Cellnet Group Limited
and its controlled entities

ABN: 97 010 721 749

Financial Report

Year Ended 30 June 2022

Appendix 4E

Final Report

Results for announcement to the market

Name of Entity	Cellnet Group Limited
ABN	97 010 721 749
Reporting Period	Full-year ended 30 June 2022
Previous Corresponding Period	Full-year ended 30 June 2021

Results

	Reporting Period $000	Previous Corresponding Period $000	% Change Increase / (Decrease)
Revenue from contracts with customers from continuing operations	78,579	96,141	(18.27%)
Revenue from contracts with customers from ordinary activities	78,579	96,141	(18.27%)
Profit/(Loss) from ordinary activities after tax attributable to members	(2,300)	3,773	(160.96%)
Net Profit/(Loss) for the period attributable to members	(2,300)	3,773	(160.96%)

Dividends

	Amount per Security	Franked Amount per Security
Final dividend	NIL	NIL
Previous year final dividend	$0.003	NIL

Commentary on Results:

Please refer to the attached commentary for a more detailed review of the Company.

Commentary on Dividends:

The company has not declared a final dividend for the current financial year.

Net Tangible Assets:

	30 June 2022	30 June 2021
Net tangible assets backing per share	7.49¢	8.34¢

Other Information:

Additional appendix 4E disclosure requirements can be found in the attached Financial report. This appendix 4E and financial report are based on accounts that have been audited. The audit report, which was unqualified, is included in the attached financial report.

Contents

Corporate Information

ABN 97 010 721 749

Directors
T. Pearson (Independent Chairman)
M. Wendt (Deputy Chairman)
K. Gilmore
B. Danos
G. Karhan

Company Secretary
C. Barnes

Principal Registered Office
Cellnet Group Limited
E1 / 5 Grevillea Place
Brisbane Airport Qld 4008
Phone: 1300 CELLNET
Fax: 1800 CELLNET

Banker
Westpac Banking Corporation
260 Queen Street
Brisbane QLD 4000

Auditor
Pitcher Partners
345 Queen Street
Brisbane QLD 4000

Share Register
Link Market Services Ltd
Level 21, 10 Eagle Street
Brisbane QLD 4000
Phone: 1300 554 474

Solicitors
Reddie Lawyers
Level 40, 140 William Street
Melbourne VIC 3008

Securities Exchange
The Company is listed on the Australian Securities Exchange. The home exchange is Brisbane.

Corporate Governance
All corporate governance related matters and associated disclosures regarding the company, including the company's corporate governance statement, can be found on the company's website in the investor relations section at: http://www.cellnet.com.au/investorrelations/

Directors' Report

Your Directors submit their report for the year ended 30 June 2022.

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Tony Pearson
B. Com (Management)
(Non-Executive Chairman)

Tony is an experienced international executive and company director, with over ten years' experience on ASX, Hong Kong, Toronto and not-for-profit boards. He is currently Chair of ASX listed Peak Resources, and a non-executive director of ASX listed Xanadu Mines, Chair of Lifestyle Solutions, a Trustee of the Royal Botanic Garden & Domain Trust, and a non-executive director of Communicare, and the Foundation & Friends of the Botanic Gardens. Tony's prior non-executive appointments include as a Commissioner of the Independent Planning Commission, Chair of White Ribbon, and non-executive director of Aspire Mining and the International Grammar School.

Mr Pearson is a member of the Audit and Risk Committee and the Remuneration and Nomination Committee.

Kevin Gilmore
B. Econ. MBA
(Non-Executive Director Deputy Chairman)

Mr. Gilmore is the Managing Partner at Pegu Partners, a capital and strategy advisory firm. He has also held management positions with many multinational corporations such as General Electric, Shell Petroleum, Philips Electronics and Belkin where he gained extensive experience in strategy, business development and marketing

Mr Gilmore is currently a member of Remuneration and Nomination Committee and was a member of the Audit and Risk Committee during the year.

Michael Wendt
(Non-Executive Director)

Mr Wendt is the Chief Executive Officer of Wentronic Group, a market leading electronic accessory distributor that is headquartered in Braunschweig Germany. Wentronic employs over 200 people worldwide and has offices in Germany, Italy, and UK as well as in Honk Kong and China. Mr Wendt has over 26 years of experience in the international electronic accessory industry and has had roles in sales, marketing and human relations.

Mr Wendt is currently a member of the Remuneration and Nomination Committee (Chairman).

Directors' Report (continued)

Giles Karhan
B. Arts, Grad. Diploma Finance and Investment, MBA
(Non-Executive Director)
Mr Karhan has worked in operations, sales and marketing, and management roles across both equities and funds management for over 20 years. He has worked in both large Australian banks and wealth managers as well as in boutique funds management. He currently is founder and CEO of Rocking Horse Finance, which accelerates a company's growth prospects and supports cash flow by providing financing against eligible R&D. Mr Karhan is a keen entrepreneur and has invested in a number of innovative businesses over the past 10 years. He has a wide range of asset management experience with institutional and wholesale clients. Mr Karhan in the Chairman of the Audit and Risk Committee.

Brian Danos
B. Bus (Management)
(Non-Executive Director)
Mr. Danos is the Chief Operations Officer for Wentronic GmbH. He has held this position since September 2019 and leads the process, supply chain, quality control and international operations for Wentronic. From April 2015 until August 2019 he was the General Manager of Wentronic Asia Pacific, where he led the overall operations of the Asian region and directed Wentronic's offices in China in all sourcing and logistical operations. Prior to his joining Wentronic Asia Pacific Mr. Danos held the position of Director of Marketing and Sales with A&L International Holdings Limited, a Hong Kong based private label manufacturer. He has also held senior positions with Philips Consumer Electronic Accessories in both Europe and the USA.

Mr Danos is currently a member of the Audit and Risk Committee.

Chris Barnes
B. Acc, CPA
(Company Secretary and Chief Financial Officer)
Mr Barnes has been with the Company since 2006 and has been the Head of Finance since 2010. He holds a Bachelor of Accounting Degree, is a Certified Practicing Accountant (CPA) and is a Member of the Australian Institute of Company Directors

As at the date of this report, the interest of the directors (including their related parties) in the shares and options of Cellnet Group Limited were:

Director	Number of ordinary shares	Number of options/ performance rights
M. Wendt	129,658,107	-
T. Pearson	2,900,000	-
K. Gilmore	4,288,000	4,000,000
G. Karhan	-	-
B. Danos	-	-

Dividends

No dividend is declared for the current financial year. A final dividend of 0.30 cents per share was declared on 25th August 2021 and was paid 11 November 2021.

Directors' Report (continued)

Principal activities

The principal activities of the group are:

- Sourcing products and the distribution of market leading brands of lifestyle technology products including mobile phone, gaming, tablet and notebook/hybrid accessories into retail and business channels in Australia and New Zealand; and
- Fulfilment services to the mobile telecommunications and retail industries in Australia and New Zealand.

Operating and financial review

The Directors hereby present the results of Cellnet Group for the 2022 financial year.

- Strong balance sheet with $6.5m cash at bank as of 30 June 2022
- Net Tangible Assets of 7.5 cents per share
- EBITDA loss of $373,000
- Online sales continue to grow, up 27% year-on-year
- Cellnet expands own brand range, sales up 12% year-on-year
- New distribution centre opens in Melbourne

Trans-Tasman lifestyle technology distributor Cellnet Group Limited ("Cellnet" or the "Company") has announced an EBITDA loss of $373,000 for the year ending 30 June 2022. After including one-off and other non-cash items, the Company generated an after-tax loss of $4.1 million. Statutory EBITDA is reconciled to a net loss after tax as follows:

	FY2022 $000
Statutory EBITDA	**(373)**
Depreciation and amortisation	(1,032)
Impairment expense	(613)
Interest expense	(292)
Loss before tax	**(2,300)**
Income tax benefit	-
Net loss attributable to shareholders	**(2,300)**

The non-cash, non-recurring items that negatively affected the financial reporting period are as follows:

- Impairment of goodwill which arose from an acquisition in FY2020 ($481,000)
- Impairment of right of use assets ($132,000)

The Company has maintained its strong balance sheet with $6.5m cash at bank as of 30 June 2022 and Net Tangible Assets of 7.5 cents per share. Excluding the dividend payment of $729,000, cash at bank increased by $201,000 compared with the same period last year.

Online sales from Cellnet managed websites and marketplace stores continued to experience strong growth, up 27% year-on-year. Cellnet own brands which include 3sixT, Powerguard and Wave Audio continued to perform well in all channels, increasing 12% compared to the same period last year.

Total sales decreased 18% year-on-year and were adversely impacted by further Covid-19 restrictions and increased input costs of goods, logistics and freight. The Company also experienced reduced gaming sales with software publishers delaying releases due to Covid-19 disruption. Many of the delayed titles are now set for release in 2023.

In the second-half of the financial year Cellnet moved to optimise and consolidate its Australian warehousing and logistics operations, opening a new distribution centre on 1 July 2022. The strategic direction to take its supply chain in-house was driven by a desire to further enrich customer experience, and offer customised business partner solutions, comprehensive digital channel fulfillment and 3PL services. Located in Melbourne, the modern 3,600m2 office and distribution facility has sufficient capacity for all Cellnet operations with further headroom available for future growth requirements.

Directors' Report (continued)

"This is an extremely exciting step in our supply chain evolution. The need to unify logistics across the group and have direct relationships with freight carriers became more evident during the pandemic. The team are excited to provide our brand and customer partners an enhanced fulfillment experience." says Dave Clark, Cellnet Chief Executive.

Commenting on the results Clark added "We acknowledge it has been a challenging year, but we believe we have now taken appropriate steps to ensure we have the right team in place with a real competitive advantage, underpinned by our new distribution centre and market leading brand portfolio."

Cellnet Chief Executive, Dave Clark, and Chief Financial Officer, Chris Barnes, are available to discuss the results with investors. To register interest in a Cellnet results briefing please email ir@cellnet.com.au.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the company during or since the end of the financial year.

Significant events after balance date

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future periods.

Likely Developments

In respect of future strategy and future performance, the group is constantly reviewing the strategic value inherent in the business. In conjunction with this, the group will continue to pursue its trading activities to further improve on operational aspects to produce the most beneficial long term results for the shareholders of the Company.

Share options

At the date of this report there were a total of 4,000,000 share options over ordinary shares in the company on issue. No option holder has any rights under the terms of the instruments to participate in any other share issue of the company or any other entity.

Grant Date	Vest Date	Expiry Date	Exercise Price ($)	Number of Options on Issue at Date of This Report
22/10/2020	13/01/2021	21/10/2023	0.03	2,000,000
22/10/2020	23/02/2021	21/10/2025	0.03	2,000,000

During the financial year, the company issued a total of 1,000,000 ordinary shares on exercise of share options, at an exercise price of $0.03. The total consideration paid on these shares was $30,000, and no amount of consideration is unpaid.

Indemnification and insurance of officers

Indemnification

The Company has agreed to indemnify the current and former Directors and Company Secretaries of its controlled entities for all liabilities to another person, other than the Company or a related body corporate that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Directors' Report (continued)

Insurance premiums

Insurance premiums have been paid in respect of Directors' and Officers' Liability Insurance. Insurance premiums paid for Directors insurance covers Directors whilst they are appointed as Directors of the Company and for a period of seven years after their resignation. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of Directors' and Officers' liability insurance as such disclosure is prohibited under the terms of the contract.

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 dated 1 April 2016 and in accordance with that Instrument, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Meetings						
	Board		Audit & Risk		Nomination & Remuneration[1]	
	Held	Attended	Held	Attended	Held	Attended
M. Wendt	16	16	-	-	-	-
K. Gilmore	16	15	-	-	-	-
B. Danos	16	16	3	3	-	-
T. Pearson	16	16	3	3	-	-
G. Karhan	16	16	3	3	-	-

[1] The Nomination and Remuneration Committee meeting scheduled for 30 June 2022 was convened on 7 July 2022.

Committee membership

As at the date of this report the Company had an Audit and Risk Committee, and a Nomination and Remuneration Committee. Members acting on the committees of the Board during the year were:

Audit and risk: G. Karhan (Chairman), T. Pearson, B. Danos
Nomination and remuneration: M. Wendt (Chairman), T. Pearson, K. Gilmore

Non-audit services

Non-audit services were provided by the entity's current auditor, Pitcher Partners during the year. Pitcher Partners received or are due to receive the following amounts for the provision of non-audit services

	Consolidated	
	2022 $	2021 $
Taxation services	54,715	110,590
Financial due diligence services	1,000	25,000
	55,715	135,590

The board of directors, in accordance with advice provided by the audit and risk committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

Directors' Report (continued)

- All non-audit services have been reviewed by the audit and risk committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

Auditor's independence declaration

The Auditor's independence declaration is set out on page 18 and forms part of the Directors' report for the financial year ended 30 June 2022.

