	<b>US\$</b>
Loans payable – secured – note (b)	<u>786,968</u>	<u>1,978,839</u>
	<u>786,968</u>	<u>1,978,839</u>

Note (a) Promissory Note – secured:

Promissory note issued is as follows:

- (i) Original US\$800,000 promissory note with an interest rate of 3% per annum, and which is secured by a first lien security interest over the all of the assets of the business of CFOAM LLC acquired under the Asset Purchase Agreement in 2016 (2016 Assets). The promissory note was restructured in the prior and interest is only payable on a monthly basis and principal on 30 June 2022.

Note (b) Loans payable – secured:

	Current	Non-current	Balance at 31 December 2021 US\$	Total Facility US\$	Interest rate
Secured loan - West Virginia Economic Development Authority (WVEDA)	112,772	786,968	899,740	1,200,000	3.46%
Secured loan – CONSOL Energy Inc.	1,146,444	-	1,146,444	1,100,000	2.00%
Secured loan – Summit Community Bank	382,363	-	382,363	600,000	6.49%
	<u>1,641,579</u>	<u>786,968</u>	<u>2,428,847</u>	<u>2,900,000</u>	

The loan payable to WVEDA is due on 14 February 2029 and the Summit Community Bank (**Summit**) is due on 1 February 2026 and are secured over the 2016 Assets, which are the assets originally purchased under the Asset Purchase Agreement of 2016, not claimed by the promissory notes security and secured over the Phase 1 assets. The loans have been classified into current and non-current allocations – refer below for Summit.

The loan to CONSOL Energy Inc is due on 6 December 2022 and secured by a CFOAM Corp lien over its equity interests in CFOAM LLC and in accordance with the intercreditor agreement where it ranks behind the promissory notes and WVEDA and Summit Community Bank.



**CFOAM Limited**  
**Notes to the financial statements**  
**31 December 2021**

**Note 7. Non-current liabilities – borrowings (continued)**

Loan Covenants

Under the terms of the Summit borrowing facility, CFOAM LLC is required to comply with a debt service coverage ratio of at least 1.20:1.00 assessed on a trailing 12 month basis.

In the event of non-compliance with this covenant Summit has the option to consider this an event of default and failure to cure provides Summit the option to increase the interest rate applicable to the facility by 1% or any other default option available to Summit.

This covenant was assessed for the year ending 30 June 2021 and CFOAM did not comply however, Summit agreed to waive the requirement. Due to this the loan has been classified as a current liability.

**Note 8. Issued Capital**

	31 Dec 2021 Shares	30 Jun 2021 Shares	31 Dec 2021 US\$	30 Jun 2021 US\$
Ordinary shares - fully paid	<u>733,840,634</u>	<u>593,840,634</u>	<u>23,292,226</u>	<u>21,686,704</u>

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	US\$
Balance	1 July 2020	192,174,026		17,359,740
Issue of shares-converting loan	28 October 2020	13,333,333	US\$0.015	197,573
Issue of shares-entitlement offer	16 November 2020	88,256,757	US\$0.011	969,277
Issue of shares-shortfall offer	24 November 2020	167,975,058	US\$0.011	1,852,340
Issue of shares-converting loan	10 December 2020	13,333,333	US\$0.017	228,352
Issue of shares-placement	18 May 2021	118,768,127	US\$0.012	1,481,084
Cost of the contribution of capital				(401,662)
Balance	30 June 2021	<u>593,840,634</u>		<u>21,686,704</u>
Balance	1 July 2021	593,840,634		21,686,704
Issue of shares-placement	15 July 2021	140,000,000	US\$0.012	1,663,290
Cost of the contribution of capital				(57,768)
Balance	31 December 2021	<u>733,840,634</u>		<u>23,292,226</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

The Company also has on issue 20,000,000 options exercisable at A\$0.03 each on or before 10 December 2023 and 3,690,690 options exercisable at A\$0.15 on or before 15 August 2022.

**CFOAM Limited**  
**Notes to the financial statements**  
**31 December 2021**

**Note 9. Reserves**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 June 2021</b>
	<b>US\$</b>	<b>US\$</b>
Equity reserve – non-controlling interests (note 11)	1,350,041	1,350,041
Share based payment reserve – performance rights and options	519,034	535,689
Foreign currency reserve	145,981	188,941
	<u>2,015,056</u>	<u>2,074,671</u>

**Nature and Purpose of Reserves**

*(1) Equity reserve – non-controlling interests*

The equity reserve represents a change in ownership interest, being the difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid.

*(2) Share based payment reserve – performance rights*

The share based payment reserve is used to recognise the fair value of performance rights issued to employees but not converted into ordinary shares. The reserve is recognised in contributed equity when and if the relevant milestone is attained within the specified period and as a result the performance rights concerned convert to ordinary shares.

*Option reserve*

The reserve is used to recognise the premium value of the options on issue.

