

28 February 2022

## Results for announcement to the market

### Appendix 4E for the year ended 31 December 2021

Invigor Group Limited (“the Company”) (ASX: IVO) announces the following results for the Company and its controlled entities (together the Consolidated Entity) for the year ended 31 December 2021. The results are extracted from the Preliminary Financial Statements of the Consolidated Entity which remain subject to audit completion.

Extracted from the 31 December 2021 Preliminary Financial Statements which remain subject to audit completion	Year to 31 December 2021 \$A'000	Year to 31 December 2020 \$A'000	Change %
Revenue from ordinary activities (including other income) <sup>1</sup>	2,237	2,163	3%
Earnings before Interest, Tax, Depreciation, Amortisation and Impairment ('EBITDAI') <sup>1</sup>	(1,604)	(2,379)	32%
Net profit (loss) from ordinary activities after tax attributable to members <sup>1</sup>	(3,756)	(4,958)	24%
Net profit (loss) after tax attributable to members	(2,333)	(4,988)	53%

<sup>1</sup> Includes continuing operations only. The Company's Germany subsidiary TillerStack GmbH is presented as a discontinued operation following the disposal in January 2021.

Subsequent to the end of the year, the Company completed a major capital raise and corporate restructure: refer to the separate Company Announcement for more details.

During the prior year the Company signed a contract to sell TillerStack GmbH (“TillerStack”), its subsidiary in Germany. The sale of TillerStack sale for US\$1.2M (cA\$1.7M) was completed on 15 January 2021, therefore as at 31 December 2020 the TillerStack segment was presented as held for sale, and the financial results of TillerStack in 2020 and 2021 are shown as discontinued operations.

The result for 2021 reflects:

- Revenue from sales, licence fees and services from continuing operations from the core Pricing divisions for the year was \$1,494,000, up 74% on the \$857,000 booked in 2020 as Invigor continues to capitalize on the accelerated consumer and retailer shift to online.
- Other income including R&D tax rebates and Australian Government JobSaver subsidies totalled \$743,000 (2020: \$1,306,000).
- Operating costs decreasing by \$1.0 million as a result of the Company previously consolidating business locations and streamlining product offerings.
- Gain from the TillerStack sale of \$1.35 million (net of transaction costs)
- A net loss before financing costs, tax, depreciation, amortisation and impairment (EBITDAI) from continuing operations of \$1,604,000 (2020: \$2,379,000 loss).
- Interest and borrowing costs incurred on convertible note and debt facilities of \$2,150,000, down 7% on \$2,324,000 in 2020.

Please refer to the attached 31 December 2021 Preliminary Financial Statements and Company Announcement for further information.

**Dividends for the year ended 31 December 2021**

No final dividend has been declared or proposed (2020 – nil).

No interim dividend was declared or paid (2020 – nil).

**Net Tangible Assets (Liabilities) per Share**

	<b>31 December 2021</b>	<b>31 December 2020</b>
Issued ordinary shares (#)	16,282,684	152,039,352
	\$A	\$A
Net assets (liabilities)	(20,169,000)	(18,503,000)
Less intangible assets	-	-
<b>Net tangible assets (liabilities)</b>	<b>(20,169,000)</b>	<b>(18,503,000)</b>
<b>Net tangible assets (liabilities) per share</b>	<b>(1.239)</b>	<b>(0.122)</b>

**Details of entities over which control has been gained or lost during the period**

TillerStack GmbH sale completed in January 2021, refer to note 4 of the attached Preliminary Financial Statements for further details. The Group also sold its 100% owned subsidiary in Singapore, Invigor Asia Pte Ltd in the period. Refer to note 4 of the attached Preliminary Financial Statements for further details.

**Audit status**

The Preliminary Financial Statements remain subject to completion of the audit by the Company’s Auditor. The Auditors has indicated that the final audit report may contain an Emphasis of Matter on the following:

- Preparation of the financial statements on a going concern basis.

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The remainder of the information requiring disclosure to comply with Listing Rule 4.3A is contained in the accompanying 31 December 2021 Preliminary Financial Report.

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**About Invigor Group Limited (ASX:IVO) – [www.invigorgroup.com](http://www.invigorgroup.com)**

Invigor Group (ASX: IVO) is a B2B data intelligence and solutions company that turns data analytics into dollars for the retail and service industries. Invigor’s innovation in owned retail platforms and unique cross-channel data ecosystem allows businesses to have a holistic view of their customers and competitive landscape to not only understand, but effectively engage with today’s physical and digital consumers. Combined with proprietary data and predictive engines, Invigor Group provides strategic insights and recommendations that empower businesses to successfully influence future customer strategy and increase long-term profitability.



## Preliminary Financial Report

31 December 2021

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Consolidated Statement of Profit or loss and other comprehensive income  
Consolidated Statement of Financial Position  
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Condensed Notes to the Financial Statements

*Given to the Australian Securities Exchange under Listing Rule 4.3A*

Invigor Group Limited  
Consolidated Statement of Profit or Loss and Comprehensive Income  
for the year ended 31 December 2021

	<b>Consolidated 31 December 2021</b>	<b>Consolidated 31 December 2020</b>
Note	\$'000	\$'000
Revenue	1,494	857
Other revenue/income	743	1,306
<b>Total revenue/other income</b>	<b>2,237</b>	<b>2,163</b>
Employee benefits expense	(2,455)	(2,952)
Professional fees	(762)	(438)
Impairment of assets	-	(250)
Other operating costs	(624)	(1,192)
Profit/ (Loss) from Joint Venture	-	40
<b>Total profit (loss) before financing costs, tax, depreciation and amortisation</b>	<b>(1,604)</b>	<b>(2,629)</b>
Depreciation and amortisation	(2)	(5)
<b>Total profit (loss) before financing costs and tax</b>	<b>(1,606)</b>	<b>(2,634)</b>
Financing costs	(2,150)	(2,324)
<b>Profit (loss) before income tax</b>	<b>(3,756)</b>	<b>(4,958)</b>
Income tax benefit (expense)	-	-
<b>Profit (loss) for the period from continuing operations</b>	<b>(3,756)</b>	<b>(4,958)</b>
<b>Discontinued operation</b>		
Profit (loss) from discontinued operations, net of tax	1,423	(30)
<b>Profit (loss) of the period</b>	<b>(2,333)</b>	<b>(4,988)</b>
<b>Other comprehensive income</b>		
Foreign currency translation reserve	239	48
<b>Total comprehensive income (loss) for the period</b>	<b>(2,094)</b>	<b>(4,940)</b>
	<b>Cents</b>	<b>Cents</b>
<b>Earnings per share</b>		
Basic earnings (loss) per share attributable to ordinary equity holders	(2.81)	(3.28)
Diluted earnings (loss) per share attributable to ordinary equity holders	(2.81)	(3.28)
<b>Earnings per share – continuing operations</b>	<b>Cents</b>	<b>Cents</b>
Basic earnings (loss) per share attributable to ordinary equity holders	(4.52)	(3.26)
Diluted earnings (loss) per share attributable to ordinary equity holders	(4.52)	(3.26)

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

		<b>Consolidated 31 December 2021 \$'000</b>	<b>Consolidated 31 December 2020 \$'000</b>
	Note		
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	1	1
Trade and other receivables		1,021	274
Assets held for sale	4	-	103
<b>Total Current Assets</b>		<b>1,021</b>	<b>378</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1	1
Investments accounted for using the equity method		-	-
<b>Total Non-Current Assets</b>		<b>1</b>	<b>1</b>
<b>TOTAL ASSETS</b>		<b>1,023</b>	<b>379</b>
<b>CURRENT LIABILITIES</b>			
Cash and cash equivalents	5	47	84
Trade and other creditors and accruals	6	8,351	6,681
Interest bearing loans and borrowings	7	12,523	11,560
Provisions		234	205
Liabilities held for sale	4	-	327
<b>Total Current Liabilities</b>		<b>21,155</b>	<b>18,857</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions		37	25
<b>Total Non-Current Liabilities</b>		<b>37</b>	<b>25</b>
<b>TOTAL LIABILITIES</b>		<b>21,192</b>	<b>18,882</b>
<b>NET ASSETS (LIABILITIES)</b>		<b>(20,169)</b>	<b>(18,503)</b>
<b>EQUITY</b>			
Issued capital	8	276	155,105
Reserves		3,868	3,372
Accumulated losses		(24,313)	(176,980)
<b>TOTAL EQUITY</b>		<b>(20,169)</b>	<b>(18,503)</b>