Directors' Report (continued)

Remuneration Report (audited)

This remuneration report for the year ended 30 June 2022 outlines the remuneration arrangements of the group in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308 (3C) of the Act. The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the parent.

Remuneration report approval at FY21 AGM

The FY21 remuneration report received positive shareholder support at the FY21 AGM with a vote of 99.97% in favour.

For the purposes of this report, the term "executive" includes the executive directors, senior executives, general managers and secretaries of the group and the term "director" refers to non-executive directors only.

The remuneration report is presented under the following sections:

1. Individual key management personnel disclosures
2. Remuneration at a glance
3. Board oversight of remuneration
4. Non-executive director remuneration arrangements
5. Executive remuneration arrangements and the link to company performance
6. Executive contractual arrangements
7. Additional statutory disclosures

1. Individual key management personnel disclosures

(i) Directors

T. Pearson	Chairman (Non-Executive)
K. Gilmore	Deputy Chairman (Non-Executive)
M. Wendt	Director (Non-Executive)
G. Karhan	Director (Non-Executive)
B. Danos	Director (Non-Executive)

(ii) Executives

D. Clark	Chief Executive Officer
C. Barnes	Chief Financial Officer and Company Secretary

2. Remuneration at a glance

Remuneration levels for key management personnel are competitively set to attract and retain appropriately qualified and experienced executives. The Board as necessary obtains independent advice on the appropriateness of remuneration packages of the group given trends in comparative companies both locally and internationally and the objectives of the Company's remuneration strategy. Non-Executive Directors receive a fixed fee for their services, although may from time to time receive compensation in the form of shares or share options subject to the approvals outlined in section 4 of the remuneration report.

2. Remuneration at a glance (continued)

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the key management personnel;
- the key management personnel's ability to control performance;
- the group's performance including:
  - the group's earnings; and
  - the growth in share price and delivering of constant returns on shareholder wealth;
- the amount of incentives within each key management person's remuneration.

Remuneration packages include a mix of fixed and variable remuneration including short and long-term performance-based incentives.

3. Board oversight of remuneration

Nomination and remuneration committee

The nomination and remuneration committee is responsible for making recommendations to the board on the remuneration arrangements of directors and executives.

The nomination and remuneration committee assesses the appropriateness of the nature and amount of remuneration of non-executive directors and executives on a periodic basis by reference to the relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing director and executive team.

Remuneration strategy

Cellnet Group Limited's remuneration strategy is designed to attract, motivate and retain employees and non-executive directors by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the group.

To this end, key objectives of the Company's reward framework are to ensure that remuneration practices:

- are aligned to the group's business strategy;
- offer competitive remuneration benchmarked against the external market;
- provides strong linkage between the individual and the performance and rewards of the group.

Remuneration structure

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

4. Non-executive director remuneration arrangements

Total remuneration for all Non-Executive Directors, last voted upon by shareholders at the 1999 AGM, is not to exceed $300,000 per annum. Total Non-executive Director remuneration exceeded this limit in the 2021 financial year, due to options granted as detailed below. These options were approved by the shareholders at the AGM held on 22 October 2020.

The Chairman's base fee for the financial year ended 30 June 2022 was $80,000 (2021: $50,000). Non-executive director base fees ranged from $20,000 to $55,000 during the financial year ended 30 June 2022 (2021: $20,000 to $30,000). Non-executive directors do not receive performance related remuneration. Non-executive directors may, at the discretion of the Remuneration Committee and subject to shareholder approval, receive compensation in the form of shares or share options.

4. Non-executive director remuneration arrangements (continued)

Terms and conditions of options granted on issue
There were no options granted in the 2022 financial year. 15,000,000 options were granted to Non-executive Directors during the previous financial year, as described above. These options were subject to a market-based vesting condition, whereby the options would vest on the earlier of the Volume Weighted Average Price (VWAP) of the company's shares exceeding a target price for 5 consecutive days on which the shares are traded on the ASX, or 15 trading days regardless of whether shares trade on the ASX for consecutive trading days. For the purpose of these vesting conditions, the options were split into three tranches of 3,000,000, 6,000,000, and 6,000,000 options, with target share-prices of $0.05, $0.10 and $0.15 respectively.

The grant date fair value per option of each of the three tranches granted during the previous year are $0.2162, $0.2178 and $0.2175 respectively.

In addition, an option cannot be exercised unless the Board acting reasonably is satisfied that the following conditions have been satisfied:

- The option holders were also directors at the time when the relevant vesting condition was satisfied;
- There is no outstanding breach of the terms of engagement with the company;
- No notice of termination of engagement has been either given by the director or received by the company; and
- All vesting conditions have been satisfied.

The following table summarises the Non-executive Director options issued granted, exercised, or forfeited/lapsed during the financial year:

KMP	Grant Date	Expiry Date	Exercise Price	Opening Balance	No Granted	No. Forfeited	No Exercised	Closing balance
K Gilmore	22/10/2020	21/10/2022	$0.03	1,000,000	-	-	(1,000,000)	-
K Gilmore	22/10/2020	21/10/2023	$0.03	2,000,000	-	-	-	2,000,000
K Gilmore	22/10/2020	21/10/2025	$0.03	2,000,000	-	-	-	2,000,000

All options outstanding as at 30 June 2022 have vested and are exercisable. The full amount of the exercise price of $0.03 was paid on options exercised during the period, and no amount of consideration is unpaid.

5. Executive remuneration arrangements and the link to company performance

5.1 Fixed remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any fringe benefits tax charges related to employee benefits including motor vehicles) as well as employer contributions to superannuation funds. Remuneration levels are reviewed annually by the Board.

5.2 Variable remuneration – short term incentive (STI) and long term incentive (LTI)

Performance linked remuneration includes both STI and LTI and is designed to reward executives for meeting or exceeding their financial and personal objectives. The STI is an 'at risk' bonus provided in the form of cash.

5.3 STI bonus

The group operates an annual STI program that applies to executives and awards a cash bonus subject to the attainment of clearly defined group, business unit and individual measures. Actual STI payments awarded to each executive depends on the extent to which specific targets set at the beginning of each 12 months are met. The targets consist of a number of key performance indicators (KPIs) covering financial and non-financial, corporate and individual measures of performance. A summary of these measures and weightings are set out below.

	Return on equity
Chief Executive Officer	100%
Chief Financial Officer	100%

These performance indicators were chosen as they represent the key drivers for the short-term success of the business and provide a framework for delivering long-term value.

At the end of the financial year the Board assesses the actual performance of the group and the individual against their respective financial KPI's set at the beginning of the financial year. No bonus is awarded where performance falls below 90% of the return on equity target. Performance beyond 90% is uncapped, and there is therefore no maximum amount of STI that may be awarded.

The following table outlines the proportion of the agreed STI (as a percentage of base remuneration) that was earned and forfeited in relation to the 2022 financial year.

Name	Proportion of maximum STI earned in FY22	Proportion of maximum STI forfeited in FY22
D. Clark	0%	0%
C. Barnes	0%	0%

No other executives were eligible to earn an STI in the 2022 financial year.

STI awards for 2021 and 2022 financial years

For the 2022 financial year, there was no STI earned. For the 2021 financial year, a total payment of $217,478 was made in the 2021 financial year which represents 100% of the total STI cash bonus previously accrued in that period which has vested to executives.

5.4 LTIs
Executive Share Option Plan

The Board has established an Executive Share Option Plan which is designed to provide incentives to the Executives of the group. The plan was approved by shareholders at the Annual General Meeting held on 18 December 2007.

Under the plan the Board has the discretion to issue options to Executives as long as the issue does not result in the Executive owning or controlling the exercise of voting power attached to 5% or more of all shares then on issue. Each option is convertible to one ordinary share. The exercise price of the option is determined by the Board.

The rules governing the operation of the plan may be amended, waived or modified, at any time by resolution of the Board provided there is no reduction of rights to Executives in the plan. If an amendment reduces the rights of Executives in the plan, it requires written consent of three-quarters of affected Executives.

LTI Plan

The Board has established a Long Term Incentive Plan which is designed to provide incentives to the Executives of the group. The plan was approved by shareholders at the Annual General Meeting held on 18 December 2007.

The purpose and rules of the plan are the same as the Executive Share Option Plan described above, except that there is no prohibition on issuing shares if it would result in an Executive owning (legally or beneficially) or controlling the exercise of voting power attached to 5% or more of all shares then on issue.

Performance Rights Plan

On 10 October 2018 at the Company's Annual General Meeting, shareholders approved a performance rights plan. Under this plan, performance rights (which may take the form of options or ordinary shares) are issued to executives. The rights deliver ordinary shares to senior management and Directors (at no cost to the senior management employee or Director) where the performance hurdle (where applicable) in relation to those performance rights is met.

No securities were issued under the performance rights plan in the 2022 financial year.

5.5 STI structure

The Board considers that the above performance-linked remuneration structure is appropriate at this time. It provides both short-term focus on operating performance and longer term focus on share price growth.

5.6 Consequences of performance on shareholder wealth

In considering the group's performance and benefits for shareholder wealth, the Board has regard to the following indices in respect of the current financial year and previous financial years.

Details	2022	2021 (restated)	2020	2019	2018
Net profit / (loss) attributable to equity holders of the Company	($2,300,000)	$3,773,000	($2,373,000)	$405,000	$5,982,000
Return on equity	(8.0%)	15.2%	(10.98%)	1.9%	38.2%
Dividends paid	-	-	-	$782,439	$688,946
Reduction / (increase) of share capital	($30,000)	($336,000)	($4,936,000)	-	-
Change in share price	($0.028)	$0.01	($0.19)	($0.17)	$0.11

5.7 Other benefits

During the current and prior year, there were no non-cash bonuses or benefits provided to executives.

6. Executive contractual arrangements

It is the group's policy that service contracts for executives are unlimited in term but capable of termination as per the relevant period of notice and that the group retains the right to terminate the contract immediately, by making payment that is commensurate with pay in lieu of notice.

The service contract outlines the components of remuneration paid to the executive but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the remuneration policy.

Standard executive termination payment provisions apply to all current executives, including the Chief Executive Officer. The standards contractual provisions are as follows:

Directors' Report (continued)
Remuneration Report (audited) (continued)

Details	Notice Period	Payment in lieu of notice	Treatment of STI on termination	Treatment of LTI on termination
Employer initiated termination	3 months	3 months	Pro-rated for time and performance	Pro-rated for time and performance
Termination for serious misconduct	None	None	Unvested awards forfeited	Unvested awards forfeited
Employee initiated termination	3 months	3 months	Pro-rated for time and performance	Pro-rated for time and performance.

Directors' Report (continued)

Remuneration Report (audited) (continued)

6.1 Directors' and executive officers' remuneration

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the group, directly or indirectly, including any director (whether executive or otherwise). Remuneration of Directors and executive officers are as follows:

		Short-term				Post-Employment	Long-term benefits			Termination benefits			
	Year	Salary & fees $	STI cash bonus $	Motor Vehicle allowances $	Non-monetary benefits $	Superannuation benefits $	Cash Incentives $	Long Service Leave $	Share-based payments $	Termination/ Retention Benefits $	Total $	% performance related	% Options/ shares
Non-executive directors													
M. Wendt	2022	26,000	-	-	-	-	-	-	-	-	26,000	-	-
	2021	19,637	-	-	-	-	-	-	83,400	-	103,037	80.9	80.9
B. Danos	2022	17,333	-	-	-	-	-	-	-	-	17,333	-	-
	2021	20,000	-	-	-	-	-	-	-	-	20,000	-	-
K. Gilmore	2022	47,667	-	-	-	-	-	-	-	-	47,667	-	-
	2021	20,000	-	-	-	-	-	-	83,400	-	103,400	80.7	80.7
T. Pearson	2022	69,333	-	-	-	6,933	-	-	-	-	76,267	-	-
	2021	39,638	-	-	-	3,766	-	-	83,400	-	126,804	65.8	65.8
Giles Karhan	2022	26,000	-	-	-	-	-	-	-	-	26,000	-	-
	2021	30,000	-	-	-	-	-	-	-	-	30,000	-	-
Total non-executive directors	2022	186,333	-	-	-	6,933	-	-	-	-	193,267	-	-
	2021	129,275	-	-	-	3,766	-	-	250,200	-	383,241	65.3%	65.3%

Directors' Report (continued)

Remuneration Report (audited) (continued)

6.1 Directors' and executive officers' remuneration (continued)

		Short-term				***Post-Employment***	***Long-term benefits***			***Termination benefits***			
	Year	*Salary & fees* *$*	*STI cash bonus* *$*	*Motor Vehicle allowances* *$*	*Non-monetary benefits* *$*	*Superannuation benefits* *$*	*Cash Incentives* *$*	*Long Service Leave* *$*	*Share-based payments* *$*	*Termination/ Retention Benefits* $	Total *$*	***% performance related***	***% Options/ rights***
Executives													
D. Clark	2022	281,486	-	-	-	8,955	-	4,228	-	-	294,669	-	-
	2021	267,145	116,704	13,017	-	9,227	-	9,812	-	-	415,905	28.1	-
C. Barnes	2022	250,432	-	-	-	29,460	-	4,057	-	-	283,948	-	-
	2021	256,579	100,774	-	-	21,694	-	5,749	-	-	384,796	26. 2	-
Total executives	2022	531,918	-	-	-	38,415	-	8,285	-	-	578,617	-	-
	2021	523,724	217,478	13,017	-	30,921	-	15,561	-	-	800,701	27.2	-
Total key management personnel	2022	718,251	-	-	-	45,348	-	8,285	-	-	771,884	-	-
	2021	652,999	217,478	13,017	-	34,687	-	15,561	250,200	-	1,183,942	39.5	21.1

Directors' Report (continued)

Remuneration Report (audited) (continued)

7. Additional statutory disclosures

This section sets out the additional disclosures required under the *Corporations Act 2001*.

