

1. Company details

Name of entity:	EP&T Global Limited
ABN:	50 645 144 314
Reporting period:	For the year ended 30 June 2021
Previous period:	For the year ended 30 June 2020

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	9.7% to	6,077,746
Loss from ordinary activities after tax attributable to the owners of EP&T Global Limited	up	196.0% to	(12,156,861)
Loss for the year attributable to the owners of EP&T Global Limited	up	196.0% to	(12,156,861)

Dividends

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

Comments

The loss for the Group after providing for income tax amounted to \$12,156,861 (30 June 2020: \$4,106,988).

On 11 May 2021, EP&T Global Limited ('EPX') was admitted to the Official List of ASX Limited ('ASX'). Official quotation of EPX's ordinary fully paid shares commenced on 12 May 2021. EPX raised \$11,000,000 pursuant to the offer under its prospectus dated 19 March 2021 ('Prospectus') by the issue of 55,000,000 shares at an issue price of \$0.20 per share.

Refer to Market announcement, which precedes the Appendix 4E, for further commentary on the results for the year ended 30 June 2021.

Underlying earnings before interest, taxation, depreciation and amortisation ('EBITDA') is a financial measure which is not prescribed by the Australian Accounting Standards ('AASBs') and represents the loss under AASBs adjusted for specific items, including the change in fair value of convertible notes, impairment of assets, Initial Public Offering ('IPO') costs, finance costs related to convertible notes and share-based payments expense. The directors consider Underlying EBITDA to be one of the key financial measures of the Group.

The following table summarises key reconciling items between statutory after tax result attributable to the shareholders of the Company and Underlying EBITDA:

	Consolidated 2021 \$	Aggregated 2020 \$
Loss after income tax	(12,156,861)	(4,106,988)
Less: Income tax benefit	(225,817)	(122,034)
Less: Interest income	(175,680)	(228,159)
Add: Interest expense	125,626	154,204
Add: Depreciation	546,668	528,563
Reported EBITDA	(11,886,064)	(3,774,414)
Add: Change in fair value of convertible notes (1)	3,996,465	213,546
Add: Impairment of assets (2)	1,998,584	471,079
Add: IPO expense (3)	980,288	-
Add: Finance costs related to convertible notes (4)	757,251	617,948
Add: Share-based payments expense (5)	896,457	-
Underlying EBITDA	<u>(3,257,019)</u>	<u>(2,471,841)</u>

- (1) Represents the movement in derivatives recognised on convertible notes which were fully converted to ordinary shares in EP&T Global Limited at the time of the IPO.
- (2) Represents accrued revenues and receivables on projects revenues recognised in prior years no longer considered recoverable.
- (3) Expenses related to the IPO of EP&T Global Limited on ASX completed in May 2021.
- (4) Interest and amortised borrowing costs in relation to convertible notes issued by EP&T Global Limited. Accrued interest and remaining unamortised borrowing costs were extinguished at the time of the IPO.
- (5) Expense recognised in relation to the issue of options over ordinary shares prior to the IPO of EP&T Global Limited

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	4.40	(5.90)

Net tangible assets per ordinary security has been calculated by excluding the net right-of-use assets and leases liabilities of (\$69,076) (2020: (\$45,416)).

The net tangible assets per ordinary shares is calculated based on 185,799,500 ordinary shares on issue as at 30 June 2021 and 63,921,081 ordinary shares that would have been in existence had the corporate/group reorganisation occurred as at 30 June 2020.

4. Control gained over entities

On 15 October 2020 EP&T Global Limited acquired the individual entities that comprised the EP&T Pty Limited Aggregate Group. For accounting purposes the acquisition has been treated as a group reorganisation.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

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

The financial statements are in the process of being audited and an unqualified opinion is expected to be issued.

11. Attachments

Details of attachments (if any):

The Preliminary Financial Report of EP&T Global Limited for the year ended 30 June 2021 is attached.