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

Invigor Group Limited  
Consolidated Statement of Cash Flows  
for the year ended 31 December 2021

	Note	<b>Consolidated 31 December 2021<sup>1</sup> \$'000</b>	<b>Consolidated 31 December 2020<sup>1</sup> \$'000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		1,504	2,354
Payments to suppliers and employees		(3,501)	(3,967)
Other income received		90	1,230
<b>Net cash from (used in) operating activities</b>		<b>(1,907)</b>	<b>(383)</b>
<b>Cash flows from investing activities</b>			
Disposal of discontinued operations, net of cash disposed	4	1,253	235
Proceeds from other assets		-	36
<b>Net cash from (used in) investing activities</b>		<b>1,253</b>	<b>271</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	8	-	-
Proceeds from issue of convertible notes		-	-
Proceeds from borrowings		2,853	1,918
Borrowing costs paid		(196)	(617)
Repayment of borrowings		(2,043)	(1,125)
Capital raising costs paid		-	-
<b>Net cash flow from (used in) financing activities</b>		<b>614</b>	<b>176</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(39)</b>	<b>64</b>
Cash and cash equivalents at 1 January		(9)	(73)
<b>Cash and cash equivalents at 31 December</b>		<b>(48)</b>	<b>(9)</b>

1 – including discontinued operations, refer to note 4

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

Invigor Group Limited  
Consolidated Statement of Changes in Equity  
for the year ended 31 December 2021

	Issued Capital	Accumulated Losses	Reserves	Total
<b>Consolidated</b>	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2021</b>	<b>155,105</b>	<b>(176,980)</b>	<b>3,372</b>	<b>(18,503)</b>
Profit (loss) for the period	-	(2,333)	-	(2,333)
Foreign currency translation reserve	-	-	239	239
Total comprehensive income (loss)	-	<b>(2,333)</b>	<b>239</b>	<b>(2,094)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Issue of shares	176	-	-	176
Share reduction (note 8)	(155,000)	155,000	-	-
Share based payments reserve	-	-	257	257
Options reserve	-	-	-	-
Capital raising costs reversed (incurred)	(5)	-	-	(5)
<b>Balance at 31 December 2021</b>	<b>276</b>	<b>(24,313)</b>	<b>3,868</b>	<b>(20,169)</b>
<b>Balance at 1 January 2020</b>	<b>155,105</b>	<b>(171,992)</b>	<b>2,792</b>	<b>(14,095)</b>
Profit (loss) for the period	-	(4,988)	-	(4,988)
Foreign currency translation reserve	-	-	48	48
Total comprehensive income (loss)	-	<b>(4,988)</b>	<b>48</b>	<b>(4,940)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Issue of shares	-	-	-	-
Share based payments reserve	-	-	171	171
Options reserve	-	-	361	361
Capital raising costs reversed (incurred)	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>155,105</b>	<b>(176,980)</b>	<b>3,372</b>	<b>(18,503)</b>

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



## 1. Significant accounting policies

This Preliminary Financial Report for the year ended 31 December 2021 comprises Invigor Group Limited (“the Company” or “Invigor”), its subsidiaries (together referred to as the “Consolidated Entity”) and the Consolidated Entity’s interests in associates and jointly controlled entities. The principal accounting policies adopted in the preparation of the preliminary financial report are set out below and have been consistently applied by each entity within the Consolidated Entity for all periods presented, unless otherwise stated. Invigor Group Limited is a limited liability company incorporated and domiciled in Australia.

### (a) Statement of compliance

This Preliminary Financial Report has been prepared in accordance with Australian Accounting Standards (AASB) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The preliminary financial report of the Consolidated Entity complies with the International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board. The Company is a for-profit entity for the purpose of preparing the financial statements.

### (b) Basis of preparation

The Preliminary Financial Report of Invigor Group Limited and subsidiaries for the year ended 31 December 2021 does not include all notes of the type that would normally be included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance and financial position of the Consolidated Entity as the full financial report.

This Report is based on the Annual Financial Report which is in the process of being audited. It has been prepared on the historical cost basis except for financial assets which are measured at fair value.

Comparative figures have been adjusted to conform to changes in presentation for the current financial year when required by accounting standards. Where the Consolidated Entity has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

Amounts are presented in Australian dollars, which is the Company’s functional currency and the functional currency of the majority of the entities in the Consolidated Entity during the reporting period. In accordance with the Australian and Securities Investments Commissions Corporation (Rounding in Financial/Directors Reports) Instrument 2016/191, values are rounded to the nearest thousand dollars unless otherwise stated. Amounts less than \$100 are rounded to zero.

### (c) Preparation of financial statements on the going concern basis

The consolidated financial statements have been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. During the year ended 31 December 2021 the Group incurred a net loss of \$2.3m, of which \$3.8m was from continuing operations while discontinued operation had a net profit of \$1.4m (2020: \$5.0m loss from continuing operations), had net cash outflows from operating activities of \$1.9m (2020: \$0.4m), and at that date the Group’s current liabilities exceed its current assets by \$20.1m (2020: \$18.5m).

The Preliminary Financial Report has been prepared on a going concern basis on the basis that the Company can raise additional debt and/or equity. See Note 7 and Note 11 in relation to the current level of debt and the restructure of the balance sheet and capital raise that the Company finalised in January and February 2022.

In determining that the going concern basis is appropriate, the directors have had regard to:

- The Company’s contracted revenue resulting from its focus on growth of the Pricing Insights and related solutions targeted at both brands and retailers which will assist the Company’s performance;
- The major balance sheet restructuring that occurred in January and February 2022, following approval by shareholders at a General Meeting held on 21 January 2022, that resulted in the following actions occurring:
  - i. The elimination of \$10.545m of debt through the conversion into shares at \$0.30 per share;
  - ii. A \$9.168m capital raise through a placement of 91.677m shares at \$0.10 per share to professional and sophisticated investors;

- iii. The repayment of \$3.2m of secured and unsecured loans and the repayment of \$3.7 of accrued creditors from the proceeds of the capital raise;
  - iv. The resultant improvement of \$18.255m of net assets through the elimination of a total of \$16.563m of liabilities from the balance sheet on a pro-forma basis as at December 31 2021;
  - v. The provision of approximately \$1.6m of ongoing working capital;
  - vi. The application to the ASX for their approval for the reinstatement of trading.
- The major reduction of the Company's debt results in \$1.4m of debt remaining, which has been renegotiated to be repayable in January and April 2023.
  - The Company's intention and commitment to continue to explore strategic opportunities to further drive revenue growth and profitability.

After considering all available information, the Directors have concluded it is appropriate to prepare the full year financial report on a going concern basis.

The Company's ability to continue to operate as a going concern is dependent upon the items listed above. Should these events not occur as anticipated, the Company is unlikely be able to pursue its business objectives and will have difficulty continuing to operate as a going concern, including realising its assets and extinguishing its liabilities in the normal course of business at the amounts shown in the financial statements.

**(d) Use of estimates and judgements**

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement of Receivables, Intangible assets, Tax losses, Trade and other creditors and accruals, and Interest-bearing loans and borrowings.