Transactions and balances with related parties:
Wentronic Holding GmbH
Wentronic Holding GmbH and its associated entities hold 53.23% (2021: 53.45%) of the ordinary shares in Cellnet Group Limited. At 30 June 2022, the group had a nil receivable from Wentronic Holding GmbH (2021: $92,000).

Wentronic Asia Pacific Limited
During the current and comparative financial years, the group enlisted the services of Wentronic Asia Pacific Limited (WAPL). WAPL is a wholly owned subsidiary of Wentronic Holding GmbH, Cellnet's controlling shareholder. A function of WAPL is to source and procure inventory through bulk buying arrangements with third party suppliers on behalf of the Wentronic Group. Cellnet pays WAPL a 6% management/services fee for coordination of the purchasing and logistics function provided by WAPL under a service agreement.

The total value of transactions with WAPL under these arrangements during the year ended 30 June 2022 was $757,000 (2021: $840,000). At 30 June 2022, the group had a total of $33,000 owing to WAPL in respect of these arrangements (30 June 2021: $9,000).

Wentronic GmbH
At 30 June 2022, the group had a nil receivable from Wentronic GmbH, a wholly owned subsidiary of Wentronic Holdings GmbH, (2021: $9,000), arising from expense recharging arrangements.

Option/right holdings:
The tables below details the number of options or rights over ordinary shares in the company held by directors, KMP or their related parties:

2022

Director/ KMP	No. Held at 1/7/2021	No. Granted	No. forfeited	No. Exercised	No. Held at 30/6/2022	No. Vested & Exercisable
K. Gilmore	5,000,000	-	-	(1,000,000)	4,000,000	4,000,000

2021

Director/ KMP	No. Held at 1/7/2020	No. Granted	No. Lapsed	No. Exercised	No. Held at 30/6/2021	No. Vested & Exercisable
M. Wendt	-	5,000,000	-	(5,000,000)	-	-
B. Danos	-	-	-	-	-	-
K. Gilmore	-	5,000,000	-	-	5,000,000	5,000,000
T. Pearson	-	5,000,000	-	(5,000,000)	-	-
G. Karhan	-	-	-	-	-	-
C. Barnes	425,000	-	(425,000)	-	-	-
D. Clark	425,000	-	(425,000)	-	-	-

Shareholdings:
The table below details the number of ordinary shares in the company held by directors, KMP or their related parties. Unless otherwise stated, shares were acquired on-market.

Directors' Report (continued)

Remuneration Report (audited) (continued)

2022

Director/ KMP	No. Held at 1/7/2021	No. Acquired – Bonus Shares	No. Acquired – On Market	No. Acquired – Exercise of Options	No. Disposed	Shareholding at date of appointment/ resignation	No. Held at 30/6/2022
M. Wendt	129,658,107	-	-	-	-	-	129,658,107
K. Gilmore	3,288,000	-	-	1,000,000	-	-	4,288,000
T. Pearson	6,375,000	-	-	-	(3,475,000)	-	2,900,000
G. Karhan	-	-		-	-	-	-
B. Danos	-	-		-	-	-	-
C. Barnes	762,528	-	-	-	-	-	762,528
D. Clark	1,000,000	-	-	-	-	-	1,000,000

2021

Director/ KMP	No. Held at 1/7/2020	No. Acquired – Rights Offer	No. Acquired – On Market	No. Acquired – Exercise of Options	No. Disposed	Shareholder at date of appointment/ resignation	No. Held at 30/6/2021
M. Wendt	124,658,107	-	-	5,000,000	-	-	129,658,107
K. Gilmore	3,288,000	-	-	-	-	-	3,288,000
T. Pearson	-	875,000	500,000	5,000,000	-	-	6,375,000
G. Karhan	-	-		-	-	-	-
B. Danos	-	-		-	-	-	-
C. Barnes	644,750	117,778	-	-	-	-	762,528
D. Clark	750,000	-	250,000	-	-	-	1,000,000

END OF REMUNERATION REPORT

This report is made with a resolution of the Directors:

Tony Pearson
Chairman
Signed at Brisbane on 30th August 2022

Level 38, 345 Queen Street
Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444

The Directors
Cellnet Group Limited
E1, 5-6 Grevillea Place
BRISBANE AIRPORT QLD 4008

Auditor's Independence Declaration

In relation to the independent audit for the year ended 30 June 2022, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards).*

This declaration is in respect of Cellnet Group Limited and the entities it controlled during the year.

Pitcher Partners

PITCHER PARTNERS

DANIEL COLWELL
Partner

Brisbane, Queensland
30th August 2022

Cellnet Group Limited and its consolidated entities
Financial Report

Consolidated statement of financial position
As at 30 June 2022

	Note	Consolidated 2022 $000	2021 $000 Restated*	1 July 2020 $000 Restated*
ASSETS				
Current assets				
Cash and cash equivalents	**10**	6,471	6,999	6,936
Trade and other receivables	**11**	9,347	13,161	15,027
Inventories	**12**	21,848	17,700	15,377
Other current assets		757	1,566	1,409
Derivative financial instruments	**18**	69	-	37
Total current assets		**38,492**	**39,426**	**38,786**
Non-current assets				
Property, plant and equipment	**13**	275	293	299
Right of use asset	**19**	663	408	700
Deferred tax assets (net)	**8(c)**	3,051	3,095	3,015
Intangible assets	**14**	4,526	5,559	5,928
Total non-current assets		**8,515**	**9,355**	**9,942**
TOTAL ASSETS		**47,007**	**48,781**	**48,728**
LIABILITIES				
Current liabilities				
Trade and other payables	**15**	14,449	10,073	11,905
Provisions	**16**	877	860	768
Current tax liabilities	**8(c)**	8	49	33
Lease liability	**19**	324	229	360
Interest-bearing loans and borrowings	**17**	4,936	8,359	9,042
Total current liabilities		**20,594**	**19,570**	**22,108**
Non-current liabilities				
Provisions	**16**	77	69	168
Lease liability	**19**	516	252	420
Interest-bearing loans and borrowings	**17**	-	-	1,250
Total non-current liabilities		**593**	**321**	**1,838**
TOTAL LIABILITIES		**21,187**	**19,891**	**23,946**
NET ASSETS		**25,820**	**28,890**	**24,782**
EQUITY				
Issued capital	**20(a)**	38,755	38,725	38,389
Reserves	**20(b)**	10,526	13,626	9,854
Accumulated losses		(23,461)	(23,461)	(23,461)
TOTAL EQUITY		**25,820**	**28,890**	**24,782**

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

* See note 30 for details regarding the restatement as a result of change in accounting policy.

Cellnet Group Limited and its consolidated entities
Financial Report

Consolidated statement of comprehensive income
For the year ended 30 June 2022

	Note	Consolidated 2022 $000	2021 $000 Restated*
Revenue from contracts with customers	**5**	**78,579**	**96,141**
Other income	**6**	1	517
Materials, packaging and consumables used		(61,795)	(72,527)
Depreciation and amortisation expense		(1,032)	(1,045)
Employee benefit expense		(8,731)	(10,238)
Finance costs		(571)	(754)
Freight expense		(2,556)	(2,137)
Occupancy expense		(106)	(142)
Warehousing expense		(2,879)	(2,797)
Other expense		(2,597)	(3,260)
Impairment expense		(613)	-
Profit / (loss) before income tax		**(2,300)**	**3,758**
Income tax (expense) / benefit	**8(a)**	-	15
Net profit / (loss) for the period	**7**	**(2,300)**	**3,773**
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(71)	(251)
Total comprehensive income / (loss) for the period		**(2,371)**	**3,522**
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic earnings per share (cents per share)	**9**	(0.95)	1.60
Diluted earnings per share (cents per share)	**9**	(0.95)	1.57

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

* See note 30 for details regarding the restatement as a result of change in accounting policy.

Cellnet Group Limited and its consolidated entities
Financial Report

Consolidated statement of changes in equity
For the year ended 30 June 2022

	Share capital $000	Reserve for own shares $000	Foreign Currency translation reserve $000	Share based payment reserve $000	Reserve for profits $000	Accumulated Losses $000	Total equity $000
At 1 July 2021 as originally stated	38,725	(25)	(590)	1,945	12,952	(23,461)	29,546
Restatement as a result of change in accounting policy (note 30)	-	-	-	-	(656)	-	(656)
Restated balance at 1 July 2021	**38,725**	**(25)**	**(590)**	**1,945**	**12,296**	**(23,461)**	**28,890**
Loss for the period	-	-	-	-	-	(2,300)	(2,300)
Foreign currency translation	-	-	(71)	-	-	-	(71)
Total comprehensive income for the period	-	-	(71)	-	-	(2,300)	(2,371)
Transfers to/from reserves	-	-	-	-	(2,300)	2,300	-
Transactions with owners in their capacity as owners:							
Issue of shares	30	-	-	-	-	-	30
Share based payments	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	(729)	-	(729)
Balance as at 30 June 2022	**38,755**	**(25)**	**(661)**	**1,945**	**9,267**	**(23,461)**	**25,820**
At 1 July 2020 as originally stated	38,389	(25)	(339)	1,695	9,142	(23,461)	25,401
Restatement as a result of change in accounting policy (note 30)	-	-	-	-	(619)	-	(619)
Restated balance at 1 July 2020	**38,389**	**(25)**	**(339)**	**1,695**	**8,523**	**(23,461)**	**24,782**
Profit for the period (restated)	-	-	-	-	-	3,773	3,773
Foreign currency translation	-	-	(251)	-	-	-	(251)
Total comprehensive income for the period (restated)	-	-	(251)	-	-	3,773	3,522
Transfers to/from reserves					3,773	(3,773)	-
Transactions with owners in their capacity as owners:							
Issue of shares	336	-	-	-	-	-	336
Share based payments	-	-	-	250	-	-	250
Balance as at 30 June 2021	**38,725**	**(25)**	**(590)**	**1,945**	**12,296**	**(23,461)**	**28,890**

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

Consolidated statement of cash flows
For the year ended 30 June 2022

	Note	Consolidated 2022 $000	2021 $000 Restated*
Cash flows from / (used in) operating activities			
Receipts from customers (inclusive of GST)		91,981	107,253
Payments to suppliers and employees (inclusive of GST)		(87,475)	(104,021)
Income tax paid		-	(51)
Interest paid		(292)	(560)
Net cash flows from / (used in) operating activities	**29**	**4,214**	**2,621**
Cash flows used in investing activities			
Purchase of property, plant and equipment		(59)	(64)
Payments for purchase of intangibles		-	(168)
Net cash flows used in investing activities		**(59)**	**(232)**
Cash flows from financing activities			
Proceeds from issuance of shares	**20**	30	300
Principal repayments on leases	**19**	(435)	(445)
Proceeds from borrowings		16,570	26,509
Repayment of borrowings		(19,993)	(28,442)
Dividends		(729)	-
Net cash flows (used in) / from financing activities		**(4,557)**	**(2,078)**
Net increase / (decrease) in cash and cash equivalents		(402)	311
Net foreign exchange differences		(126)	(248)
Cash and cash equivalents at beginning of period		6,999	6,936
Cash and cash equivalents at end of period	**10**	**6,471**	**6,999**

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

* See note 30 for details regarding the restatement as a result of change in accounting policy.

Cellnet Group Limited and its consolidated entities
Financial Report

Notes to the financial statements

1. Corporate Information

Cellnet Group Limited (the ‘Company’) is a company limited by shares and incorporated in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2022 comprises the Company and its subsidiaries (together referred to as the ‘group’ or the ‘consolidated entity’). The company is a for-profit entity for the purpose or preparing these financial statements. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company.