12. Signed

Signed  _____

Jonathan Sweeney
Chairman

Date: 27 August 2021

EP&T Global Limited

ABN 50 645 144 314

Preliminary Financial Report - 30 June 2021

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General information

The financial statements cover EP&T Global Limited as a consolidated entity consisting of EP&T Global Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is EP&T Global Limited's functional and presentation currency.

EP&T Global Limited ('EPX') was incorporated on 15 October 2020 and was admitted to the Official List of ASX Limited ('ASX') on 11 May 2021.

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

Suite 2, 407 Pacific Highway
Artarmon NSW 2064

EP&T Global Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021



	Note	Consolidated 2021 \$	Aggregated 2020 \$
Revenue	3	6,077,746	6,733,134
Other income	4	1,219,357	850,652
Interest revenue calculated using the effective interest method		175,680	228,159
Expenses			
Raw materials and consumables used		(208,477)	(794,514)
Employee benefits expense	5	(8,934,275)	(6,918,007)
Depreciation expense	5	(546,668)	(528,563)
Impairment of assets	5	(1,998,584)	(471,079)
Consultancy expense		(152,147)	(426,292)
Marketing expense		(251,483)	(114,982)
Occupancy expense		(231,147)	(194,954)
IPO expense		(980,288)	-
Change in fair value of convertible notes	5	(3,996,465)	(213,546)
Other expenses	5	(1,673,050)	(1,606,878)
Finance costs	5	(882,877)	(772,152)
Loss before income tax benefit		(12,382,678)	(4,229,022)
Income tax benefit		225,817	122,034
Loss after income tax benefit for the year attributable to the owners of EP&T Global Limited		(12,156,861)	(4,106,988)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(483,513)	(216,033)
Other comprehensive income for the year, net of tax		(483,513)	(216,033)
Total comprehensive income for the year attributable to the owners of EP&T Global Limited		<u>(12,640,374)</u>	<u>(4,323,021)</u>
		Cents	Cents
Basic earnings per share	15	(34.26)	(6.43)
Diluted earnings per share	15	(34.26)	(6.43)

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

	Note	Consolidated 2021 \$	Aggregated 2020 \$
Assets			
Current assets			
Cash and cash equivalents		5,300,099	835,085
Trade and other receivables	6	2,297,651	3,719,862
Inventories		1,040,120	1,386,861
Other assets	7	570,460	353,101
Total current assets		<u>9,208,330</u>	<u>6,294,909</u>
Non-current assets			
Trade and other receivables	6	916,065	2,310,110
Contract assets	8	1,076,870	-
Plant and equipment	9	1,732,810	84,615
Right-of-use assets	10	504,506	809,220
Deferred tax		761,035	535,218
Other assets	7	67,938	67,938
Total non-current assets		<u>5,059,224</u>	<u>3,807,101</u>
Total assets		<u>14,267,554</u>	<u>10,102,010</u>
Liabilities			
Current liabilities			
Trade and other payables	11	3,452,902	3,207,822
Contract liabilities		51,940	-
Borrowings	12	-	3,146,716
Lease liabilities		412,271	373,785
Derivative financial instruments		-	2,049,516
Employee benefits		1,388,058	1,142,336
Provisions		65,000	65,000
Total current liabilities		<u>5,370,171</u>	<u>9,985,175</u>
Non-current liabilities			
Borrowings	12	592,434	2,274,861
Lease liabilities		161,311	480,851
Derivative financial instruments		-	1,175,149
Employee benefits		32,402	-
Total non-current liabilities		<u>786,147</u>	<u>3,930,861</u>
Total liabilities		<u>6,156,318</u>	<u>13,916,036</u>
Net assets/(liabilities)		<u>8,111,236</u>	<u>(3,814,026)</u>
Equity			
Issued capital	13	36,219,410	-
Reserves	14	(15,951,313)	(3,814,026)
Accumulated losses		(12,156,861)	-
Total equity/(deficiency)		<u>8,111,236</u>	<u>(3,814,026)</u>