**(e) Principles of consolidation**

Subsidiaries

The consolidated financial statements of Invigor Group Limited incorporate the assets and liabilities of all entities controlled by the Company as at 31 December 2021 and the results of all controlled entities for the year then ended. Control exists when the Consolidated Entity has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

Associates and jointly controlled entities

Associates are those entities in which the Consolidated Entity has significant influence, but not control, over the financial and operating policies. Jointly controlled entities are those entities over whose activities the Consolidated Entity has joint control, established by contractual agreement. In the consolidated financial statements, investments in associates and jointly controlled entities are accounted for using either fair value through profit or loss or the equity method of accounting.

The Consolidated Entity's investments in associates and jointly controlled entities include goodwill identified on acquisition net of impairment losses, if any. Where the fair value through profit or loss method is applied, the carrying amount of investments in associates or jointly controlled entities is restated to the assessed fair value with changes recognised in the income statement. Such investments are classified as "Other financial assets" in the balance sheet.

Where the equity method is applied, the consolidated financial statements include the Consolidated Entity's share of the total recognised gains and losses of associates or jointly controlled entities on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Consolidated Entity's share of losses exceeds its interest in an associate or jointly controlled entity, the Consolidated Entity's carrying amount is reduced to \$nil and recognition of further losses is discontinued except to the extent that the Consolidated Entity has incurred obligations or made payments on behalf of the associate or jointly controlled entity.

#### Transactions eliminated on consolidation

All intercompany balances, unrealised income and unrealised expenses arising from intra-group transactions, have been eliminated in full. Unrealised gains or losses on transactions between the Consolidated Entity and its equity accounted investments are eliminated to the extent of the Consolidated Entity's interest in those entities. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

#### **(f) Foreign currency translation**

##### Foreign currency transactions and balances

Transactions in foreign currencies are initially translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items that are outstanding at reporting date are translated at the foreign exchange rate prevailing at that date.

Foreign exchange gains and losses arising on translation are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the exchange rates prevailing at the dates the fair value was determined.

##### Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at balance date.

The income and expenses of foreign operations are translated into Australian dollars at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case revenues and expenses are translated at exchange rates at the dates of the transactions). Any exchange differences arising on translation are taken directly to the foreign currency translation reserve in equity.

Exchange differences arising from the translation of a net investment in foreign operations, and of related hedges, are taken to the foreign currency translation reserve and are released into the income statement upon a disposal resulting in a loss of control.

#### **(g) Revenue**

##### Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Consolidated Entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Consolidated Entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimate of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customers of the goods or services promised.

##### Licence subscription revenue

Licence subscription revenue, which includes support services, is accounted for as a separate performance obligation. Sales of licence subscriptions provide the customer with a right of use of the group's software as it exists throughout the licence period. Revenue is typically paid in advance on an annual, quarterly or monthly basis. Revenue is recognised evenly over the non-cancellable term of the contract. Revenue received in advance of the performance of services is deferred and recognised as contract liabilities.

#### Licence set-up

Rendering of services being set-up and development of customised software or applications typically does not result in the customer receiving a good or service which is distinct from the rendering of associated licence subscription services. As a result, any revenue separately attributable to set-up or development is recognised evenly over the non-cancellable term of the contract as described above.

#### Projects (including pilot programs)

Project revenue, which includes delivery of customised data and reports, and pilot programs for licence subscription, is recognised when the performance obligations have been satisfied with reference to the stage of completion. Stage of completion refers to contractual milestones or deliverables, and revenue is recognised at a point in time when the milestone or deliverable has been satisfied.

#### Sale of goods (including customised hardware)

Sale of goods revenue is recognised when the performance obligation to transfer control of the goods to the customer is satisfied, which occurs either at the point of sale or when delivery is completed by way of shipping the product to the location specified by the customer, and the ownership risks have therefore passed to the customer pursuant to the contract. Amounts disclosed are net of sales returns and trade discounts.

#### Maintenance and support

Maintenance and support revenue is accounted for as a separate performance obligation. Revenue is typically paid in advance on an annual, quarterly or monthly basis. Revenue is recognised evenly over the non-cancellable term of the contract. Revenue received in advance of the performance of services is deferred and recognised as contract liabilities.

#### Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants that compensate the Group for expenses incurred are recognised in profit or loss; within 'Other income'; on a systematic basis in the periods in which the expenses are recognised. Note 3 provides further information on government grants. For the year ended 31 December 2021, the Group self-assessed its eligibility to access Australian and Singapore government COVID-19 related grants. The Group was eligible for the Australian Government COVID-19 Job Saver Subsidy from July 2021 to November 2021. There were no unfulfilled conditions or other contingencies attaching to these government program.

#### Interest income

Interest income is recognised in the income statement on an accrual basis, using the effective interest method.

#### Dividend income

Dividend income is recognised in the income statement when the entity's right to receive payment is established.

### **(h) Financing costs**

Financing costs comprise interest expense on borrowings calculated using the effective interest rate method, costs incurred in establishing and maintaining borrowing facilities for use in funding business acquisitions, foreign exchange gains and losses on foreign currency borrowings, unwinding of the discount on provisions, fair value movements on other financial assets at fair value through the profit or loss where considered part of the borrowing cost, and gains and losses on hedging instruments that are recognised in the income statement. Borrowing costs are recognised in profit or loss using the effective interest method unless they relate to a qualifying asset in which case they are capitalised in the relevant asset.

### **(i) Leases**

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e., leases with a remaining term of 12 months or less) and leases of low value assets are recognised as operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability is as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement day and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The operating lease commitments of the Group at 31 December 2021 relate to short-term leases, therefore no right of use asset has been recognised, and the contracts are recognised as operating expenses on a straight-line basis over the term of the lease.

#### **(j) Research and development expenditure**

Research expenditure is expensed as incurred.

Development expenditure incurred on projects may be capitalised if the product or service is technically feasible, adequate resources are available to complete the projects, it is probable that future economic benefits will be generated and expenditure attributable to a project can be reliably measured. Expenditure capitalised comprises the direct costs of services, direct labour and an appropriate portion of overheads. Other development costs are expensed when they are incurred. Capitalised development expenditure, if any, is stated at cost less accumulated amortisation and any impairment losses and amortised over the period of expected future sales from the related projects, which is generally no more than 3 years. Capitalised development expenditure is reviewed at least annually for impairment.

#### **(k) Income tax**

The income tax expense or benefit on the profit or loss for the year comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is also recognised directly in equity.

Current tax is the expected tax payable on the current period's taxable income, using tax rates enacted or substantially enacted at balance date. Current tax also includes any adjustment to tax payable in respect of previous years.

Deferred tax is measured using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the underlying items and the tax rates which are enacted or substantially enacted at balance date and expected to apply when the assets are recovered or liabilities are settled. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax is not recognised for taxable temporary differences arising from the recognition of goodwill.

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

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

#### Tax consolidation

The Company and its wholly-owned Australian controlled entities formed a tax consolidated group on 10 October 2012 meaning that all members of the tax consolidated group are taxed as a single entity from that date. The Company is the head entity of the tax consolidated group.

#### **(I) Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Financial assets are recognised when the rights to receive cash flows and the risks and rewards of ownership are transferred to the Consolidated Entity. Financial assets are derecognised when the rights to receive cash flows from these assets have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership.

Financial liabilities are recognised if the Consolidated Entity becomes a party to the contractual provisions of a financial instrument. Financial liabilities are derecognised if the Consolidated Entity's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Purchases of investments are recognised when the Consolidated Entity is entitled to the risks and rewards of ownership. This is usually on settlement date, being the date on which the asset is delivered to the Consolidated Entity. Sales of investments are recognised when the Consolidated Entity is unconditionally committed to sell the asset and the risks and rewards of ownership have been substantially transferred by the Consolidated Entity.

The Consolidated Entity classifies its investments as either loans and receivables at amortised cost or financial assets through profit or loss. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Consolidated Entity provides money, goods or services directly to a debtor with no intention of selling the receivable. After initial measurement, loans and receivables are subsequently measured at amortised cost using the effective interest method, less allowance for impairment, if any. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in the income statement in interest income. Losses arising from any impairment of such loans and advances are recognised in the income statement.