The financial report was authorised for issue by the Directors on 30th August 2022. The nature of the operations and principal activities of the group are described in the directors’ report.

2. Significant accounting policies

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial report is presented in Australian dollars and has been prepared on the historical cost basis, except for derivative financial instruments and contingent consideration liabilities which are measured at fair value.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors’ Report) Instrument 2016/191 dated 1 April 2016 and in accordance with that Instrument, amounts in the financial report and directors’ report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Refer to note 2(v) for further information on the critical accounting estimates and judgements made in the preparation of these financial statements.

The financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(b) New accounting standards and interpretations

(i) Application of new accounting standards

No new or revised accounting standards considered as having a material effect on the group have become effective for the first time in preparing this financial report.

(ii) Accounting standards and interpretations issued bot not yet effective

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the group. The group has decided not to early adopt any of these new and amended pronouncements. The directors have assessed that none of these standards will have a material impact on the group’s financial statements in the period of initial application.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Cellnet Group Ltd and its subsidiaries (as outlined in note 24) as at and for the year ended 30 June each year (the group or the consolidated entity). Interests in associates are equity accounted and are not part of the group. Subsidiaries are all those entities over which the group has control. The group controls an entity where it has power over the entity, exposure or rights to variable returns from its involvement with the entity, and for which it has the ability to use its power over the entity to affect the amount of its returns.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(d) Foreign currency

(i) Functional and presentation currency

Both the functional and presentation currency of Cellnet Group Limited and its Australian subsidiaries are Australian dollars ($). The group has subsidiaries with functional currencies of New Zealand dollars and United States dollars. The results of these subsidiaries which are translated to the presentation currency as described in (iii) below.

(ii) Transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance date are translated to Australian dollars at the foreign exchange rate ruling at reporting date. Foreign exchange differences arising on translation are recognised in net income.

Notes to the financial statements

2. Significant accounting policies (continued)

(d) Foreign currency (continued)

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.

(iii) Financial statements of foreign operations

The assets and liabilities of foreign operations are translated to Australian dollars at foreign exchange rates ruling at the balance date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in a separate component of equity.

(e) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination the group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

(f) Revenue from contracts with customers

Revenue from the sale of goods is recognised at the point in time when control of the products has transferred, being when the products are delivered to the customer.

Products are typically sold with an attaching contractual or constructive entitlement to rebates and other incentive arrangements. As such, revenue from the sale of goods is recognised based on the price specified in the contract (i.e. the gross sale price) net of the estimated rebates and incentives.

Accumulated experience is used to estimate and provide for the rebates and incentives, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected rebates and incentives payable to customers in relation to sales made until the end of the reporting period.

In addition, products sold by the group carry a right of return. A refund liability (included in trade and other payables) and a right to returned goods asset (other current assets in the statement of financial position) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at an operating segment level (expected value method). Because the percentage of sales returns has been steady for a number of years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

Sales are made with credit terms of 60 days or less; as such no element of financing is deemed present in sales of goods made to customers. The group does not generally receive funds in advance of providing goods nor provide goods in advance of contractual entitlement to invoice the customer.

Notes to the financial statements

2. Significant accounting policies (continued)

(f) Revenue from contracts with customers (continued)

Disaggregation of revenue

The group's sole material source of revenue is the sale of goods to customers. The nature of contracts with customers for sale of goods is consistent across the group. Required disaggregation disclosures under AASB 15 are made within note 5.

(g) Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of AASB 9 *Financial Instruments* are classified as at amortised cost, at fair value through profit and loss, or at fair value through other comprehensive income. The group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through the profit or loss, on the basis of both the group's business model for managing the financial assets, and the contractual cash flow characteristics of the financial asset. The group's financial assets include cash and short-term deposits (amortised cost), trade and other receivables (amortised cost), and derivative financial instruments (fair value through profit and loss).

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of AASB 9 *Financial Instruments* are classified as at amortised cost, at fair value through profit and loss, or as derivatives designated as hedging instruments as appropriate. The group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair values plus, in the case of loans and borrowings, directly attributable transaction costs. The group's financial liabilities include trade and other payables (amortised cost), and contingent consideration payable (fair value through profit and loss).

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(iii) Fair value of financial instruments

Information regarding fair value measurements made by the group is included in note 4.

(h) Receivables

Receivables from contracts with customers, loans, and other receivables are stated at their amortised cost less allowances for expected credit losses. Receivables from contracts with customers are recognised at the time the goods are delivered to the customer, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Other receivables are recognised when the entity becomes party to the contractual provisions of the asset.

The group applies the simplified expected credit loss model prescribed in AASB 9 to determine an allowance for expected credit losses on its receivables from contracts with customers and its other receivables. Under this approach, the lifetime expected credit losses are estimated using a provision matrix based on historical rates of losses observed on similar assets, as adjusted for the group's forecasts of future economic conditions.

Notes to the financial statements

2. Significant accounting policies (continued)

(h) Receivables (continued)

The measurement of expected credit losses reflects the group's 'expected rate of loss', which is a product of the probability of default and the loss given default, and its 'exposure at default', which is typically the carrying amount of the relevant asset. In determining the allowance for expected credit losses, the group has consideration to expected recoveries through collateral or trade credit insurance arrangements. The group has identified contractual payments more than 90 days past due as default events for the purpose of measuring expected credit losses. These default events have been selected based on the company's historical experience. Receivables are written off when they exceed 150 days past due and have been submitted to the group's trade credit insurer for processing.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is calculated using the average cost method and includes direct and allocated costs incurred in acquiring the inventories and bringing them to their present location and condition. A provision is recognised when there is objective evidence that the group will not be able to sell the inventory at normal reseller pricing.

(j) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at bank and in hand and short-term deposits with a maturity of 60 days or less that are readily convertible to known amounts of cash and which are subject to insignificant risks of change in values.

(k) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy (m)). Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to net income 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:

Leasehold improvements	3 - 5 years
Plant and equipment	2 - 3 years

The residual value, useful life and depreciation method applied to an asset are reassessed at least annually. An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(l) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the identifiable net assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Notes to the financial statements

2. Significant accounting policies (continued)

(l) Intangible assets (continued)

(ii) Other intangible assets

Other intangible assets that are acquired by the group are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy (m)). The group's other intangible assets represent software assets purchased by the entity or developed by a third party, and customer and supplier relationships acquired through business combination transactions.

(iii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iv) Amortisation

Amortisation is charged to net income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance date. Other intangible assets are amortised from the date they are available for use over their estimated useful lives.

(m) Impairment

The carrying amounts of the group's property, plant and equipment and intangible assets, are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in net income.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Calculation of recoverable amount

The recoverable amount of property, plant and equipment and intangible assets is the greater of their fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset relates.

Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the financial statements

2. Significant accounting policies (continued)

(n) Trade and other payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on average between 30 day and 45 day terms. They represent liabilities for goods and services provided to the group prior to the end of the financial year that are unpaid and arise when the group becomes obliged to make future payments in respect of the purchase of these goods and services.

(o) Interest-bearing loans and borrowings

Interest-bearing borrowings are recognised initially at fair value of the consideration received less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost applying the effective interest method.

(p) Provisions and employee leave benefits

(i) Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in net income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability.

(ii) Long-term service benefits

The group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to high quality corporate bonds at the balance date which have maturity dates approximating the terms of the group's obligations.

(iii) Wages, salaries, annual leave and sick leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be wholly settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, and are calculated using undiscounted amounts based on remuneration wage and salary rates that the group expects to pay as at reporting date including related on-costs, such as worker's remuneration insurance and payroll tax. Amounts not expected to be wholly settled within 12 months are carried at a net present value determined in the same manner as long service leave benefits described in note 2(p)(ii). Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(q) Share based payment transactions

The group provides incentives to KMP in the form of share based payments. There are currently share based payment plans in place for the KMP. The cost of share based payments with KMP is measured by reference to the fair value of the equity instrument at the date at which they are granted (refer note 21 for further details).

Notes to the financial statements

2. Significant accounting policies (continued)

(r) Share capital

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

(s) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate
- Amounts expected to be payable by the group under residual value guarantees
- The exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the group's incremental rate of borrowing is used, being the rate that the group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

(t) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for - initial recognition of goodwill, 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. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

Notes to the financial statements

2. Significant accounting policies (continued)

(t) Income tax (continued)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation

The Company and its wholly-owned Australian resident subsidiaries have formed a tax-consolidated entity with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated entity is Cellnet Group Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated entity are recognised in the separate financial statements of the members of the tax-consolidated entity using the ‘separate taxpayer’ within the consolidated entity approach. Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts in the separate financial statements of each entity and the tax values applied under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses or unused tax credits of the subsidiaries are assumed by the head entity in the tax consolidated entity and are recognised as amounts payable / (receivable) to / (from) other entities in the tax-consolidated entity in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses and unused tax credits of the tax-consolidated entity to the extent that it is probable that future taxable profits of the tax-consolidated entity will be available against which the asset can be utilised. Any subsequent period adjustments to deferred tax assets arising from unused tax losses and unused tax credits as a result of revised assessments of the probability of recoverability are recognised by the head entity only.

The head entity, in conjunction with other members of the tax-consolidated entity, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated entity in respect of tax amounts. The tax funding arrangements require payments to / (from) the head entity equal to the current tax liability / (asset) assumed by the head entity and any tax-loss or tax credit related deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity payable / (receivable) equal in amount to the tax liability / (asset) assumed. The inter-entity payable / (receivable) is at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity’s obligation to make payments for tax liabilities to the relevant tax authorities.

(u) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the relevant taxation authority is included as a current asset or liability in the statement of financial position.

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

Notes to the financial statements

2. Significant accounting policies (continued)

(v) Critical accounting estimates and judgements

Management discusses with the Audit Committee the development, selection and disclosure of the group's critical accounting judgements and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition

As described in note 2(f) revenue is recognised net of expected sales returns, incentives and rebates offered to customers. Management applies the expected value method in making estimates of the amounts of incentives and rebates outstanding and the value of expected returns (including any associated right to returned goods asset) as at balance date based on customer trading and claim history, the terms of underlying contractual arrangements, and historical rates of product return. Such estimates involve the use of management's judgement and the actual amount of incentives and rebates settled, and products returned, may vary from the amounts accrued at balance date.

Valuation of consideration paid and net assets acquired in business combinations

Consideration paid and net assets acquired in business combination transactions are recognised at their acquisition date fair values. The most significant judgements and assumptions are made in determining the fair value of identifiable intangible assets (customer and supplier relationships) and contingent consideration payable. These assumptions include forecast cash flows (including growth rates), probability weightings applied to different earn-out scenarios, customer and supplier attrition rates, contributory asset charges and discount rates.

Impairment assessment for cash-generating units

The group completes an impairment assessment on cash-generating units to which goodwill is allocated on an annual basis, or otherwise where there are indicators that CGU assets may be impaired. This assessment involves comparison of the value-in-use of a cash-generating unit to its carrying value. There are a number of assumptions made in the determination of value-in-use, which are outlined in detail in note 14(b).

Impairment losses for stock on hand

The group's inventory is exposed to a risk of obsolescence. A provision for obsolescence is raised where there is evidence suggesting that the net realisable value of inventory is less than its cost to the group. Management relies on inventory ageing data, days stock on hand (based on recent sales data), and future sales forecasts in determining the required provision against inventory at an individual product level. Note 7 discloses the amount of stock which has been scrapped throughout the course of the year, or which has been written down to net realisable value in accordance with the policy outlined in note 2(i).

Share based payments

The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by management using a binomial model. The related assumptions are detailed in note 21. The accounting estimates and assumptions relating to equity-settled share-based payments will have no impact on the carrying amounts of assets and liabilities, or on profit or loss, within the next annual reporting period.

Recovery of deferred tax assets

Deferred tax assets are recognised for tax losses and deductible temporary differences to the extent that management considers that it is probable that future taxable profits will be available to utilise temporary differences and recognised tax losses. Where the group has made a taxable loss in the current or preceding year, a deferred tax asset for carry forward tax losses is only recognised to the extent that there is convincing other evidence that sufficient taxable profit will be available against which the recognised unused tax losses can be utilised. Significant judgement was required to determine the amount of deferred tax assets that can be recognised, based upon the probability weighted forecasts of future taxable profits over the next three years.

(v) Critical accounting estimates and judgements (continued)

Notes to the financial statements

2. Significant accounting policies (continued)

Expected credit loss allowances on trade receivables

The group recognises an allowance for expected credit losses on its trade receivables. The basis for determination of this allowance is as described in note 2(h). There are a number of assumptions made in the determination of the allowance for expected credit losses, which are outlined in detail in note 11.