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

	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2019	2,018,870	45,841	(1,668,182)	396,529
Loss after income tax benefit for the year	-	-	(4,106,988)	(4,106,988)
Other comprehensive income for the year, net of tax	-	(216,033)	-	(216,033)
Total comprehensive income for the year	-	(216,033)	(4,106,988)	(4,323,021)
<i>Transactions with owners in their capacity as owners:</i>				
Group reorganisation	(2,018,870)	(3,643,834)	5,775,170	112,466
Balance at 30 June 2020	-	(3,814,026)	-	(3,814,026)
	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	-	(3,814,026)	-	(3,814,026)
Loss after income tax benefit for the year	-	-	(12,156,861)	(12,156,861)
Other comprehensive income for the year, net of tax	-	(483,513)	-	(483,513)
Total comprehensive income for the year	-	(483,513)	(12,156,861)	(12,640,374)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 13)	36,219,410	-	-	36,219,410
Share-based payments (note 14)	-	896,457	-	896,457
Group reorganisation (note 14)	-	(12,550,231)	-	(12,550,231)
Balance at 30 June 2021	36,219,410	(15,951,313)	(12,156,861)	8,111,236

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

	Note	Consolidated 2021 \$	Aggregated 2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		7,610,818	9,052,152
Payments to suppliers and employees (inclusive of GST)		(12,308,053)	(11,542,076)
		(4,697,235)	(2,489,924)
Interest received		175,680	228,159
Interest and other finance costs paid		(189,602)	(154,204)
Other revenue - grants and incentives		1,281,177	685,630
Net cash used in operating activities		(3,429,980)	(1,730,339)
Cash flows from investing activities			
Payments for property, plant and equipment	9	(1,757,833)	(22,199)
Payments for security deposits		-	(8,911)
Net cash used in investing activities		(1,757,833)	(31,110)
Cash flows from financing activities			
Proceeds from issue of shares net of issue costs		9,125,738	-
Proceeds from convertible notes net of issue costs		1,950,000	2,324,752
Proceeds from borrowings		592,434	-
Repayment of loan from shareholders		(1,048,359)	(64,383)
Repayment of lease liabilities		(397,898)	(480,665)
Net cash from financing activities		10,221,915	1,779,704
Net increase in cash and cash equivalents		5,034,102	18,255
Cash and cash equivalents at the beginning of the financial year		265,997	247,742
Cash and cash equivalents at the end of the financial year		<u>5,300,099</u>	<u>265,997</u>

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

Note 1. Principles of consolidation and common control transaction

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of EP&T Global Limited ('Company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. EP&T Global Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

Corporate/Group reorganisation - EP&T Global Limited and EP&T Pty Limited Aggregated Group

EP&T Global Limited was incorporated on 15 October 2020. On 19 March 2021, the shareholders of the Company undertook a corporate reorganisation, in which EP&T Global Limited acquired EP&T Pty Limited Aggregate Group ('Aggregated Group') which is comprised of EP & T Pty Limited, EP & T Global Limited (UK), EP & T Global Limited (HK) and EP & T FZ LLC (Dubai). Under the principals of corporate reorganisation, in accordance with the Australian Accounting Standards, the financial statements of EP&T Global Limited includes the historical financial information of the Aggregated Group for the period before the acquisition.

Accordingly, the financial statements for the year ended 30 June 2021 presents the financial results for the consolidated Group under EP&T Global Limited for the period from acquisition to 30 June 2021 and the consolidated Group under the Aggregated Group for the 1 July 2020 and 30 June 2021. The comparatives presented in the financial statements represent the financial position of the Aggregated Group as at 30 June 2020, and the financial performance of the Aggregated Group for the year ended 30 June 2020.

This corporate reorganisation did not represent a business combination in accordance with AASB 3 'Business Combination'. Instead the appropriate accounting treatment for recognising the new Group structure is on the basis that the transaction is a form of capital reconstruction and Group reorganisation. Accordingly the financial statements are a continuation of the Aggregated Group and as such:

- The assets and liabilities recognised and measured are at carrying amounts of the Aggregated Group;
- The retained earnings and other equity balances recognised are the existing retained earnings and other equity balances of the Aggregated Group;
- The amount recognised as issued equity instruments are determined by adding the additional equity retained by the Group to the issued equity recorded in the Aggregated Group's financial statements immediately before the acquisition;
- No 'new' goodwill has been recognised as a result of the combination. The difference between the consideration paid and the equity 'acquired' is reflected in equity as a 'capital contribution'; and
- The comparatives presented are that of the Aggregated Group.