#### *Financial assets at fair value through profit or loss*

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition or subsequently re-designated in compliance with accounting standards. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial instruments are designated at fair value through profit or loss if the Consolidated Entity manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's investment strategy. Attributable transaction costs are recognised in profit or loss when incurred. Financial instruments that are classified as at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

#### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Consolidated Entity's cash management strategy are reported within liabilities in the balance sheet, but included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

#### Impairment

The Consolidated Entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is considered to be impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment includes observable data that indicates that there is a measurable decrease in the future cash flows expected to be received.

#### *Loans and receivables*

For loans and receivables carried at amortised cost, the Consolidated Entity first assesses whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Consolidated Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

#### *Financial assets at fair value through profit or loss*

For financial assets at fair value through profit and loss, the Consolidated Entity assesses at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

#### **(m) Property, plant and equipment**

Items of property, plant and equipment are stated at historical cost less accumulated depreciation, accumulated amortisation and impairment losses (refer note 1(t)). The carrying amount of an item of property, plant and equipment includes the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits embodied within the item will eventuate and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the income statement as incurred.

Depreciation or amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

- Property, plant and equipment	3 years
- Computer equipment	2 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

#### **(n) Intangible assets**

##### Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Consolidated Entity's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Any goodwill on acquisitions of associates or jointly controlled entities is included in investments in associates or jointly controlled entities where the equity method is adopted. Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

##### Identifiable intangible assets

The useful lives of separately identified intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

#### Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets other than goodwill which is not amortised. Other intangible assets are amortised from the date they are available for use. The useful lives of intangible assets are reviewed, and adjusted if appropriate, at each balance date.

#### **(o) Creditors and payables**

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the period and which remain outstanding at balance date. Creditors are stated initially at fair value and subsequently at amortised cost, are unsecured, and are usually paid within 60 days of recognition.

#### **(p) Interest-bearing loans and borrowings**

Interest-bearing borrowings are recognised initially at fair value. Fair value is calculated based on discounted expected future principal and interest cash flows. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with income/expense recognised in profit or loss on an effective interest basis.

#### **(q) Employee entitlements**

##### Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave due to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

##### Long service leave

The Consolidated Entity's net obligation for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds that have maturity dates approximating to the terms of the Consolidated Entity's obligations.

##### Profit-sharing and bonus plans

The Consolidated Entity recognises a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made. The liability is not discounted as it is settled within 12 months.

#### **(r) Employee benefits expense – share based payments**

The Consolidated Entity may provide benefits to its employees, including directors, in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).



The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity (Employee equity benefits reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Fair value is determined using an appropriate option pricing model (e.g., Black-Scholes). In determining fair value, no account is taken of any performance conditions other than those related to the share price of Invigor Group Limited.

**(s) Provisions**

Provisions are recognised in the balance sheet when the Consolidated Entity has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated. If the effect is material, provisions are determined by discounting expected future cash flows at a market rate.

**(t) Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that have a definite useful life and are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is measured by reference to fair value less costs to sell and value in use. An impairment loss is recognised in the income statement unless the asset has previously been revalued, in which case the loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

**(u) Assets held for sale**

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sales rather than continuing use.

Such assets, or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets (if any), which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity accounted invested is no longer equity accounted.

**(v) Issued Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or the collection of instalment amounts due from shareholders are accounted for as a deduction from equity, net of any related income tax benefit.

**(w) Earnings per share**

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the reporting period.

Diluted earnings per share

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

**(w) New and revised accounting standards**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

## 2. Segment reporting

The Consolidated Entity has adopted *AASB 8 Operating Segments* whereby segment information is presented using a 'management approach'. That is, segment information is provided on the same basis as information used for management reporting purposes by the chief operating decision maker. The chief operating decision maker is considered to be the Board of Directors.

The Consolidated Entity has identified TillerStack GmbH (discontinued in 2020) and Australia & South-East Asia as separately identifiable operating segments.

The TillerStack GmbH segment operated primarily in Germany. The Australia & South-East Asia segment operates primarily in Australia and Singapore.

### a) Segment results

Year ended	TillerStack GmbH (discontinued)	Australia & SE Asia	Consolidated Total
31 December 2021	<u>\$'000</u>	<u>\$000</u>	<u>\$'000</u>
Revenue from external customers		1,494	1,494
Other revenue/income <sup>1</sup>	-	743	743
<b>Total segment revenue/income</b>	<b>-</b>	<b>2,237</b>	<b>2,237</b>
EBITDA (before impairment)	-	(1,604)	(1,604)
Finance costs	-	(2,150)	(2,150)
Depreciation and amortisation	-	(2)	(2)
<b>Year ended</b>			
<b>31 December 2020</b>			
Revenue from external customers	1,073	857	1,930
Other revenue/income <sup>1</sup>	-	1,306	1,306
<b>Total segment revenue/income</b>	<b>1,073</b>	<b>2,163</b>	<b>3,236</b>
EBITDA (before impairment)	(19)	(2,379)	(2,398)
Finance costs	-	(2,324)	(2,324)
Depreciation and amortisation	(11)	(5)	(16)

<sup>1</sup> Refer note 3 for breakdown

b) Reconciliation of segment EBITDA to profit (loss) before income tax is as follows:	Consolidated	Consolidated
	2021	2020
	<u>\$'000</u>	<u>\$'000</u>
<b>Total EBITDA for reportable segments</b>	<b>(1,604)</b>	<b>(2,398)</b>
Depreciation and amortisation for reportable segments	(2)	(16)
Impairment charges	-	(250)
Finance costs for reportable segments	(2,150)	(2,324)
Elimination of discounted operations	-	30
<b>Profit (loss) for the period from continuing operations</b>	<b>(3,756)</b>	<b>(4,958)</b>
	Consolidated	Consolidated
	2021	2020
	<u>\$'000</u>	<u>\$'000</u>
<b>c) Revenue &amp; other income by geographical region</b>		
Australia	2,173	2,120
Asia (Singapore)	-	43

Germany (TillerStack – discontinued operations)	64	1,073
<b>Total revenue &amp; other income</b>	<b>2,237</b>	<b>3,236</b>

The Consolidated Entity has adopted the amendment included in AASB 2009-5. No segment assets or segment liabilities are disclosed as these were not regularly provided to the chief operating decision maker.

### 3. Other revenue and income

For the year ended 31 December 2021, the Group recognised government grant income of \$89,000 as part of Australian government Covid-19 measures (2020: \$373,000). There were no unfulfilled conditions or other contingencies attaching to these grants. No amounts were receivable at 31 December 2021. The Group also recognised Research & Development Tax Rebate income of \$560,000 (2020: \$897,000).

	<b>31 December 2021</b>	<b>31 December 2020</b>
	\$'000	\$'000
Research & Development Tax Rebate	560	898
JobKeeper subsidy - Australia	-	245
ATO cashflow boost	-	100
JobSaver subsidy - Australia	89	-
Singapore Government wage subsidies	-	28
Proceeds from sale / recovery of other assets (excluding TillerStack)	94	35
<b>Other revenue / income</b>	<b>743</b>	<b>1,306</b>

### 4. Sale of TillerStack GmbH and Invigor Asia Pte Ltd

#### TillerStack GmbH

In August 2020 the Company signed a Share Purchase Agreement for the sale of 100% of the issued share capital of its German operating subsidiary TillerStack GmbH to ZenaTech Inc (previously ZenaDrone Inc) for USD1.25 million (A\$1.7 million), less any NTA adjustments. 50% of the purchase price was payable in cash on settlement, and 50% of the purchase price was payable by a 12-month amortising Promissory Note with a convertible option to ZenaTech Inc shares.

The settlement was expected by 15 October 2020, however the parties subsequently agreed to extend the settlement to 14 January 2021. Deposits received in FY2020 of USD175,000 (A\$235,000) were recognised as a liability (advance consideration) as at 31 December 2020.