(w) Earnings per share

The group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. Potential ordinary shares shall be treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

(x) Government grants

Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to depreciable assets are credited to deferred income and are recognised in profit or loss over the period and in the proportions in which depreciation expense on those assets is recognised.

Government grants include amounts received or receivable under the Australian Federal Government’s JobKeeper Payment Scheme, and the New Zealand Federal Government’s Job Subsidy Scheme, which provides a temporary subsidy to eligible businesses significantly affected by coronavirus (COVID-19). Wage subsidies received have been offset against the related employee benefits expense in the statement of comprehensive income. The amount of these subsidies received during the year has been disclosed in note 7.

Notes to the financial statements

3. Financial risk management objectives and policies

The group's principal financial instruments comprise of receivables, payables, cash and short-term deposits, interest bearing loans, lease liabilities and forward foreign currency contracts.

Risk exposures and responses
The group manages its exposure to key financial risks, including interest and currency risk in accordance with the group's financial risk management policy. The objective of this policy is to support the delivery of the group's financial targets whilst protecting future financial security.

The group enters into derivative transactions, principally forward currency exchange contracts. The purpose is to manage the currency risks arising from the group's operations. The main risks arising from the group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of market forecasts for interest rate and foreign exchange prices. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through using future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Audit & Risk Committees under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for forward currency contracts, credit allowances and future cash flow forecast projections.

Interest rate risk
The group's exposure to market interest rates relates solely to the group's short-term cash deposits and interest bearing loans and borrowings as disclosed in note 10 and 17.

	Note	2022 $000	2021 $000
Cash and cash equivalents	10	6,471	6,999
Interest bearing loans and borrowings	17	(4,936)	(8,359)
		1,535	**(1,360)**

The group frequently analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative hedging positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At 30 June 2022, if interest rates had moved as illustrated in the table below, with all other variables held constant, post-tax profit and net assets would have been affected as follows:

	Post tax profit higher / (lower)		Net assets higher / (lower)	
Consolidated	2022 $000	2021 $000	2022 $000	2021 $000
+1% (100 basis points) (2021: 1%)	(6)	(10)	(6)	(10)
-0.5% (50 basis points) (2021: 0.5%)	3	5	3	5

The movements in profit are due to higher / lower cash receipts / payments from variable rate net interest bearing balances.

3. Financial risk management objectives and policies (continued)

Foreign currency risk

The group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than Australian dollars. The currencies giving rise to risk are primarily U.S dollars and New Zealand dollars.

The group enters into forward foreign exchange contracts to hedge certain anticipated purchase commitments denominated in foreign currencies (principally U.S dollars). The terms of these commitments are no more than 45 days. It is the group's policy not to enter into forward contracts until a firm commitment is in place.

The group has subsidiaries with function currencies of New Zealand and United States dollars. There are currently no hedges in place to mitigate the foreign currency risk for these subsidiaries.

Entering into forward foreign currency exchange contracts minimises the risk of sharp fluctuations in foreign exchange rates and allows for better cash flow management in relation to paying international suppliers. At balance date, the group had the following exposure to US$ foreign currency, expressed in Australian dollars that is not designated as cash flow hedges:

	2022 $000	2021 $000
Financial assets		
Trade and other receivables	480	98
	480	98
Financial liabilities		
Trade and other payables	(6,973)	(2,359)
Forward foreign currency contracts	(1,308)	(118)
	(8,281)	(2,477)
Net exposure	**(7,801)**	**(2,379)**

At 30 June 2022, had the Australian dollar moved, as illustrated in the table below, with all other variables held constant, post-tax profit and other comprehensive income would have been affected as follows:

	Post tax profit higher / (lower)		Net assets higher / (lower)	
	2022 $000	2021 $000	2022 $000	2021 $000
Consolidated				
AUD / USD +10% (2021: +10%)	661	206	661	206
AUD / USD -10% (2021: -10%)	(807)	(251)	(807)	(251)

Significant assumptions:

The reasonably possible movement was calculated by taking the USD spot rate as at balance date, moving the spot rate by the reasonably possible movements and then re-converting the USD into AUD with the 'new spot rate'. This amount was then tax effected. This methodology reflects the translation methodology undertaken by the group.

Notes to the financial statements

3. Financial risk management objectives and policies (continued)

Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The maximum exposure to credit risk on financial assets of the group is the carrying amount, net of any allowance for expected credit losses, as disclosed in the maturity analysis table below. The group mitigates this risk by adopting procedures whereby it only deals with creditworthy customers. Wherever possible the group also insures debtors that have an approved credit limit of greater than $5,000 through trade credit insurance. Where possible trade receivables that are greater than $5,000 are insured up to 90% of the approved credit limit, with a $5,000 excess payable per claim. Details regarding the determination of the allowance for expected credit losses are contained in note 11(a).

Liquidity risk

Liquidity risk arises from both the financial liabilities and lease liabilities of the group and the group's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due. The group's objective is to maintain a balance between continuity of at cash funding and short-term fixed cash deposits. The group manages its liquidity risk by monitoring the total cash inflows and outflows expected on a daily basis.

Maturity analysis of financial assets, financial liabilities and lease liabilities based on management's expectation is presented below.

		2022				
	Note	**Carrying Value $000**	**Total contractual cash flows**	**6 months or less**	**6 – 12 months**	**1 – 5 years**
Financial assets						
Cash and cash equivalents	10	6,471	-	-	-	-
Trade and other receivables	11	9,347	9,347	9,347	-	-
Derivative financial instruments	18	69	69	69	-	-
		15,887	**9,416**	**9,416**		
Financial liabilities						
Trade and other payables	15	(14,449)	(14,449)	(14,449)	-	-
Interest bearing loans and borrowings	17	(4,936)	(4,936)	(4,936)	-	-
		(19,385)	**(19,385)**	**(19,385)**	**-**	**-**
Lease liabilities		**(840)**	**(899)**	**(24)**	**(146)**	**(542)**
Net inflow / (outflow)		**(4,338)**	**(10,868)**	**(9,993)**	**(146)**	**(542)**

		2021				
		Carrying Value $000	**Total contractual cash flows**	**6 months or less**	**6 – 12 months**	**1 – 5 years**
Financial assets						
Cash and cash equivalents	10	6,999	-	-	-	-
Trade and other receivables	11	13,161	13,161	13,161	-	-
Derivative financial instruments	18	-	-	-	-	-
		20,160	**13,161**	**13,161**	**-**	**-**
Financial liabilities						
Trade and other payables	15	(10,073)	(10,073)	(10,073)	-	-
Interest bearing loans and borrowings	17	(8,359)	(8,359)	(8,359)	-	-
		(18,432)	**(18,432)**	**(18,432)**	**-**	**-**
Lease liabilities		**(481)**	**(512)**	**(186)**	**(59)**	**(267)**
Net inflow / (outflow)		**1,247**	**(5,783)**	**(5,457)**	**(59)**	**(267)**

Notes to the financial statements

4. Fair Value Measurement

The fair values together with the carrying amounts of financial assets and financial liabilities shown in the statement of financial position are outlined in the table below. For short term trade receivables and payables with a maturity date of less than one year, the carrying amount, as adjusted for any allowances for impairment, is deemed to reflect the fair value.

	Note	**Carrying amount 2022 $000**	**Fair value 2022 $000**	**Carrying amount 2021 $000**	**Fair value 2021 $000**
Amortised cost					
Cash and cash equivalents	10	6,471	6,471	6,999	6,999
Trade and other receivables	11	9,347	9,347	13,161	13,161
Trade and other payables	15	(14,449)	(14,449)	(10,073)	(10,073)
Borrowings	17	(4,936)	(4,936)	(8,359)	(8,359)
Fair value through profit or loss					
Derivative financial instruments	18	69	69	-	-
		(3,498)	**(3,498)**	**1,728**	**1,728**

Fair value hierarchy

Outlined below are the judgements and estimates made in determining the fair value of assets and liabilities that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its assets and liabilities into the three levels prescribed under the accounting standards, as follows:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period.
Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. That is, all valuation inputs are observable.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The only balances on the group's balance sheet which is measured at fair value are forward foreign exchange contracts (refer note 18). The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date. Such fair value measurement is included in level 2, as it is based on an observable input.

At the conclusion of the earn-out period, being 30 June 2021, the group has assessed that the earn-out targets as described above have not been met and the liability has been valued at $nil as at 30 June 2021, resulting in a gain on remeasurement of the contingent liability in the prior financial year of $131,000, being the value of the contingent consideration liability recognised as at the comparative balance date of 30 June 2020.

Performance Distribution

Contingent consideration consisted of contractual earn-out arrangements amounting to 35% of net profit before tax generated by the acquired business for a three year period subsequent to the acquisition date of 1 April 2020.

On 18 March 2021, the group entered into an agreement with the former owner of the Performance Distribution business whereby a payment of $100,000 was made by the group in full and final settlement of any future contingent consideration liability payable under the business acquisition agreement. As a result of this arrangement, the contingent consideration liability has been derecognised and a gain on settlement of the liability amounting to $264,000 has been recorded in profit and loss in the prior financial year.

5. Operating segments

Identification of reportable segments
An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker (the Chief Executive Officer) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Operating segments are identified by management based on the manner in which products are sold. The group has identified three operating segments, being Cellnet Australia, Cellnet New Zealand, and Turn Left Distribution. The Cellnet Australia and Cellnet New Zealand operating segments are aggregated into the one reportable segment (Cellnet), based on the similar economic characteristics that exist between these two segments, and similarities in the nature of products, type and class of customer for these products, distributions methods and similar economic and regulatory environments in Australia and New Zealand.

Financial information for each of the group's reportable segments is set out below:

June 2022	**Cellnet**	**Turn Left**	**Corporate and Eliminations**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Australia	43,802	21,605	-	65,407
New Zealand	13,172	-	-	13,172
Total Revenue from contracts with customers	**56,974**	**21,605**	**-**	**78,579**
Other income	1	-	-	1
Loss before tax	**(1,659)**	**(641)**		**(2,300)**
Segment assets	32,992	13,978	36	47,006
Segment liabilities	14,814	6,372	-	21,186

June 2021	**Cellnet**	**Turn Left**	**Corporate and Eliminations**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Australia	56,541	23,307	-	79,848
New Zealand	16,293	-	-	16,293
Total Revenue from contracts with customers	**72,834**	**23,307**	**-**	**96,141**
Other income	22	-	495	517
Profit before tax (restated)	**1,623**	**1,758**	**377**	**3,758**
Segment assets (restated)	33,420	13,449	1,912	48,781
Segment liabilities	16,037	3,854	-	19,891

Notes to the financial statements

6. Other income

	2021 $000	2021 $000
Fair value gain on revaluation of contingent consideration payable	-	495
Other income	1	22
Total other income	**1**	**517**

7. Items included in profit/(loss)

	2022 $000	2021 $000
Increase / (decrease) in credit loss allowance	12	819
Loss on scrapping of / provisioning for obsolete inventory	3,252	1,801
Depreciation of right-of-use assets	407	438
Impairment of right-of-use assets	132	-
Impairment of intangible assets	481	-
Interest expense on lease liabilities	39	31
Government grants – wage subsidies[1]	(267)	(667)
Defined contribution employee superannuation expense	516	579
Share-based payments expense/(income)	-	250
Fair value (gains) / losses on FX derivatives	69	-
Net foreign exchange losses/(gains)	170	(321)

1 During the year the group received $126,176 under the Australian government's JobKeeper wage subsidy scheme, and $140,598 under the New Zealand government's wage subsidy scheme. These amounts have been offset against employee benefits expense in the statement of comprehensive income.