Note 2. Operating segments

Identification of reportable operating segments

The Group is organised into four operating segments: based on the geographic markets they serve. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Upon becoming a listed entity, the CODM now reviews EBITDA (earnings before interest, tax, depreciation and amortisation) for each reportable segment's measure of profit or loss. In the comparative period the CODM reviewed each reportable segment's share of statutory profit or loss before tax. The comparative period segment disclosures has not been updated to include EBITDA. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

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

Note 2. Operating segments (continued)

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

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

Major customers

There are no significant customers in any reported segment that comprise greater than 10% of the Group revenues.

Operating segment information

Consolidated 2021	Australia \$	United Kingdom \$	Hong Kong \$	Middle East \$	Inter group eliminations \$	Total \$
Revenue						
Sales to external customers	3,020,315	1,878,200	247,067	932,164	-	6,077,746
Intersegment sales	1,390,052	-	-	-	(1,390,052)	-
Total sales revenue	4,410,367	1,878,200	247,067	932,164	(1,390,052)	6,077,746
Other income	-	-	-	-	-	-
Research and development tax incentive	500,000	212,798	-	-	-	712,798
Government grants - COVID-19 stimulus	483,000	-	23,559	-	-	506,559
Interest income	37,065	82,297	1	56,317	-	175,680
Total segment revenue	5,430,432	2,173,295	270,627	988,481	(1,390,052)	7,472,783
Total revenue	5,430,432	2,173,295	270,627	988,481	(1,390,052)	7,472,783
EBITDA	(2,419,839)	120,837	(580,307)	(354,125)	-	(3,233,434)
Depreciation and amortisation	(217,227)	(165,633)	(81,960)	(81,848)	-	(546,668)
Impairment of receivables	7,134	(102,353)	-	(1,903,365)	-	(1,998,584)
Interest revenue	37,065	82,297	1	56,317	-	175,680
Finance costs	(221,213)	(26,000)	(10,428)	(1,373)	-	(259,014)
Loss before income tax benefit	(2,814,080)	(90,852)	(672,694)	(2,284,394)	-	(5,862,020)
Unallocated						
Change in fair value of convertible notes						(3,996,465)
IPO expense						(980,288)
Convertible note interest expense						(623,863)
Other non cash expenses - SBP						(896,457)
Other expense						(23,585)
Income tax benefit						225,817
Loss after income tax benefit						(12,156,861)
Assets						
Segment assets	16,703,830	2,179,114	222,152	4,139,959	(8,977,501)	14,267,554
Total assets						14,267,554
Liabilities						
Segment liabilities	2,734,225	3,458,956	2,445,571	6,495,067	(8,977,501)	6,156,318
Total liabilities						6,156,318

Note 2. Operating segments (continued)

Aggregated 2020	Australia \$	United Kingdom \$	Hong Kong \$	Middle East \$	Inter segment eliminations \$	Total \$
Revenue						
Sales to external customers	4,865,167	1,779,702	387,107	982,947	(1,281,789)	6,733,134
Interest received	-	-	-	-	228,159	228,159
Total revenue	<u>4,865,167</u>	<u>1,779,702</u>	<u>387,107</u>	<u>982,947</u>	<u>(1,053,630)</u>	<u>6,961,293</u>
Segment net operating profit / (loss) before tax	<u>(2,036,074)</u>	<u>(424,712)</u>	<u>(740,575)</u>	<u>(1,027,661)</u>	<u>-</u>	<u>(4,229,022)</u>
Loss before income tax benefit	<u>(2,036,074)</u>	<u>(424,712)</u>	<u>(740,575)</u>	<u>(1,027,661)</u>	<u>-</u>	<u>(4,229,022)</u>
Income tax benefit						122,034
Loss after income tax benefit						<u>(4,106,988)</u>
Assets						
Segment assets	8,955,949	2,281,605	260,994	4,588,165	(5,984,703)	10,102,010
Total assets						<u>10,102,010</u>
Liabilities						
Segment liabilities	9,736,707	3,440,279	1,963,428	4,615,069	(5,839,447)	13,916,036
Total liabilities						<u>13,916,036</u>