In January 2021 the sale completed, and the balance of cash settlement of USD450,000 (A\$548,000) was received on 18 January 2021. Eleven Promissory Note payments totalling USD537,000 (A\$710,000) were also received in the period to 31 December 2021, and an additional payment of USD49,000 (A\$67,000) has been received subsequent to period end. The total consideration received and receivable after NTA adjustments is \$1.58 million, of which \$67,000 is receivable at 31 December 2021 and included in other assets and receivables.

TillerStack GmbH has previously been presented as an operating segment, and therefore the financial results of TillerStack GmbH are presented as 'Discontinued Operations' in the consolidated income statement for the year ended 31 December 2021. TillerStack GmbH was classified as held for sale at 31 December 2020.

	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>a) Results of discontinued operation</b>	\$'000	\$'000
Revenue	64	1,073
Expenses	(98)	(1,103)
Results from operating activities	(34)	(30)
Income tax	-	-
Results from operating activities, net of tax	(34)	(30)
Gain (loss) on sale of discontinued operation	1,476	-
Transaction costs relating to discontinued operations	(93)	-

Income tax on gain (loss) on sale of discontinued operation	-	-
<b>Profit (loss) for the period</b>	<b>1,349</b>	<b>(30)</b>

	31 December 2021 \$'000	31 December 2020 \$'000
<b>b) Cash flows from (used in) discontinued operation</b>		
Net cash used in operating activities	-	(74)
Net cash from Investing activities	-	-
Net cash from financing activities	-	-
<b>Net cash flow for the period</b>	<b>-</b>	<b>(74)</b>

	31 December 2021 \$000	31 December 2020 \$000
<b>c) Assets and liabilities of disposal group held for sale</b>		
Property, plant and equipment	-	10
Trade and other receivables	-	19
Cash and cash equivalents	-	74
<b>Assets held for sale</b>	<b>-</b>	<b>103</b>
Provisions	-	-
Trade and other payables	-	327
<b>Liabilities held for sale</b>	<b>-</b>	<b>327</b>

	31 December 2021 \$000	31 December 2020 \$000
<b>d) Cash flows from consideration</b>		
Consideration received, satisfied in cash	1,253	235
Cash and cash equivalents disposed of	-	-
<b>Net cash inflow</b>	<b>1,253</b>	<b>235</b>

The loss from discontinued operations was attributable entirely to the owners of the Company.

#### Invigor Asia Pte Ltd

On 30 September 2021 the Company signed a Share Transfer Agreement (Agreement) for the sale of 100% of the 780,354 issued share capital (Share) of its Singapore operating subsidiary Invigor Asia Pte Ltd (IVO Asia) to Ridgeview Financial Corporation (RFC). RFC is a company controlled by Dr Brian Cohen. The Invigor Board reviewed and approved this transaction on an arm-length basis. The Agreement covers amount of \$4,398,584 owed by IVO Asia to the Company (Receivable). At completion, RFC paid \$100 to the Company for the Shares and Receivable. Post-completion terms include the following key steps:

- The Company must pay Evolution Partners (EP) \$31,677 (SGD31,088) after completion of the Fundraising of approximately \$8 million at the date of the Agreement (Fundraising) in satisfaction of the debt owed by IVO Asia to EP.
- Subject to complying with regulatory requirements, the Company must issue ordinary shares in the Company under the Fundraising to satisfy the debts of \$333,753 (SGD327,545) owed by IVO Asia to certain Creditors.
- RFC must repay the Company should it collect any funds repayable from IVO Asia of the \$4,398,584 owed to the Company.

	31 December 2021 \$'000	31 December 2020 \$'000
<b>a) Results of discontinued operation</b>		

Revenue	-	-
Expenses	-	-
Results from operating activities	-	-
Income tax	-	-
Results from operating activities, net of tax	-	-
Gain (loss) on sale of discontinued operation	74	-
Transaction costs relating to discontinued operations	-	-
Income tax on gain (loss) on sale of discontinued operation	-	-
<b>Profit (loss) for the period</b>	<b>74</b>	<b>-</b>

	31 December 2021 \$'000	31 December 2020 \$'000
<b>b) Cash flows from (used in) discontinued operation</b>		
Net cash used in operating activities	-	-
Net cash from Investing activities	-	-
Net cash from financing activities	-	-
<b>Net cash flow for the period</b>	<b>-</b>	<b>-</b>

	31 December 2021 \$000	31 December 2020 \$000
<b>c) Assets and liabilities of disposal group held for sale</b>		
Property, plant and equipment	-	-
Trade and other receivables	-	-
Cash and cash equivalents	-	-
<b>Assets held for sale</b>	<b>-</b>	<b>-</b>

Due to parent company	-	-
Trade and other payables	-	-
<b>Liabilities held for sale</b>	<b>-</b>	<b>4,764</b>

	31 December 2021 \$000	31 December 2020 \$000
<b>d) Cash flows from consideration</b>		
Consideration received, satisfied in cash	-	-
Cash and cash equivalents disposed of	-	-
<b>Net cash inflow</b>	<b>-</b>	<b>-</b>

The loss from discontinued operations was attributable entirely to the owners of the Company.

## 5. Cash and cash equivalents

	31 December 2021 \$'000	31 December 2020 \$'000
Cash at bank and on hand, presented as a current asset	1	1
Bank overdrafts, drawn at period end, presented as a current liability	(47)	(84)
<b>Cash and cash equivalents per statement of cash flows<sup>1</sup></b>	<b>(46)</b>	<b>(83)</b>

<sup>1</sup> Excludes cash held by discontinued operations which is presented in Assets held for sale.

## 6. Trade and other creditors and accruals

	31 December 2021 \$'000	31 December 2020 \$'000
Trade creditors	1,904	1,796
Other creditors and accrued expenses	6,259	4,392
TillerStack sale consideration received in advance of completion	-	235

Contract liabilities (Unearned revenue)	188	258
<b>Current</b>	<b>8,351</b>	<b>6,681</b>

Included in trade creditors are invoices totalling \$1,157,000 (2020: \$958,000) payable at balance date under cost recovery agreements with Marcel Equity Pty Ltd (and associated entities), and payable under consultancy and fee arrangements with other Director related parties.

Included in other creditor and accrued expenses are accruals of \$2,465,000 (2020: \$1,490,000) for other interest and fees payable to Marcel Equity Pty Ltd, Gary Cohen and other Director related parties. These amounts are unsecured.

During the year the Company purchased Accounting and Financial services from Inventive Healthcare Solutions Pty Ltd (IHS) totalling \$88,433 ( a related party of Directors Thierry Manor, Gary Cohen and Gregory Cohen) on an actual cost incurred basis to assist the Company with the provision of financial analysis, budget and P&L forecast development and management accounting expertise. As at 31 December 2021, the outstanding service invoices payable of \$34,000, was combined with outstanding invoice financing facilities charges and converted into a long-term loan, see note 7.

**Invoice assignment facilities (including related party facility)**

In February 2021, the Company entered into an invoice assignment facility with Inventive Healthcare Solutions Pty Ltd (IHS), an entity associated with Gary Cohen, Thierry Manor and Gregory Cohen. At 31 December 2021, the liability owing to IHS under this facility is \$101,700 and during the period, fees of \$34,000 were incurred. A new Invoice assignment facility was entered into with a third-party provider. IHS has agreed with the Company to convert the balance of the existing facility into an unsecured loan repayable by April 30 2023, with interest charged at 10%p.a. This facility was approved on an arm’s length basis by the Board without the participation of the conflicted Directors. See Note 7

In May 2021 the Company entered into a new invoice assignment facility with a third-party provider. Under the facility, at the request of the Company, the provider could advance up to 90% of an assigned customer invoice. On collection of the invoice by the Company, the advanced amount plus financing fee is repayable to the provider. At 31 December 2021, the liability owing under this facility is \$28,066, and during the period, fees of \$39,336 were incurred which are included in financing costs.