8. Income Tax

(a) Income tax expense / (benefit)

	2022 $000	2021 $000 Restated
The major components of income tax are:		
Current income tax charge	-	50
Prior year under/ (over) provision – current tax	(41)	-
Prior year under/ (over) provision – deferred tax	(34)	
Deferred income tax charge	75	(65)
Total income tax expense/(benefit)	**-**	**(15)**

Notes to the financial statements

8. Income Tax (continued)

(b) Numerical reconciliation between aggregate tax expense / (benefit) recognised in net income and tax expense / (benefit) calculated per the statutory income tax rate

A reconciliation between tax expense / (benefit) and the product of accounting profit / (loss) before income tax multiplied by the group's applicable income tax rate is as follows:

	2022 $'000	2021 $'000 Restated
Accounting profit/(loss) before tax	(2,300)	3,758
At the parent entity's statutory income tax rate 30% (2021: 30%)	(690)	1,127
Adjustments in respect of income tax:		
Entertainment	5	9
Impairment (goodwill)	144	-
Share-based payments	-	75
Effect of lower tax rate in New Zealand (28%)	(5)	(3)
Prior year under / (over) provision	75	
Fair value gain on revaluation of contingent consideration payable	-	(149)
Other	15	(15)
Recognition of previously unrecognised tax losses	-	(1,075)
De-recognition of deferred tax assets for tax losses	-	-
Current year losses not recognised	456	-
Aggregate income tax expense / (benefit)	**-**	**(15)**

(c) Recognised deferred tax assets and liabilities

	Consolidated			
	2022 $000	**2022 $000**	**2021 $000**	**2021 $000**
	Current tax liability	**Deferred tax asset**	**Current tax liability**	**Deferred tax asset Restated**
Opening balance	(49)	3,095	(33)	2,750
Tax paid / (refund)	-	-	51	-
Charged to income / (expense)	-	(75)	(65)	80
Charged to equity	-	-	-	265
Prior year over / (under) provision	41	34	-	-
FX translation	-	(3)	(2)	-
Closing balance	**(8)**	**3,051**	**(49)**	**3,095**

8. Income Tax (continued)

Deferred income tax at 30 June relates to the following:

	2022 $000	2021 $000 Restated
Net deferred tax assets		
Allowance for expected credit losses	70	296
Right of return liabilities (net of right to returned goods asset)	96	167
Lease liability (net of right of use assets)	53	22
Employee provisions	281	270
Unrealised foreign exchange gain	(21)	-
Sundry accruals	485	721
Other	(24)	33
Inventory	997	1,082
Intangible assets	(510)	(593)
Tax losses carried forward	2,875	1,802
Tax losses not recognised	(1,251)	(705)
Net deferred tax asset	**3,051**	**3,095**

At 30 June 2022, the group has assessed that deferred tax assets recognised above relating to carried forward tax losses of the Australian tax consolidated group are recoverable. This assessment is based on forecast taxable profits over a three year period, and a history of profits arising in all but one (2021) of the last seven financial years.

(d) Tax losses not recognised

The group has gross tax losses, stated in the reporting currency of Australian dollars, for which no deferred tax asset is recognised on the statement of financial position of $5,413,000 (Tax effected: $1,624,000) (2021: $2,350,000 (Tax effected: $705,000) which are available indefinitely for offset against future gains subject to meeting the relevant statutory tests.

9. Earnings per share

The following reflects the income used in the basic and diluted earnings per share computations:

(a) Earnings used in calculating earnings per share

	2022 $000	2021 $000 Restated
For basic earnings per share:		
Profit / (Loss) from continuing operations	(2,300)	3,773
Net profit/(loss) attributable to ordinary equity holders	**(2,300)**	**3,773**
For diluted earnings per share:		
Profit / (loss) from continuing operations	(2,300)	3,773
Net profit/(loss) attributable to ordinary equity holders	**(2,300)**	**3,773**

Notes to the financial statements

9. Earnings per share (continued)

(b) Weighted average number of shares

	2022 No. 000	2021 No. 000
Weighted average number of shares (basic) at 30 June	243,362	236,008
Weighted average number of shares adjusted for effect of dilution	**243,362**	**240,629**

Potential ordinary shares under option and restricted shares are considered non-dilutive where the current share price is lower than the exercise price.

(c) Earnings per share

	2022	2021
Basic earnings per share (cents per share)	(0.95)	1.60
Diluted earnings per share (cents per share)	(0.95)	1.57

10. Current assets - cash and cash equivalents

	2022 $000	2021 $000
Cash at bank and in hand	6,471	6,999
	6,471	**6,999**

Cash and funds held at bank earns interest at floating rates based on daily bank deposit rates.

Notes to the financial statements

11. Current assets - trade and other receivables

	2022 $000	2021 $000
Receivables from contracts with customers	8,447	13,283
Allowances for expected credit losses	(234)	(993)
	8,213	**12,290**
Other receivables and prepayments	1,134	871
Carrying amount of trade and other receivables	**9,347**	**13,161**

(a) Allowance for expected credit losses

As described in note 2(h), the group applies the simplified expected credit loss model prescribed in AASB 9 to determine an allowance for expected credit losses on its receivables from contracts with customers. To measure the expected credit losses, receivables from contracts with customers have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles for sales over a 4-5 year period prior to 30 June 2022 and 30 June 2021 respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking macroeconomic factors affecting the ability of customers to settle the receivables. The group has identified retail trade industry output growth and retail sector gross margin trends as the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The tables below show the calculation of the expected credit loss provision for receivables from contracts with customers at both 30 June 2022 and 30 June 2021.

	Current $000	0-30 days past due $000	31-60 days past due $000	Over 60 days past due $000	Other* $000	Total $000
30 June 2022						
Expected loss rates	0.05%	0.96%	1.57%	24.47%	-	2.78%
Gross carrying amount	7,236	254	21	936	-	8,447
Loss allowance	**3**	**2**	**-**	**229**	**-**	**234**
30 June 2021						
Expected loss rates	0.05%	1.01%	2.00%	12.82%	23.79%	3.56%
Gross carrying amount	6,298	1,657	487	1,723	3,118	13,283
Loss allowance	**3**	**17**	**10**	**221**	**742**	**993**

* There is a significant concentration of credit risk within a single customer account balance, which has different characteristics to the remainder of the groups trade receivables. For this reason the gross carrying value of this receivable and the related credit loss allowance have been disclosed separate from the group's other receivables from contracts with customers.

The closing loss allowances for receivables from contracts with customers as at 30 June 2022 reconcile to the opening loss allowance as follows:

	2022 $000	2021 $000
At 1 July	993	176
Increase in loss allowances recognised in profit or loss	12	819
Receivables written off during the year as uncollectable	(771)	(2)
At 30 June	**234**	**993**

Notes to the financial statements

12. Current assets – inventories

	2022 $000	2021 $000
Stock on hand	23,861	19,561
Less: provision for obsolescence	(2,013)	(1,861)
Total inventories at the lower of cost and net realisable value	**21,848**	**17,700**

13. Non-current assets – property, plant and equipment

Reconciliation of the carrying amounts at the beginning and end of the period.

For the year ended 30 June 2022	**Leasehold improvements $000**	**Plant & Equipment $000**	**Total $000**
At 1 July 2021 net of accumulated depreciation and impairment	81	212	293
Additions	-	59	59
Disposals	-	(4)	(4)
Depreciation charge for the year	(13)	(60)	(73)
At 30 June 2022 net of accumulated depreciation and impairment	**68**	**207**	**275**
At 30 June 2022			
Cost	527	7,302	7,829
Accumulated depreciation and impairment	(459)	(7,095)	(7,554)
Net carrying amount	**68**	**207**	**275**

For the year ended 30 June 2021	**Leasehold improvements $000**	**Plant & Equipment $000s**	**Total $000**
At 1 July 2020 net of accumulated depreciation and impairment	95	204	299
Additions	-	64	64
Disposals	-	-	-
Depreciation charge for the year	(14)	(56)	(70)
At 30 June 2021 net of accumulated depreciation and impairment	**81**	**212**	**293**
At 30 June 2021			
Cost	527	7,247	7,774
Accumulated depreciation and impairment	(446)	(7,035)	(7,481)
Net carrying amount	**81**	**212**	**293**

Notes to the financial statements

14. Non-current assets - intangible assets

	2022 $000	2021 $000 Restated
Software	92	150
Goodwill	2,373	2,854
Supplier relationships	2,061	2,555
Net carrying amount	**4,526**	**5,559**

(a) Movements in intangible asset balances during the year

For the year ended 30 June 2022	**Software $000**	**Goodwill $000**	**Customer Relationships $000**	**Supplier Relationships $000s**	**Total $000**
Written down value at 1 July	150	2,854	-	2,555	5,559
Additions	-	-	-	-	-
Disposals	(4)	-	-	-	(4)
Amortisation charge for the year	(54)	-	-	(494)	(548)
Impairment charge for the year	-	(481)	-	-	(481)
Written down value at 30 June 2022	**92**	**2,373**	**-**	**2,061**	**4,526**
At 30 June 2022					
Cost	164	2,854	286	3,957	7,261
Accumulated amortisation and impairment	(72)	(481)	(286)	(1,896)	(2,735)
Net carrying amount	**92**	**2,373**	**-**	**2,061**	**4,526**

For the year ended 30 June 2021	**Software $000**	**Goodwill $000**	**Customer Relationships $000**	**Supplier Relationships $000s**	**Total $000**
Written down value at 1 July (restated)	-	2,854	24	3,050	5,928
Additions (restated)	168	-	-	-	168
Amortisation charge for the year (restated)	(18)	-	(24)	(495)	(537)
Written down value at 30 June 2021 (restated)	**150**	**2,854**	**-**	**2,555**	**5,559**
At 30 June 2021					
Cost (restated)	168	2,854	286	3,957	7,265
Accumulated amortisation and impairment (restated)	(18)	-	(286)	(1,402)	(1,706)
Net carrying amount (restated)	**150**	**2,854**	**-**	**2,555**	**5,559**

Notes to the financial statements

14. Non-current assets - intangible assets (continued)

(b) Impairment testing

At each balance date, the group completes an impairment assessment for each cash-generating unit (CGU) to which goodwill is allocated. Where indicators of impairment are present for other CGUs, these CGUs are also tested for impairment. As the carrying value of the group's net assets exceeds its market capitalisation, the group recorded a loss for the year, and operations continue to be affected to varying degrees by the impact of the COVID-19 pandemic on consumer demand, impairment indicators are deemed to be present for each CGU within the group at balance date and each has been tested for impairment. The recoverable amount of each CGU has been determined as its value-in-use. Value-in-use is determined as the present value of future CGU cash flows. In calculating value-in-use, the group has projected cash flows over a 5 year period, based on the board approved budget/forecast for FY22. An impairment charge of $613,000 was recognised against the Cellnet Australia CGU, $481,000 of which was recorded against goodwill and the remaining $132,000 attributed to right-of-use assets. This impairment is a result of a downwards revision of the EBITDA assumption from $2.907m in the impairment assessment completed at 30 June 2021 to an EBITDA loss of $84,000 at 31 December 2021.

The results of the impairment assessments completed at 30 June 2022 indicated that value-in-use of each CGU exceeds the CGU carrying value. The table below summarises the key assumptions applied in testing CGUs for impairment:

2022 Cash-generating unit	Goodwill allocated to CGU ($'000)	EBITDA ($'000)	Average Annual Revenue growth rate	Terminal growth rate	Pre-tax discount rate
Cellnet Australia	-	1,068	3%	2.5%	18%
Cellnet New Zealand	-	971	3%	2.5%	18%
Turn Left Distribution	1,946	1,580	3%	2.5%	18%
Cellnet Online	427	51	5%	2.5%	18%

For the Turn Left Distribution and Cellnet Online CGUs, the following reasonably possible changes in the EBITDA assumption would have resulted in an impairment charge being recognised at 30 June 2022:

2022 Cash-generating unit	Change in EBITDA Required for Impairment ($'000)
Turn Left Distribution	(903)
Cellnet Online	(34)

Further, an increase in the discount rate across all CGUs by 100 basis points does not result in any impairment charge being recognised.

The following assumptions were applied in the impairment assessment completed as at the comparative balance date:

2021 Cash-generating unit	Goodwill allocated to CGU ($'000)	EBITDA ($'000)	Average Annual Revenue growth rate	Terminal growth rate	Pre-tax discount rate
Cellnet Australia	481	2,907	3%	2%	16%
Cellnet New Zealand	-	1,736	2%	2%	16%
Turn Left Distribution	1,946	1,296	3%	2%	16%
Cellnet Online	427	10	16%	2%	16%

Notes to the financial statements

14. Non-current assets - intangible assets (continued)

(b) Impairment testing (continued)

For the Cellnet Australia, Cellnet New Zealand, and Turn Left Distribution CGUs, the following reasonably possible changes in the EBITDA assumption would have resulted in an impairment charge being recognised at 30 June 2021:

2021 **Cash-generating unit**	**Change in EBITDA Required for Impairment ($'000)**
Cellnet Australia	(150)
Turn Left Distribution	(155)
Online	(54)

Further, an increase in the discount rate applied for the Cellnet Australia CGU by 70 basis points would have resulted in an impairment charge being recognised for this CGU at 30 June 2021. No reasonably possible change in any of the assumptions above for the New Zealand CGU would result in an impairment of the carrying value of this CGU at 30 June 2021.