Note 3. Revenue

	Consolidated 2021 \$	Aggregated 2020 \$
Projects revenue	780,784	783,120
Contracted service revenue	4,963,135	5,522,651
Service and maintenance revenue	<u>333,827</u>	<u>427,363</u>
Revenue	<u><u>6,077,746</u></u>	<u><u>6,733,134</u></u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2021 \$	Aggregated 2020 \$
<i>Timing of revenue recognition</i>		
Goods transferred over time	780,784	783,120
Services transferred at a point in time	<u>5,296,962</u>	<u>5,950,014</u>
	<u><u>6,077,746</u></u>	<u><u>6,733,134</u></u>

Note 4. Other income

	Consolidated 2021 \$	Aggregated 2020 \$
Government grants - COVID-19 stimulus	506,559	273,380
Research and development tax incentive	712,798	577,272
Other income	<u>1,219,357</u>	<u>850,652</u>

Government grants (COVID-19) represents grants received from the Government comprising of JobKeeper support payments. During the Coronavirus (COVID-19) pandemic, the Group has received JobKeeper support payments from the Australian Government which are passed on to eligible employees. These have been recognised as government grants in the financial statements and recorded as other income over the periods in which the related employee benefits are recognised as an expense. The Group was eligible for JobKeeper support from the government on the condition that employee benefits continue to be paid.

Note 5. Expenses

	Consolidated 2021 \$	Aggregated 2020 \$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	4,268	56,368
Computer equipment	31,534	32,336
Office and other equipment	8,196	8,744
Project equipment	82,990	-
Buildings right-of-use assets	<u>419,680</u>	<u>431,115</u>
Total depreciation expense	<u>546,668</u>	<u>528,563</u>
<i>Impairment of assets</i>		
Impairment of receivables (note 6)	1,998,584	474,670
Reverse of inventory provision	<u>-</u>	<u>(3,591)</u>
Total impairment of assets	<u>1,998,584</u>	<u>471,079</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	47,471	51,640
Interest and finance charges paid/payable on lease liabilities	78,155	102,564
Interest charges on convertible notes	623,863	495,156
Amortised borrowing costs	<u>133,388</u>	<u>122,792</u>
Finance costs expensed	<u>882,877</u>	<u>772,152</u>
<i>Net fair value loss</i>		
Change in fair value of convertible notes (note 12)	<u>3,996,465</u>	<u>213,546</u>
<i>Leases</i>		
Short-term lease payments	230,818	194,954
Low-value assets lease payments	63,800	69,600
Covid-19 rent concessions	<u>(7,236)</u>	<u>(6,306)</u>
	<u>287,382</u>	<u>258,248</u>

Note 5. Expenses (continued)

	Consolidated 2021 \$	Aggregated 2020 \$
<i>Employee benefits expense</i>		
Salary and wages	6,730,071	6,182,338
Sales commissions, bonus and incentives	689,008	135,616
Payroll related taxes	236,719	279,597
Defined contribution superannuation expense	382,020	320,456
Share-based payment expense *	896,457	-
	<hr/>	<hr/>
Total employee benefits expense	8,934,275	6,918,007
<i>Other expenses</i>		
Legal and professional fees	619,820	374,034
Insurance	169,623	138,983
IT and communication costs	330,517	299,414
Travel and accommodation	135,022	441,986
Other	418,068	352,461
	<hr/>	<hr/>
Total other expenses	1,673,050	1,606,878

** Share-based payments*

Equity-settled share-based compensation benefits are provided to employees in the form of options over shares. The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Note 6. Trade and other receivables