**7. Interest bearing loans and borrowings**

	31 December 2021 \$'000	31 December 2020 \$'000
Unsecured borrowings – convertible notes	1,632	1,000
Unsecured borrowings – loan facilities	6,065	5,451
Unsecured borrowings – employees	177	187
Secured borrowings – loan facilities (including employees)	4,649	4,922
<b>Current</b>	<b>12,523</b>	<b>11,560</b>

**Unsecured borrowings – convertible notes**

Unsecured convertible notes are shown as a current liability at balance date because the note holders held a current right at that date to issue a conversion notice notwithstanding the remaining terms to maturity under the facilities.

*2018 Convertible notes issue*

During February and March 2018, the Company received a total of \$1,000,000 funds from three sophisticated investors as an initial investment in TillerStack (Skyware) with the option of converting to shares in the Company at \$0.01. It was subsequently agreed to extend the facility as a Convertible Note in the Company on the terms listed below, subject to shareholder approval.

The key terms of the facility are:

- Convertible notes on issue at 31 December 2021 – 12,500,000 at \$0.08 per share
- Maturity dates – 7 May 2019, previously extended to 31 December 2019. These notes are now due on demand, with discussions between note holders and the Company ongoing. The Company will seek

shareholder approval at a General Meeting expected to be called in early-2022 for the conversion of a substantial portion of this debt to equity through the issue of ordinary share capital.

- Ranking – unsecured
- Conversion price - the convertible notes may be converted into shares at the conversion price of \$0.08 per share
- Interest – 17 per cent per annum, payable on maturity
- Redemption – on the maturity date, or at a later date when the noteholder gives a notice requiring redemption, or after the occurrence of a defined event of default.
- The Company has obtained shareholder approval at the 21 January 2022 General Meeting, and the noteholders have agreed, for the conversion of all of this debt to equity through the issue of ordinary share capital at \$0.30 per share. See Note 11.

#### *2021 Convertible notes issue*

During 2021, the Company received a total of \$632,000 in funds from sophisticated investors for convertible notes.

The key terms of the convertible notes are:

- Convertible notes on issue at 31 December 2021 – 632,000 at \$0.07 per share estimated (30% discount to an expected capital raise offer price \$0.10)
- Maturity dates – twelve months from issue (issue dates between March 2021, June 2021 and August 2021)
- Ranking – unsecured
- Conversion price - the convertible notes may be converted into shares at the conversion price of \$0.07 per share estimated (30% discount to an expected capital raise offer price \$0.10)
- Interest – 15 per cent per annum, payable on maturity
- Redemption – on the maturity date, or at a later date when the noteholder gives a notice requiring redemption, or after the occurrence of a defined event of default.

The Company has obtained shareholder approval at the 21 January 2022 General Meeting for the conversion of all of this debt to equity through the issue of ordinary share capital at \$0.07 per share. See Note 11.

#### **Unsecured borrowings – loan facilities**

##### *Marcel Equity facility*

In February 2016, the Company entered into an interest-bearing short-term loan arrangement with Marcel Equity Pty Ltd (“Marcel”), an entity associated with Gary Cohen and Gregory Cohen (Directors of the Company), under which Marcel will make available up to \$700,000 as and when required by the Company, subject to the terms of the loan arrangement. The loan arrangement has subsequently been extended a number of times (both limit and repayment date).

In February 2020, the Company extended the term and amount of the agreement to 31 December 2021, and \$7.5 million (from \$5 million at 31 December 2019) with 15% pa interest. The facility was subsequently extended at the same amount (\$7.5 million), interest charge (15% pa) to 31 March 2022.

An amount of \$4,868,089 (31 December 2020: \$4,496,000) has been drawn as at 31 December 2021. The increase can be mainly attributable to the loan with Karoo Investment Group being assumed via a Deed of Assumption dated 31 October 2021.

The terms of the facility are that it is only repayable from the Company’s available cash flow (principal and interest).

The Company has obtained shareholder approval at the 21 January 2022 General Meeting for the conversion of the majority of this debt to equity through the issue of ordinary share capital at \$0.30 per share. See Note 11.

##### *Other loan facilities*

On 31 October 2018, the Company received \$300,000 from a sophisticated investor as a convertible note, expiring on 31 December 2018. The convertible note had zero interest, and a \$50,000 redemption provision should the note not convert. As the investor had not converted the note as at 31 December 2018, the Company has recognised a \$350,000 loan liability. \$116,667 of this balance was repaid in January 2019. The balance at 31 December 2021 is \$233,333. Interest accrues at 20% per annum and accumulated to \$143,452. Subsequent to year-end, this loan was assigned to Marcel Equity Pty Ltd via Deed of Assignment in February 2022, subject to conditions precedent, and the Company agreed with Marcel Equity to extend the repayment to 30 April 2023. See Note 11.

On 26 June 2019, the Company entered into a \$500,000 loan facility with a sophisticated investor. This facility has been fully drawn at 31 December 2021. The repayment date was 31 December 2019 and extended to 31 July 2021, and the loan is now repayable on demand. Interest accrues at 3% per month. The repayment of this facility has been agreed to be settled from the proceeds of the \$9.168m capital raising approved at the General Meeting on 21 January 2022. See Note 11

In 2018, the Company entered into a Prepayment Loan Agreement with Karoo Investment Group Pty Ltd and Worldwide Finance Group Pty Ltd under which the lenders made available a facility in the amount of \$1,320,000 at an interest rate 15% - 22% p.a. The facility was primarily used to fund the Company's research and development activities. \$1,100,000 of the facility was secured against the Company's research and development tax rebate amount for the year ended 31 December 2018 and was fully repaid in 2019 and 2020. Effective 31 October 2021, Marcel Equity agreed to assume the repayment of the loan via a Deed of Assumption. The amount assumed is \$301,611, comprising the balance of \$220,000 with an accrued interest of \$81,611. The Company has obtained shareholder approval at the 21 January 2022 General Meeting for the issue of shares for the Deed of Assumption through the issue of ordinary share capital at \$0.10 per share. See Note 11.

In November 2021 the Company entered into a short-term unsecured loan with Global Equity Protection Limited Separated Account designated ACL (Registration No. 38339). The loan principal was \$100,000 with interest payable at 10%. The debt is repayable 90 days after the date of the agreement or on the date that the Company receives notification that it has been reinstated to quotation on the ASX. The repayment of this facility has been agreed to be settled from the proceeds of the \$9.168m capital raising approved at the General Meeting on 21 January 2022. See Note 11.

In December 2021, the Company agreed with Inventive Healthcare Solutions Pty Ltd (IHS) to convert the amount outstanding on the invoice financing facility of \$101,700 plus other services invoices of \$34,000 into an unsecured loan of \$135,700, repayable by 30 April 2023. Interest is charged at 10%p.a. This facility was approved on an arm's length basis by the Board without the participation of the conflicted Directors.

### **Unsecured borrowings – employees**

In November 2019 the Company entered into unsecured loan agreements with certain employees. At 31 December 2021 the balance is \$177,000 (31 December 2020: \$187,000). Interest accrues at 15% per annum. The loans were repayable by 30 June 2020, and are now repayable on demand. The repayment of this facility has been agreed to be settled from the proceeds of the \$9.168m capital raising approved at the General Meeting on 21 January 2022. See Note 11.

### **Secured borrowings**

#### *R&D loans*

In December 2019, the Company entered into a Prepayment Loan Agreement with Finarch Holdings Pty Limited under which the lender made available a facility in the amount of \$710,000 at an interest rate 20% p.a. The facility was being used to fund the Company's research and development activities. The facility was fully repaid in the period on receipt of the research and development tax rebate amount for the year ended 31 December 2019.

In November 2020, the Company varied the Loan Agreement with Finarch Holdings Pty Limited under which the lender made available a facility in the amount of \$640,000 at an interest rate 20% p.a, repayable by 10 May 2021. In December 2020, the Finarch facility was again extended for an additional facility \$850,000, repayable in instalments up to 10 August 2021, subject to an extension option in the Company's favour. The facility is fully drawn to \$1,490,000 at 31 December 2020. Amounts drawn under the facility are secured against the grant receivable and the Promissory Note issued by the Purchaser of TillerStack GmbH (note 4).