15. Current liabilities – trade and other payables

	2022 **$000**	**2021** **$000**
Trade payables	10,931	4,083
Rebate and incentive liability	2,188	2,646
Right of return liability	1,080	2,127
Other payables and accrued expenses	250	1,217
	14,449	**10,073**

16. Provisions

Current	**2022** **$000**	**2021** **$000**
Provision for long-service leave	357	339
Provision for annual leave	520	521
	877	**860**
Non-Current		
Provision for long-service leave	77	69
	77	**69**

Notes to the financial statements

17. Interest bearing loans and borrowings

Current	Weighted average interest Rate %	Maturity	2022 $000	2021 $000
a) Business Finance	3.83	1 July – 2 August 2022	2,598	-
	3.06	6 - 29 July 2021	-	2,846
b) Invoice Finance	3.29	Various	2,338	5,513
			4,936	**8,359**

(a) $3,500,000 Business finance facility
This facility consists of three individual facilities, namely surrendered bills of lading, trade finance-imports and special documentary import letters of credit. The combined limit of $3,500,000 applies across these individual facilities. As at 30 June 2022, the company has drawn down $2,598,000 (2021: $2,846,000) under its trade finance – imports facility. This facility is subject to annual review, and individual trade finance drawdowns under the facility as at balance date mature on the dates disclosed above.

(b) $15,000,000 Invoice finance facility
This is a facility for terms of trade. The total limit of the facility is $15,000,000 (2021: $17,000,000). As at 30 June 2022, $2,338,000 was outstanding under this facility (2021: $5,513,000). Amounts owing under the facility are matched to the trade terms of the underlying financed transaction up to a maximum of 60 days.

All facilities above are secured by a general security agreement given by Cellnet Group Limited and Turn Left Distribution Pty Ltd over all existing and future assets and undertakings.

Breaches of covenants
The group's facilities are subjected to covenant clauses, whereby the group is required to meet certain key financial ratios. The group did not fulfil the interest cover ratio date as required in the contract. These facilities are subject to review annually with the next review date being 30 November 2022.

Due to this breach of the covenant clause, the bank is contractually entitled to request for immediate repayment of the outstanding facility amounts. The outstanding balance is presented as a current liability as at 30 June 2022.

Reconciliation of changes in borrowings to related financing cash flows per the statement of cash flows
There were no non-cash movements in borrowings during the current or prior financial years. Changes in the borrowings arising from cash flows are as disclosed in the statement of cash flows.

Notes to the financial statements

18. Derivative Financial Instruments

	2022 $000	2021 $000
Current		
Forward foreign currency exchange contracts	69	-
	69	**-**

Forward foreign currency exchange contracts are carried at fair value at balance date. Changes in the fair value of forward foreign currency exchange contracts that economically hedge monetary assets and liabilities in foreign currencies are recognised in profit or loss. Both the changes in fair value of the forward contracts and the foreign exchange gains and losses relating to the monetary items are recognised as part of materials, packaging and consumables used expenditure in the statement of comprehensive income, and are included in foreign currency gains or losses disclosed in note 7.

19. Leases

(a) Right-of-use assets

All of the group's right-of-use assets relate to leases of premises. Reconciliation of changes in the carrying amount of right-of-use assets during the period is as follows:

	2022 $000	2021 $000
Opening value as at 1 July	408	700
Additions	794	146
Impairment	(132)	-
Depreciation	(407)	(438)
Closing value at 30 June	**663**	**408**
At 30 June		
Cost	1,665	1,006
Accumulated depreciation	(1,002)	(598)
Net carrying amount	**663**	**408**

(a) Lease liabilities

	2022 $000	2021 $000
Opening value as at 1 July	481	780
Additions (non-cash)	794	146
Principal repayments (cash outflow)	(435)	(445)
Closing value at 30 June	**840**	**481**
At 30 June		
Current	324	229
Non-current	516	252
Total lease liability	**840**	**481**

During the year, the group entered into 1 year extensions on two existing leases in Sydney and a 4 year extension on a lease in Auckland. During the comparative year the group entered into 1 year extensions on two existing leases in Sydney. These non-cash financing activities resulted in an increase in lease liabilities of $794,000 (2021: $146,000) on initial recognition.

Notes to the financial statements

20. Contributed equity and reserves

(a) Share Capital

	2022 No. of shares	2021 No. of shares
Ordinary shares on issue at 1 July	242,594,634	231,601,856
Shares issued – bonus shares	-	992,778
Shares issued – exercise of options (note 21)	1,000,000	10,000,000
Ordinary shares on issue 30 June	**243,594,634**	**242,594,634**

	2022 $000	2021 $000
Share capital at 1 July	38,725	38,389
Shares issued – exercise of options	30	300
Shares issued – bonus shares	-	36
Share capital at 30 June	**38,755**	**38,725**

Fully paid ordinary shares carry one vote per share and carry the right to receive a dividend.

(b) Reserves

	2022 $000	2021 $000 Restated
Translation reserve	(661)	(590)
Reserve for own shares	(25)	(25)
Reserve for profit	9,267	12,296
Share based payment reserve	1,945	1,945
	10,526	**13,626**

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different to the presentation currency of the reporting entity.

Reserve for own shares

The reserve for own shares represents the cost of shares held by an equity remuneration plan that the group is required to include in the financial report. At 30 June 2022 the group held 18,209 of the Company's shares (2021: 18,209). This reserve will be reversed against share capital when the underlying shares are exercised under performance rights. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments.

Reserve for profit

Profits are transferred to the reserve for profits to facilitate future franked dividend payments in accordance with Australian taxation requirements for franked dividend payments to be sourced from profits.

Share based payment reserve

The share based payment reserve is used to recognise the value of equity-settled share based payments to employees.

20. Contributed equity and reserves (continued)

(c) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management adjusts the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, or issue new shares. Management monitors capital through the capital adequacy ratio (net assets/total assets). The target for the group's capital adequacy ratio is between 40% and 60%. The capital adequacy ratios based on continuing operations at 30 June 2022 and 2021 were as follows:

	2022 $'000	2021 $000 Restated
Net Assets	25,820	28,890
Total Assets	47,007	48,781
Capital adequacy ratio	**55%**	**59%**

21. Share based payments

(a) Long term incentive plan – employee options

At 30 June 2022, no share options were outstanding under the company's long-term incentive plan (2021: nil). Details of the options issued are as follows:

Options granted	1,587,500, 312,500 and 500,000 (totalling 2,400,000)
Grant date	29 November 2017, 17 April 2018 and 10 October 2018
Issue date	1 July 2018, 1 July 2018 and 10 October 2018
Consideration payable	$Nil
Exercise price	$0.28, $0.375 and $0.28
Last exercise date	5pm Brisbane time on the date which is 12 months subsequent to market release of FY2021 result.
Exercise conditions	Subject to the Plan Rules, an option cannot be exercised unless the Board acting reasonably is satisfied that the following conditions have been satisfied: • The employee remains employed by the company • There is no outstanding breach of the terms of engagement with the Company. • No notice of termination of engagement has been either been given by the employee or received by the Company. • All performance hurdles have been met.
Performance hurdles	Options will vest upon meeting various profit before tax performance hurdles over the financial years 2019 to 2021.

21. Share based payments (continued)

The following table illustrates movements in the number of employee share options on issue during the year:

	2022 Number of options	**Weighted Average Exercise Price $**	**2021 Number of options**	**Weighted Average Exercise Price $**
Opening balance	-	-	1,587,500	0.315
Laps–d - vesting conditions not satisfied	-	-	(1,275,000)	0.315
Forfeit–d - employee departure	-	-	(312,500)	0.315
Outstanding as at 30 June	-	-	-	-
Vested and exercisable	-	-	-	--

(b) Non-executive Director options

At the Annual General Meeting held on 22 October 2020 shareholders approved the issue of options to non-executive directors of the company, as consideration for the directors agreeing to forego cash payments for all or part of their director fees during the 2021 financial year. Details of the options issued are as follows:

Options granted	15,000,000
Grant date	22 October 2020
Issue date	22 October 2020
Consideration payable	$Nil
Exercise price	$0.03
Expiry date	21 October 2022 (3,000,000 options), 21 October 2023 (6,000,000 options) and 2 October 2025 (6,000,000 options)
Exercise conditions	An option cannot be exercised unless the Board acting reasonably is satisfied tha the following conditions have been satisfied: • The option holders were also directors at the time when the relevant ves condition was satisfied • There is no outstanding breach of the terms of engagement with Company. • No notice of termination of engagement has been either been given by director or received by the Company. • All vesting conditions have been satisfied.
Vesting conditions	Each tranche will vest on the earliest to occur of the Volume Weighted Average Price (VWAP) of the company's shares exceeding a target price: • for 5 consecutive trading days on which shares are traded on the ASX; • 15 trading days regardless of whether shares trade on the ASX consecutive trading days.

Notes to the financial statements

21. Share based payments (continued)

As the vesting conditions above are market conditions, these were taken into consideration in deriving the grant date fair value of the options. Provided that the Directors remain in service with the company over the life of the options, the grant date fair value of the options will be recognised in full as an expense regardless of whether the market-based vesting conditions are satisfied.

The fair value of the options granted was determined by management using an option pricing model. Expected volatility was determined based on historical stock price volatility over a period consistent with the life of the options. The table below summarises the key inputs into the valuation model for each tranche of options granted:

Tranche	Vesting (Target) Price	Life (years)	No. of Options	Exercise Price $	Expected Volatility %	Risk Free Rate %	Value per Option $
Tranche 1	$0.05	2	3,000,000	0.03	50	0.26	0.2162
Tranche 2	$0.10	3	6,000,000	0.03	50	0.28	0.2178
Tranche 3	$0.15	5	6,000,000	0.03	50	0.45	0.2175

The share price at the grant date was $0.052. The following table illustrates movements in the number of director share options on issue during the year:

	2022 #	Weighted Average Exercise Price $	2021 #	Weighted Average Exercise Price $
Opening balance – 1 July	5,000,000	0.03	-	-
Granted during the year	-	-	15,000,000	0.03
Exercised during the year	(1,000,000)	0.03	(10,000,000)	0.03
Outstanding as at 30 June	4,000,000	0.03	5,000,000	0.03
Vested and exercisable	4,000,000	0.03	5,000,000	0.03

All options vested during the year. All outstanding options remain exercisable as at 30 June 2022.

The group has recognised nil share-based payments expense in respect of these options during the year (2021: $250,200).

22. Financial guarantees

The group has provided financial guarantees in respect of rental leasing arrangements disclosed in Note 19. The group's financier has also provided performance guarantees in the form of standby letters of credit to the group's suppliers. The Directors are of the opinion that provisions are not required in respect of these guarantees, as it is not probable that a future sacrifice of economic benefits will be required.

	2022 $000	2021 $000
Bank guarantees provided – rental leases	157	37
Standby letters of credit	94	94

Notes to the financial statements

23. Key management personnel remuneration

	2022	2021
	$	$
Short-term employee benefits	718,251	883,494
Post-employment benefits	45,348	34,687
Long-term employee benefits	8,285	265,761
Total compensation	**771,884**	**1,183,942**

24. Related party disclosure

The consolidated financial statements include the financial statements of Cellnet Group Ltd and the subsidiaries included in the following table:

Name	**Country of incorporation**	**% Equity interest 2022**	**% Equity interest 2021**
Cellnet Group Limited (Parent)	Australia	100	100
Cellnet Ltd	New Zealand	100	100
C&C Warehouse (Holdings) Pty Ltd	Australia	100	100
Regadget Pty Ltd	Australia	100	100
OYT Pty Ltd	Australia	100	100
Turn Left Distribution Pty Ltd	Australia	100	100
3SixT Pty Ltd (formerly Cellnet Online Pty Ltd)	Australia	100	100
3SixT Limited (deregistered)	Hong Kong	0	100

Entity with ultimate control over the group

Wentronic Holding GmbH and its associated entities holds 53.23% (2021: 53.45%) of the ordinary shares in Cellnet Group Limited.

At 30 June 2022, the group had nil receivable from Wentronic Holding GmbH (2021: $92,000).

Transactions and balances with entities under common control

Wentronic Asia Pacific Limited

During the current and comparative financial years, the group enlisted the services of Wentronic Asia Pacific Limited (WAPL). WAPL is a wholly owned subsidiary of Wentronic Holding GmbH, Cellnet's controlling shareholder. A function of WAPL is to source and procure inventory through bulk buying arrangements with third party suppliers on behalf of the Wentronic Group. Cellnet pays WAPL a 6% management/services fee for coordination of the purchasing and logistics function provided by WAPL under a service agreement.

The total value of transactions with WAPL under these arrangements during the year ended 30 June 2022 was $757,000 (2021: $840,000). At 30 June 2022, the group had a total of $33,000 owing to WAPL in respect of these arrangements (30 June 2021: $9,000).

Wentronic GmbH

At 30 June 2022, the group had a nil receivable from Wentronic GmbH, a wholly owned subsidiary of Wentronic Holdings Gmbh, (2021: $9,000), arising from expense recharging arrangements.

Notes to the financial statements

25. Subsequent events

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future periods.