	Consolidated 2021 \$	Aggregated 2020 \$
<i>Current assets</i>		
Trade receivables	2,742,097	3,630,894
Less: Allowance for expected credit losses	(1,892,469)	(538,995)
	<u>849,628</u>	<u>3,091,899</u>
<i>Other receivables</i>		
Accrued income	1,133,940	-
Less: Provision for impairment	(300,386)	-
	<u>833,554</u>	<u>-</u>
R&D tax rebate receivable	566,144	627,963
BAS receivable	48,325	-
	<u>2,297,651</u>	<u>3,719,862</u>
<i>Non-current assets</i>		
Accrued income	2,068,614	2,883,655
Less: Provision for impairment	(1,152,549)	(573,545)
	<u>916,065</u>	<u>2,310,110</u>
	<u><u>3,213,716</u></u>	<u><u>6,029,972</u></u>

Accrued income

Amounts relating to goods transferred to a customer and not yet invoiced. The Group has entered into a contractual agreement with the respective customers under which the accrued income is invoiced and paid over time. The Group has an unconditional right to receive payment for these goods.

Allowance for expected credit losses

For the year ended 30 June 2021, the Group has recognised a loss of \$1,998,584 (2020: \$474,670) in the Statement of profit or loss in respect of expected credit losses and provision for impairment of accrued income. \$1,903,365 (2020: \$412,524) of this loss relate to projects for which the revenue was recognised in the 2018 and 2019 financial years.

Note 7. Other assets

	Consolidated 2021 \$	Aggregated 2020 \$
<i>Current assets</i>		
Prepayments	511,447	292,400
Security deposits	48,695	49,543
Other current assets	10,318	11,158
	<u>570,460</u>	<u>353,101</u>
<i>Non-current assets</i>		
Security deposits	67,938	67,938
	<u><u>638,398</u></u>	<u><u>421,039</u></u>

Note 8. Contract assets

	Consolidated 2021 \$	Aggregated 2020 \$
<i>Non-current assets</i>		
Contract assets	1,094,056	-
Less: Accumulated amortisation	(17,186)	-
	<u>1,076,870</u>	<u>-</u>

Reconciliation

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

Opening balance	-	-
Additions	1,094,056	-
Amortisation of assets	(17,186)	-
Closing balance	<u>1,076,870</u>	<u>-</u>

Contract assets are recognised in relation to the incremental costs of acquiring new contracts that would not be incurred if the contract were not obtained. These costs represent sales commissions and are amortised over the term of the contract to which they relate which ranges from 3 years to 7 years.

Note 9. Plant and equipment

	Consolidated 2021 \$	Aggregated 2020 \$
<i>Non-current assets</i>		
Leasehold improvements - at cost	403,502	367,945
Less: Accumulated depreciation	(395,981)	(350,598)
	<u>7,521</u>	<u>17,347</u>
Computer equipment - at cost	841,277	723,652
Less: Accumulated depreciation	(710,738)	(672,669)
	<u>130,539</u>	<u>50,983</u>
Office and other equipment - at cost	544,754	508,542
Less: Accumulated depreciation	(463,307)	(492,257)
	<u>81,447</u>	<u>16,285</u>
Project equipment at cost	635,491	-
Less: Accumulated depreciation	(67,218)	-
	<u>568,273</u>	<u>-</u>
Projects under deployment	945,030	-
	<u>1,732,810</u>	<u>84,615</u>

Note 9. Plant and equipment (continued)

Reconciliations

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

	Leasehold improvements \$	Computer equipment \$	Office and other equipment \$	Project equipment \$	Projects under deployment \$	Total \$
Balance at 1 July 2019	68,851	73,506	16,207	-	-	158,564
Additions	-	5,313	16,886	-	-	22,199
Exchange differences	4,864	4,500	(8,064)	-	-	1,300
Depreciation expense	(56,368)	(32,336)	(8,744)	-	-	(97,448)
Balance at 30 June 2020	17,347	50,983	16,285	-	-	84,615
Additions	-	111,871	65,441	635,491	945,030	1,757,833
Exchange differences	(5,558)	(781)	7,917	15,772	-	17,350
Depreciation expense	(4,268)	(31,534)	(8,196)	(82,990)	-	(126,988)
Balance at 30 June 2021	<u>7,521</u>	<u>130,539</u>	<u>81,447</u>	<u>568,273</u>	<u>945,030</u>	<u>1,732,810</u>

Project equipment and projects under deployment relate to the costs incurred by the Group in fulfilling contracts with customers. These are direct costs of materials and third party installation costs associated with specific contracts with customers. Project equipment is depreciated over the term of the contract to which the costs relate.