During the period, repayments of \$655,000 to June 2021 and a further \$354,000 to December 2021 have been made to Finarch in accordance with the terms of the facility agreement. Also, the facility has been varied and increased by an additional \$235,000 in August 2021 and \$427,096 in December 2021. The balance of the facility at 31 December 2021 was \$1,243,582. This included \$678,391 (the \$640,000 facility) that is secured over the Company's research and development tax rebate.

The repayment of this facility has been agreed to be settled from the proceeds of the \$9.168m capital raising approved at the General Meeting on 21 January 2022. See Note 11.

#### *Glowaim facility*

On 28 February 2019, the Company entered into a \$1,000,000 loan facility with Glowaim Pty Ltd (Glowaim). This was extended to \$1,400,000 in November 2019. The facility is fully drawn at 31 December 2020, with repayment due on demand. The balance of the facility at 31 December 2021 is \$2,249,399, comprising the balance of \$1,490,000 and accrued interest of \$849,399. Interest accrues at 20% per annum. It has been agreed with Glowaim to repay \$1.4m of the facility from the proceeds of the capital raising and extend the repayment date for the balance of the interest portion due to 15 January 2023, and shareholders approved at the General Meeting a grant of 9,747,024 options at \$0.10 per option in consideration of this extension. See Note 11.

#### *PFG facility*

Invigor Group Limited secured a A\$2 million loan facility with Partners for Growth (PFG) in February 2017. Under the terms of the agreement, Partners for Growth's funding was for 2 years at a 10% annual interest rate. \$1,750,000 was repaid in instalments in 2019, and \$33,000 was repaid in December 2020. The net balance remaining at 31 December 2021 of \$217,233 is repayable on demand. Interest accrues at 16% per annum. The repayment of this facility has been agreed to be settled from the proceeds of the \$9.168m capital raising approved at the General Meeting on 21 January 2022. See Note 11.

#### *Gary Cohen (Director) facility*

In December 2019, Gary Cohen paid out \$1,000,000 to PFG on behalf of the Company. Under subrogation, the Company had an obligation to Gary Cohen on the same terms as PFG, being a secured charge, and interest at 16% per annum. The balance at 31 December 2021 is \$1,000,000. The loan is payable on demand.

The Company has obtained shareholder approval at the 21 January 2022 General Meeting for the conversion of all of this debt to equity through the issue of ordinary share capital at \$0.30 per share. See Note 11.

#### *Employee loans*

In December 2020 the Company entered into secured loan agreements with certain employees and ex-employees. The loans are secured under a General Security Deed dated 31 December 2020 between the Company and Marcel Underwriting No. 1 Pty Ltd ACN 076 449 593 as bare trustee for each of the Lenders and registered on the Personal Property Security Register ('PPSR').

At 31 December 2021 the balance is \$761,036. Interest accrues at 15% per annum. The loans were agreed to be repaid by 31 October 2021 and subsequently amended that employee loan balances would be repayable on agreement between the company and the employee. The repayment of this facility has been agreed to be settled from the proceeds of the \$9.168m capital raising approved at the General Meeting on 21 January 2022. See Note 11.

#### **Other overdraft facilities**

Credit card facilities relating to the group were drawn to \$29,000 at 31 December 2021.

The Company also has a \$100,000 interest bearing overdraft facility with National Australia Bank which was drawn to \$48,000 at 31 December 2021 (31 December 2020 – drawn to \$85,000). Overdrafts are presented as cash and cash equivalents in the statement of financial position. The credit card and overdraft facilities are secured by guarantees provided by entities associated with Gary Cohen and Gregory Cohen.

## 8. Issued capital

	Company	Company	Company	Company
	2021	2020	2021	2020
	Shares	Shares	\$'000	\$'000
Ordinary shares, fully paid	16,282,684	152,039,352	276	155,105

### Movement in ordinary share capital

Balance at the beginning of the period	152,039,352	152,039,352	155,105	155,105
Issues of new fully paid shares	10,778,042	-	176	-
Reduction in shares due to share consolidation <sup>1</sup>	(146,534,710)	-	-	-
Share reduction against accumulated losses <sup>2</sup>	-	-	(155,000)	-
Capital raising costs incurred	-	-	(5)	-
<b>Net balance at end of period</b>	<b>16,282,684</b>	<b>152,039,352</b>	<b>276</b>	<b>155,105</b>

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 the amounts paid on the shares held.

<sup>1</sup> At a General Meeting on 16 June 2021, the Company's shareholders approved a consolidation of the Company's ordinary share capital, and other equity instruments including incentive options and convertible notes, in the ratio of 10:1. The consolidation was completed on 7 July 2021.

<sup>2</sup> On 30 April 2021, the Company announced that the Board had resolved to reduce the share capital of the Company by \$155 million in accordance with section 258F of the Corporations Act 2001. Share capital was reduced against carry forward accumulated losses. The number of securities on issues was reduced proportionally at \$1.06 per share being the weighted average.

The movement in issued shares (excluding capital raising costs) is reconciled to cash proceeds from share issues as follows:

	Company	Company
	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
Cash received from share issues	-	-
Gross up for conversion of convertible notes	-	-
Gross movement for fully paid shares issued for cash	-	-
Issue of shares other than for cash	176	-
<b>Issues of new fully paid shares</b>	<b>176</b>	<b>-</b>

## 9. Share Options

### (a) Warrants

The Company has issued Warrants as approved by Shareholders on 19 April 2017, 23 June 2017 and 26 April 2019 as follows:

- A warrant over 333,333 fully paid ordinary shares for an exchange price of \$6 per share to Partners for Growth IV, L.P. The warrant is for a term of 5 years and expires on 2 February 2022.
- A warrant over 133,333 fully paid ordinary shares for an exchange price of \$4 per share to Allectus Capital Limited. The warrant is for a term of 5 years and expires on 23 June 2022.
- A warrant over 250,000 fully paid ordinary shares for an exchange price of 80 cents per share to Partners for Growth IV, L.P. The warrant is for a term of 3 years and expires on 26 April 2022.

### (b) Options granted under incentive plans

The Company provides benefits to defined employees of the Consolidated Entity (including executive directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions"). Approved incentive plans for the granting of options to defined employees (including executive directors) ("Plans") are in place. At 31 December 2021, there were 2,894,530 options on issue under the Plans (2020 – 5,611,698).

Options on issue under the Plans may have varying vesting dates. All options on issue under the Plans at 31 December 2021 expire 5 years from the applicable grant date.

The Company did not issue any ordinary shares to participants in the Plans during the year ended 31 December 2021 upon exercise of options as no previously granted options were exercised. The issue of shares upon the exercise of options will be governed by the terms of the relevant plan.

Date options granted	Expiry Date	Exercise price <sup>1</sup> \$	Balance at start of the period #	Issued during the period #	Impact of share consolidation during the period <sup>2</sup> #	Cancelled or Lapsed during the period #	Exercised during the period #	Balance at end of the period #	Exercisable at end of the period #
20-May-17	20-May-22	10.00	257,508	0	-231,751	0	0	25,757	25,757
22-Jun-17	22-Jun-22	6.00	50,004	0	-45,000	0	0	5,004	5,004
3-Jul-17	3-Jul-22	10.00	100,002	0	-90,000	0	0	10,002	10,002
1-Aug-17	1-Aug-22	10.00	83,340	0	-75,000	0	0	8,340	8,340
3-Apr-18	3-Apr-23	10.00	37,500	0	-33,750	0	0	3,750	3,750
4-Dec-18	4-Dec-23	2.00	5,083,344	0	-4,575,000	-66,668	0	441,676	441,676
29-Jun-21	29-Jun-25	0.25	0	4,000,000	-3,600,000	0	0	400,000	100,000
29-Jun-21	29-Jun-25	0.40	0	3,000,000	-2,700,000	0	0	300,000	0
29-Jun-21	29-Jun-25	0.50	0	4,000,000	-3,600,000	0	0	400,000	0
29-Jun-21	29-Jun-24	0.15	0	2,000,000	-1,800,000	0	0	200,000	200,000
1-Jul-21	1-Jul-25	0.25	0	4,000,000	-3,600,000	0	0	400,000	100,000
1-Jul-21	1-Jul-25	0.40	0	3,000,000	-2,700,000	0	0	300,000	0
1-Jul-21	1-Jul-25	0.50	0	4,000,000	-3,600,000	0	0	400,000	0
<b>Total</b>			<b>5,611,698</b>	<b>24,000,000</b>	<b>-26,650,500</b>	<b>-66,668</b>	<b>0</b>	<b>2,894,530</b>	<b>894,530</b>

<sup>1</sup> Exercise price is post consolidation of the Company's securities on issue.