26. Parent entity information

	2022 $000	2021 $000 Restated
Current assets	28,427	29,146
Total assets	40,558	42,204
Current liabilities	(19,175)	(18,614)
Total liabilities	(19,453)	(18,928)
Net assets	**19,453**	**23,276**
Issued capital	38,755	38,725
Retained earnings / (accumulated losses)	(27,240)	(27,240)
Reserve for own shares	(25)	(25)
Reserve for profits	6,018	9,871
Reserve for share-based payment	1,945	1,945
Total shareholder's equity	**19,453**	**23,276**
Profit / (loss) of the parent entity after tax	(1,931)	2,415
Total comprehensive income of the parent entity	**(1,931)**	**2,415**

The parent has not issued any guarantees in relation to the debts of its subsidiaries and has no contingent liabilities or contractual obligations as at 30 June 2022 (2021: Nil).

27. Auditors' remuneration

	2022 $	2021 $
Amounts received or due and receivable by the auditors (Pitcher Partners) for:		
Audit services		
Audit or review of the financial report of the entity and any other entity in the group	135,000	112,000
Non-audit services		
Taxation compliance services in relation to the entity and any other entity in the group	54,715	110,590
Financial due diligence	1,000	25,000
	190,715	**247,590**

28. Dividend franking account

Franking credit balance

The amount of franking credits available for the subsequent financial year are $nil (2021: $nil).

Notes to the financial statements

29. Cash flow statement reconciliation

	2022 $'000	2021 $'000 Restated
Reconciliation of net profit after tax to net cash flows from operations:		
Net profit / (loss)	(2,300)	3,773
Adjustments for:		
Depreciation and amortisation	1,032	1,045
Impairment expense	613	-
Share based payments expense / (benefit)	-	286
Fair value gain on revaluation of contingent consideration payable	-	(495)
Foreign exchange differences	55	-
Net loss on disposal of property, plant and equipment	4	-
Changes in assets and liabilities:		
(Increase) / decrease in trade and other receivables	3,814	1,879
(Increase) / decrease in other current assets	809	(158)
(Increase) / decrease in inventories	(4,148)	(2,330)
(Increase) / decrease in deferred tax assets	(41)	(80)
(Decrease) / increase in trade and other payables	4,376	(1,346)
(Decrease) / increase in provisions	25	(6)
(Decrease) / increase in current tax liability	44	16
Change in derivative financial instruments	(69)	37
Net cash from operating activities	**4,214**	**2,621**

30. Change in accounting policy

In April 2021, the IFRS Interpretations Committee (IFRIC) published an agenda decision for configuration and customisation costs incurred in relation to implementation of Software as a Service (SaaS) arrangements. As a result, the Group has changed its accounting policy with respect to these costs. The nature and effect of these changes is described below.

The Group's accounting policy has historically been to capitalise costs related to the configuration of SaaS arrangements as non-current assets in the Consolidated Statement of Financial Position. Under the group's revised accounting policy, to the extent that such costs modify or enhance a software application that the group does not control (as is typically the case for SaaS applications used by the group), these costs are expensed as incurred.

This change in accounting policy has been applied retrospectively, as required by Australian Accounting Standards. Historical financial information has been restated to account for the impact of the change in accounting policy in relation to SaaS arrangements, as follows:

Notes to the financial statements

30. Change in accounting policy (continued)

Consolidated statement of financial position (extract)	30 June 2021 $'000	Adjustments $'000	30 June 2021 (Restated) $'000	30 June 2020 $'000	Adjustments $'000	1 July 2020 (Restated) $'000
Intangible assets	6,495	(936)	5,559	6,812	(884)	5,928
Deferred tax assets	2,815	280	3,095	2,750	265	3,015
Net assets	**29,546**	**(656)**	**28,890**	**29,546**	**(619)**	**28,927**
Reserves	14,282	(656)	13,626	10,473	(619)	9,854
Total equity	**29,546**	**(656)**	**28,890**	**25,401**	**(619)**	**24,782**

Consolidated statement of comprehensive income (extract)	2021 $'000	Adjustments ($'000	2021 (Restated) $'000
Other expenses	(3,087)	(173)	(3,260)
Depreciation and amortisation expense	(1,166)	121	(1,045)
Profit / (loss) before tax	**3,810**	**(52)**	**3,758**
Income tax (expense) / benefit	-	15	15
Net profit / (loss) for the period	**3,810**	**(37)**	**3,773**

Consolidated statement of cash flows (extract)	2021 $'000	Adjustments ($'000	2021 (Restated) $'000
Payments to suppliers and employees (inclusive of GST)	(103,848)	(173)	(104,021)
Net cash flows from operating activities	**2,794**	**(173)**	**2,621**
Payments for purchase of intangibles	(341)	173	(168)
Net cash flows used in investing activities	**(405)**	**173**	**(232)**

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for basic and diluted earnings per share was an increase of 1 cents per share respectively.

Directors' declaration

In accordance with a resolution of the Directors of Cellnet Group Limited, I state that:

In the opinion of the Directors:

a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:

i) giving a true and fair view of the company's financial position as at 30 June 2022 and of their performance for the year ended on that date;

ii) complying with Australian Accounting Standards and Corporations Regulations 2001;

b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(a);

c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

d) this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2022.

On behalf of the Board

Tony Pearson
Chairman
Brisbane
30th August 2022

Level 38, 345 Queen Street
Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444

Independent Auditor's Report to the Members of Cellnet Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cellnet Group Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Key Audit Matters

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

Key Audit Matter	How our audit addressed the key audit matter
Impairment testing for non-current assets Refer to note 14 Intangible assets and note 2(v) Critical accounting estimates and judgements	
Impairment testing for goodwill is required to be completed annually under Australian Accounting Standard AASB 136 *Impairment of Assets.* This standard also requires impairment testing to be conducted for other non-current assets where there is an indicator that those assets may be impaired. At the reporting date the carrying value of the Group's net assets exceeded the Group's market capitalisation, which is an indicator that non-current assets may be impaired. Certain cash-generating units (CGUs) with the Group also performed below budget expectations for the year, with operations continuing to be impacted by the ongoing COVID-19 pandemic, with these results also considered an indicator of impairment within those CGUs. Impairment testing for non-current assets is a key audit matter due to the significant estimates and assumptions (as disclosed in notes 2(v) and 14) made by the Group, specifically concerning discounted cash flows.	Our procedures included, amongst others: • Understanding and evaluating relevant controls over impairment of non-current assets; • Assessing management's determination of the Group's CGUs based on our understanding of the nature of the Group's business and the identifiable groups of cash generating assets; • Comparing the cash flow forecasts used in the value-in-use calculation to Board approved budgets for the 2023 financial year; • Confirming that forecasts used in value-in-use calculations include reasonable assumptions over the forecast period; • Checking the mathematical accuracy of the impairment testing model and its consistency with the requirements of AASB 136; • Assessing the reasonableness of significant estimates and assumptions used for the impairment assessment, in particular, those relating to the budgeted EBITDA, annual growth rates, discount rate and terminal growth rates used in the cash flow forecasts; • Evaluating the impact of sensitivities in respect of reasonable changes to forecast cash flows, discount rates, growth rates and terminal growth rate used in management's impairment testing calculations; and • Assessing the adequacy of disclosures in the financial report.
Recoverability of deferred tax assets Refer to note 8 Income tax and note 2(v) Critical accounting estimates and judgements	
At 30 June 2022, the Group has a total of $3.05 million of deferred tax assets recognised on its balance sheet. Australian Accounting Standards require deferred tax assets to be recognised to the extent that it is probable that sufficient future taxable profits will be generated in order for the benefits of the deferred tax assets to be realised. These benefits are realised by reducing tax payable on future taxable profits. Recoverability of deferred tax assets is a key audit matter due to the high degree of estimation and assumptions (as disclosed in notes 2(v) and 8) made by the Group concerning forecast taxable profits.	We have assessed the recoverability of deferred tax assets by: • Understanding and evaluating relevant controls in place for assessing the recoverability of deferred tax assets; • Obtaining management's forecast of taxable income for the next 3 years and agreeing the FY23 forecast to the latest Board approved budget; • Performing procedures over forecast information in response to the key audit matter regarding impairment testing for non-current assets, noting that the same forecast information for the Group's CGUs are used in management's assessment regarding recoverability of deferred tax assets; • Checking the mathematical accuracy of management's calculation of forecast taxable profit; and • Assessing the adequacy of disclosures in the financial report.

Valuation of inventory Refer to note 12 Inventories and note 2(v) Critical accounting estimates and judgements	
The Group held inventory of $21.85 million at 30 June 2022. The valuation of inventory is a key audit matter for the following reasons: • Retailer demand continues to be subdued in some segments serviced by the Group in Australia and New Zealand as a result of the COVID-19 pandemic, with prevailing uncertainty in future consumer demand for these markets; • A large portion of the Group's inventory is considered to be at risk of obsolescence due to its attachment to electronic and telecommunications devices, such as smartphone handsets; • Delays in the rollout of the Group's online strategy.	Our procedures included, amongst others: • Understanding and evaluating the design and implementation of the relevant controls over the determination of the provision for inventory obsolescence; • Evaluating the appropriateness of the Group's obsolescence model, including the basis for obsolescence triggers and the percentage write-downs applied at each trigger point; • Confirming the methodology applied for providing for inventory obsolescence is consistent with that applied in previous reporting periods, adjusted where necessary for changes in assumptions based on actual and forecast demand; • Testing the net realisable value of a sample of inventory items through subsequent sales transactions, and confirming results of this testing align with assumptions applied in the obsolescence model;

Revenue recognition – variable consideration Refer to note 2(v) Critical accounting estimates and judgements	
Revenue is recognised net of estimated incentives, rebates and expected returns. Rebate and incentive arrangements offered by the Group vary and are customer specific. These obligations are established either in contract or through principal of constructive obligation based on customary business practice. The expected reversal of sales through customers exercising their right of return is estimated based on historical rates of return. Due to the variety of contractual terms with customers and the degree of judgement involved, the estimation of variable consideration in respect of these items is considered to be complex. There is a risk that revenue could be misstated due to the level of estimation and judgement required in accounting for these obligations. As such, we considered revenue recognition to be a key audit matter.	Our procedures included, amongst others: • Understanding and evaluating the relevant controls over the recognition of revenue, net of estimated incentives, rebates and expected returns; • Evaluating the appropriateness of the Group's revenue recognition accounting policies; • Assessing the accuracy of rebates and incentives recognised throughout the year based on the terms of underlying contractual or constructive obligations; • Recalculating the valuation of liabilities for outstanding rebates and incentives at year end, having regard to contractual arrangements in place; • Assessing the calculation of the right of return liability and associated right to returned goods asset at year end, including testing the accuracy of the historical rate of return applied and the valuation of the right to returned goods asset; and • Assessing the adequacy of disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 8 to 17 of the director' report for the year ended 30 June 2022. In our opinion, the Remuneration Report of Cellnet Group Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Pitcher Partners

PITCHER PARTNERS

DANIEL COLWELL
Partner

Brisbane, Queensland
30th August 2022

ASX Additional information

As at 11 August 2022

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings

20 largest shareholders

Name	Ordinary shares held	% of capital held
Wentronic Holding Gmbh	118,738,107	48.74%
Michael Wendt	10,920,000	4.48%
BNP Paribas Noms Pty Ltd	8,822,114	3.62%
Faraday Capital Pty Ltd	6,464,808	2.65%
EDP Investments	4,109,589	1.69%
Kevin Gilmore	4,288,000	1.76%
Cuzzilla Family Super	3,000,000	1.23%
Mr Tony Masahiro Pearson	2,900,000	1.19%
TBelle Super Fund	2,761,903	1.13%
Scintilla Strategic Investments Pty Ltd	2,000,000	0.82%
Chemical Trustee Ltd	1,820,000	0.75%
Philadelphia Investments Pty Ltd	1,650,274	0.68%
Mr Jonathon Matthews	1,565,249	0.65%
G and C Smart Super Fund	1,542,532	0.63%
Mr Rob Peebles	1,437,371	0.59%
Mr Alex Po-Tsun Chu	1,371,925	0.56%
LB Campos Pty Limited	1,369,863	0.56%
Lilyfield Holdings Pty Ltd	1,250,000	0.51%
Mr David Anthony Clark	1,000,000	0.41%
Mrs Bronte Anne North	998,256	0.41%
Top 20 Holders	178,009,991	73.08%
All other holders	65,584,643	26.92%
All holders	243,594,634	100.00%

Substantial shareholders

The number of shares held by substantial shareholders and their associates, as advised in substantial holder notices given to the Company, are set out below:

Shareholder	Shares per notice
Wentronic Holding Gmbh	118,738,107

Distribution of equity security holders

Category	No of holders
1 – 1000	111
1,001 – 5,000	309
5,001 – 10,000	215
10,001 – 50,000	336
50,001 – 100,000	116
100,001 and over	177

The number of shareholders holding less than a marketable parcel of ordinary shares is 746.

Options held over ordinary shares 4,000,000.