Note 10. Right-of-use assets

	Consolidated 2021 \$	Aggregated 2020 \$
<i>Non-current assets</i>		
Buildings - right-of-use	1,355,426	1,240,335
Less: Accumulated depreciation	(850,920)	(431,115)
	<u>504,506</u>	<u>809,220</u>

The Group leases buildings for its offices under agreements of between 1 to 2.5 years with, in some cases, options to extend. Leases are for office space in Australia, Hong Kong, UK and Dubai. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

Note 10. Right-of-use assets (continued)

Reconciliations

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

	Buildings \$
Balance at 1 July 2019	-
Additions	50,900
Value on adoption of AASB 16	1,181,837
Exchange differences	7,598
Depreciation expense	(431,115)
	<hr/>
Balance at 30 June 2020	809,220
Additions	116,844
Exchange differences	(1,878)
Depreciation expense	(419,680)
	<hr/>
Balance at 30 June 2021	<u>504,506</u>

Note 11. Trade and other payables

	Consolidated 2021 \$	Aggregated 2020 \$
<i>Current liabilities</i>		
Trade payables	1,332,417	1,135,551
Payroll related payables	764,070	634,610
Accrued convertible note interest	-	640,922
Accrued commission, bonus and incentives *	927,329	134,582
BAS payable	-	133,089
Other payables	429,086	529,068
	<hr/>	<hr/>
	<u>3,452,902</u>	<u>3,207,822</u>

* Includes accrued sales commissions which are included in note 8-contract assets and short-term incentive payments relating to the 2021 financial year.

Note 12. Borrowings

	Consolidated 2021 \$	Aggregated 2020 \$
<i>Current liabilities</i>		
Bank overdraft	-	569,088
Convertible notes payable	-	2,613,089
Convertible notes issue costs	-	(35,461)
	-	3,146,716
<i>Non-current liabilities</i>		
Bank loan	592,434	-
Shareholder related payable	-	1,048,359
Convertible notes payable	-	1,285,783
Convertible notes issue costs	-	(59,281)
	592,434	2,274,861
	<u>592,434</u>	<u>5,421,577</u>

Shareholder related payable

The shareholder related payable was repaid in the year ended 30 June 2021. Prior to repayment, this amount was unsecured and non-interest bearing.

Borrowings at amortised cost

The interest rate on the bank loan is 2.75% per annum. This loan is denominated in Hong Kong dollars and is repayable in equal monthly instalments over 60 months commencing on 4 February 2021. The bank loan was provided under the Hong Kong SME Financing Guarantee Scheme introduced in response to COVID-19 and is unsecured.

The bank overdraft facility was repaid in May 2021. The interest rate on the bank overdraft facility was 4.6% (2020: 4.6%) per annum. The carrying amount of the bank overdraft is considered to be a reasonable approximation of the fair value.

Convertible notes

The convertible notes were converted to ordinary shares in EP&T Global Limited at the time of the IPO in May 2021. The face value of the convertible notes on issue at the conversion event was \$7,956,000. The terms of the notes at the time of conversion were as follows:

Redemption	24 months unless converted earlier
Conversion	Forced conversion to ordinary shares in case of a liquidity event within 24 months of issuance
Liquidity event	IPO, Reverse Take Over ('RTO') or trade sale
Interest rate	10% p.a. compounded daily from date of issue
Interest capitalisation	Noteholders can elect to capitalise the interest
Offer price	Price of ordinary share - under prospectus for IPO/RTO - offered by the purchaser in a trade sale
Conversion price	Tranche 1 - Face Value of \$3,445,000 - 50% of the offer price Tranche 2 - Face Value of \$2,261,000 - 70% of the offer price Tranche 3 - Face Value of \$2,250,000 - 75% of the offer price
Conversion price (interest)	100% of the offer price \$1,189,455 of accrued interest was converted to ordinary shares at the Liquidity event