<sup>2</sup> At a General Meeting on 16 June 2021, the Company's shareholders approved a consolidation of the Company's ordinary share capital, and other equity instruments including incentive options and convertible notes, in the ratio of 10:1. The consolidation was completed on 7 July 2021.

The Weighted Average Exercise Price of options on issue under incentive plans at balance date is \$0.781 (2020: \$0.27).

The principal rules governing the operation of the Plans are as follows:

- (i) The Board is responsible for determining the number of options granted to each eligible employee;
- (ii) Vesting conditions in relation to options are determined by the Board at the time of determination of option entitlements;
- (iii) Options which have not vested when an employee ceases their employment will lapse unless an employee ceases to be employed through death, retirement or disablement, in which case special provisions apply or if the Board otherwise determines;
- (iv) The share option exercise price is determined by the Board;
- (v) The acquisition price of the options are nil, unless the Board determines that it should be any other amount;
- (vi) Share options issued pursuant to the Plans are not transferable; and
- (vii) Options not exercised by their expiry date will lapse.

The weighted average contractual life of all options on issue under incentive plans outstanding at 31 December 2021 was 1,144 days (2020 – 1,019 days).

### (c) Other Options

The Company has granted options over shares (“Other Options”) as part of fee arrangements for capital markets and other services; to non-executive Directors; and to sophisticated investors as detailed in the table below.

**Entitlement** – one fully paid ordinary share in the Company for each Other Option exercised. There are no vesting or exercise conditions.

Date options granted	Expiry Date	Exercise price <sup>1</sup> \$	Balance at start of the period #	Issued during the period #	Impact of share	Cancelled or Lapsed during the period #	Exercised during the period #	Balance at the end of the period #	Exercisable at the end of the period #
					consolidation during the period #				
17-Jun-16	17-Jun-21	20.00	37,500	0	-33,750	-3,750	0	0	0
19-Apr-17	19-Apr-22	10.00	37,500	0	-33,750	0	0	3,750	3,750
5-Jul-17	5-Jul-22	6.00	25,002	0	-22,500	0	0	2,502	2,502
5-Jul-17	5-Jul-22	10.00	12,501	0	-11,250	0	0	1,251	1,251
7-May-21	7-May-23	0.15	0	21,250,000	-19,125,000	0	0	2,125,000	2,125,000
<b>Total</b>			<b>112,503</b>	<b>21,250,000</b>	<b>-19,226,250</b>	<b>-3,750</b>	<b>0</b>	<b>2,132,503</b>	<b>2,132,503</b>

## 10 Contingent Liabilities

On 29 January 2021, the Company announced that Sun Asia Group have commenced proceedings against the Company, Gary Cohen and Gregory Cohen, seeking relief from the agreements previously entered into, and seeking damages. The Company has sought security of costs from the plaintiffs and is in the process of finalising the defences for lodgement, at the same time a cross-claim is being prepared. The Company made an application for the security of costs against Sun Asia Group. The judgement in relation to security of costs remains to be determined after filing of the Company’s defences.

## 11 Events Subsequent to Balance Date

On 19 January 2022, the remaining Tillerstack payment instalment of \$0.067m was received from Zenapay Inc. The total of \$1.58m has now been received in full and the transaction has been finalised.

On 21 January 2022 the company held an extra-ordinary general meeting of shareholders (GM), to vote on and ultimately approve 33 separate resolutions provided in the Notice of Meeting as announced to ASX on 21 December 2021, mainly in relation to converting various secured and un-secured debt balance to equity and authorising the raising of new capital for the operations of the company.

### *Capital Raise and Prospectus Issuance*

Specifically, the GM approved inter alia, the following:

- I. The offer of up to 100,000,000 placement shares, at an offer price of \$0.10 per share to raise a maximum aggregate amount of \$10m
- II. The offer of up to 50,000,000 placement options on a 1 option for 2 placement shares above at \$0.0 with an exercise price of \$0.25
- III. The offer of options (other than Placement Options) comprising of:
  - a. The offer of 10,000,000 options to PAC Partners and their nominees, for nil consideration with an exercise price of \$0.25, as part remuneration, for managing capital raise activities;
  - b. The offer of 3,684,002 Options to Dylide for nil consideration, with an exercise price of \$0.25 per Option, to match debt converting to shares on the same basis as Placement options; and
  - c. The offer of 9,747,024 Options to Glowaim for nil consideration, with an exercise price of \$0.10 per share, creating the ability for Glowaim to convert outstanding debt and interest payable as at 30 January 2023 to equity at their discretion.

The Prospectus closed on 24 January 2022 with \$9.168m of a maximum \$10.0m subscribed, the resulting shares and options were issued to new and existing shareholders on 27 and 31 January 2022. The offer of Options was fully subscribed and Options were issued to Option holders on 27 January 2022.

On 31 January 2022, the Company formally applied to the ASX for the reinstatement of its shares for quotation. The Company is in discussions with the ASX to finalise the reinstatement process.

#### *Debt to Equity Conversion*

Based on the approved resolutions on the Debt-to-Equity Conversion, debt holders converted debt to share capital at cost of \$0.30 per share, as a result, on 27 January 2022, loans and borrowings decreased by \$6.560m, Trade and other creditors and accruals decreased by \$3.985m and share capital increased by \$10.545m.

Existing Convertible notes holders agreed to convert their convertible note at \$0.07 per share (As per existing convertible note agreements a 30% discount to the placement price of \$0.10 per share was applicable). As a result, on 27 January 2022, loans and borrowings decreased by a further \$0.632m and Trade and other creditors and accruals decreased \$0.025m, with share capital increasing by \$0.657m.

As part of the Debt-to-Equity conversion agreement made with un-secured and secured loan holders, cash payments of \$3.2m (being part-proceeds of the capital raise) were made to pay down the remaining balance of the outstanding loans which had not been converted to equity. These payments crystallised and terminated the loan facilities. Accordingly, Interest bearing loans and borrowings decreased by \$3.2m.

#### *Summary of Shares and Options Issues*

On 27 and 31 January 2022, a total of 137,000,516 shares and 69,269,474 options were issued by the Company. On 7 February the GM approved buyback of the 150,000 PrimaryMarkets and 83,334 Sumabe Shares was finalised, and the GM approved 150,000 PrimaryMarkets shares were reissued.

The total number of shares on issue at the date of this report is 153,199,866.

#### *Safe Harbour Provisions*

As a result of the execution of the re-capitalisation plan (Capital raise and Debt to Equity), the working capital of the Company increased to \$1.6m as at 31 January 2022 (unaudited accounts). Accordingly, the Company exited the Safe Harbour provisions of section 588GGA(1) of the Corporations Act 2001 (cth) (Corporations Act) as its approved course of Action Plan has been completed.

#### *Expiry Of Warrants*

A warrant over 333,333 fully paid ordinary shares for an exchange price of \$6 per share was issued to Partners for Growth IV, L.P. in February 2017. The warrant was for a term of 5 years and expired on 2 February 2022.

The directors are not aware of any other matter or circumstance that has occurred since the end of the financial period that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial periods.