*(3) Foreign currency reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to United States dollars.

**Note 10. Financial assets - Investment in Innovaero Technologies Pty Ltd**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 June 2021</b>
	<b>US\$</b>	<b>US\$</b>
<b>Financial assets at fair value through profit or loss (“FVPL”)</b>		
<b>Current assets</b>		
Balance at 1 July	775,650	-
Acquisition-Convertible note in Innovaero Technologies Pty Ltd (Innovaero)	721,793	775,650
Foreign exchange movements	(41,401)	-
Fair value movement	-	-
Total financial assets at fair value	<u>1,436,042</u>	<u>775,650</u>
<b>Non-current assets</b>		
Balance at 1 July	1,141,397	-
Acquisition-Investment in Innovaero	-	1,141,397
Foreign exchange movements	(14,377)	-
Fair value movement	-	-
Total financial assets at fair value	<u>1,127,020</u>	<u>1,141,397</u>

On 26 November 2020, the Company made a strategic investment of US\$1,141,397 (A\$1,550,000) in Innovaero Technologies Pty Ltd, an Australian Aerospace and Defence Technology business.

On 12 May 2021, the Company invested US\$775,650 (A\$1,000,000) in Innovaero via a convertible note as part of Innovaero’s capital raising strategy.

On 16 July 2021, the Company invested a further US\$721,793 (A\$975,000) via a convertible note.

At 31 December 2021, the Company held an equity interest of 10.24% in Innovaero which is consistent with the prior period ending 30 June 2021. The Directors have taken the approach to fair value the investment based on recent share raisings.

As at 31 December 2021, the fair value of the Company’s financial assets were assessed in accordance with AASB 9 Financial Instruments, and as a result there was no fair value change recognised in this financial period.

**CFOAM Limited**  
**Notes to the financial statements**  
**31 December 2021**

**Fair Value of Financial Instruments**

Financial assets and financial liabilities measured at fair value in the Statement of Financial Position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 December 2021.

<b>31 December 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Convertible note in Innovaero	-	-	1,436,042	1,436,042
Investment in Innovaero	-	-	1,127,020	1,127,020
<b>Total Financial assets at FVPL</b>	<b>-</b>	<b>-</b>	<b>2,563,062</b>	<b>2,563,062</b>

The fair value of the Level 3 financial assets have been based on most recent share raising prices. The directors consider this to reflect the investments fair value at reporting date.

**Note 11. Non-controlling interests**

On 6 December 2019 CONSOL Energy Inc (**CONSOL**) acquired a 25% interest in the Group's US operations, via CFOAM Corp. CONSOL provided cash consideration of \$3.5 million for the 25% interest. The group recognised an increase in non-controlling interests of \$2,149,959, representing 25% of the net assets of the Group's US operations and an increase in the equity reserve of \$1,350,041.

During the September quarter, the Board of CFOAM Corp (CCORP) determined that the business of CFOAM LLC required working capital of US\$916,532 to continue its business operations. The funds were required to be contributed on a pro rata basis being CFOAM Limited (CFO) US\$687,399 and CONSOL US\$229,133. However, due to the timing of CFOAM's capital raising strategy, CONSOL contributed its pro rata share of US\$229,133 by 4 September 2020 and further contributed US\$229,133 of CFO's first tranche portion on or around 1 October 2020, on a short-term basis, allowing CFO time to raise its allocation. This has resulted in the ownership structure being varied in CFOAM Corp (74.34% owned by CFOAM Limited, 25.66% owned by CONSOL Energy Inc), effective 31 December 2020.

This is summarised as follows:

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>US\$</b>	<b>US\$</b>
Equity reserve – non-controlling interests (note 9)	1,350,041	1,350,041
Non-controlling interest	2,379,092	2,379,092
Consideration received from CONSOL	3,729,133	3,729,133
	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>US\$</b>	<b>US\$</b>
Non-controlling interest in CONSOL's initial investment	2,149,959	2,149,959
Non-controlling interest in CONSOL's further investment	229,134	229,134
Share of loss – carried forward	(1,607,274)	(956,577)
Share of loss for period	(282,564)	(344,553)
Non-controlling interest	489,254	1,077,963

**Note 12. Contingencies and commitments**

There have been no changes since 30 June 2021.

**Note 13. Related party transactions**

Subsequent to the end of the financial period, Oakhurst Enterprises Pty Ltd, an entity associated with Gary Steinepreis provided a short term loan advance in the amount of A\$350,000 for working capital. The loan is unsecured with an initial term of 60 days at an interest rate of 2.5% per annum.

**Note 14. Events after the reporting period**

Other than as stated in Note 13, no other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**CFOAM Limited**  
**Directors' declaration**  
**31 December 2021**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Gary Steinepreis  
Director

28 February 2022  
Perth

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of CFOAM Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of CFOAM 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 2 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



Glyn O'Brien

Director

Perth, 28 February 2022

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