A total of 71,520,424 ordinary shares in EP&T Global Limited were issued to holders of convertible notes on conversion of the convertible notes and accrued interest. An expense of \$3,996,465 (2020: \$213,546) was recognised in the Statement of profit or loss and other comprehensive income in relation to the change in fair value of convertible notes.

Note 13. Issued capital

	Consolidated 2021 Shares	Aggregated 2020 Shares	Consolidated 2021 \$	Aggregated 2020 \$
Ordinary shares - fully paid	185,799,500	-	36,219,410	-

Group reorganisation

When EP&T Global Limited ('EPT') (the legal parent and legal acquirer) acquired the entities that comprise the Aggregated Group (the legal subsidiaries), the acquisition did not meet the definition of a business combination in accordance with AASB 3 'Business Combinations'. Instead, the acquisition has been treated as a Group reorganisation.

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2019	7,505,300		2,054,753
Adjustment to issued capital on corporate reorganisation		(7,505,300)	\$0.00	(2,054,753)
Balance	30 June 2020	-		-
Issue of shares on incorporation	15 October 2020	1,000,000	\$0.01	10,000
Shares issued as consideration for acquisition of subsidiaries	19 March 2021	63,921,081	\$0.20	12,784,216
Conversion of convertible notes	12 May 2021	71,520,424	\$0.20	14,304,085
Issue of shares at IPO	12 May 2021	47,500,000	\$0.20	9,500,000
Shares issued as consideration for IPO costs	12 May 2021	1,857,995	\$0.20	371,599
Share of IPO costs, net of tax		-	\$0.00	(750,490)
Balance	30 June 2021	185,799,500		36,219,410

Note 14. Reserves

	Consolidated 2021 \$	Aggregated 2020 \$
Reorganisation reserve	(16,364,257)	(3,814,026)
Foreign currency reserve	(483,513)	-
Share-based payments reserve	896,457	-
	<u>(15,951,313)</u>	<u>(3,814,026)</u>

Reorganisation reserve

The reserve is used to recognise contributions from or to EP&T Global Limited and its controlled subsidiaries by shareholders.

Foreign currency reserve

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

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Note 14. Reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Reorgani- sation \$	Foreign currency \$	Share-based payments \$	Total \$
Balance at 1 July 2019	-	(45,841)	-	(45,841)
Foreign currency translation	-	216,033	-	216,033
Group reorganisation	(3,984,218)	-	-	(3,984,218)
Group reorganisation - transfer of opening Foreign currency balance to Group reorganisation reserve	170,192	(170,192)	-	-
Balance at 30 June 2020	(3,814,026)	-	-	(3,814,026)
Foreign currency translation	-	(483,513)	-	(483,513)
Group reorganisation	(12,550,231)	-	-	(12,550,231)
Share-based payments expense	-	-	896,457	896,457
Balance at 30 June 2021	<u>(16,364,257)</u>	<u>(483,513)</u>	<u>896,457</u>	<u>(15,951,313)</u>

Note 15. Earnings per share

	Consolidated 2021 \$	Aggregated 2020 \$
Loss after income tax attributable to the owners of EP&T Global Limited	<u>(12,156,861)</u>	<u>(4,106,988)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>35,481,407</u>	<u>63,921,081</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>35,481,407</u>	<u>63,921,081</u>
	Cents	Cents
Basic earnings per share	(34.26)	(6.43)
Diluted earnings per share	(34.26)	(6.43)

20,696,780 options over ordinary shares are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2021. These options could potentially dilute basic earnings per share in the future.

The weighted average number of ordinary shares for 2020 has been restated for the effect of the group reorganisation (-54.72 for -6.43) completed in 19 March 2021, in accordance with AASB 133 'Earnings per share'.