



ACN: 010721749  
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The Manager Companies  
Company Announcements Office  
ASX Limited  
Level 4, Stock Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

24 February 2023

- First-half EBITDA loss of \$429K
- Cash at bank of \$1.1m as of 31 December 2022

Trans-Tasman lifestyle technology distributor Cellnet Group Limited (“Cellnet” or the “Company”) has announced a first-half FY2023 EBITDA loss of \$429,000. The driving factor of this result is a decline in top line sales of \$4,574,000 or 10.5% due to an ongoing challenging retail environment and inflationary pressures.

The Company recognised income tax expense of \$3,017,000 in relation to the derecognition of its deferred tax asset. This is a non-cash effecting transaction, and the Company has the ability to re-recognise these deferred tax assets at a later date.

The company will focus on new account acquisition and tight inventory management in the second half to mitigate lower than expected sales in first half.

Commenting on the announcement, Cellnet’s Chief Executive, Dave Clark, stated “Despite the challenging first-half result there is a lot of positive energy and momentum in the business. We now have all the building blocks in place to enter a growth phase and fully leverage our new centralised Distribution Centre in Melbourne, recent exclusive brand acquisitions and our investment in high-calibre, experienced sales resources. The second half will also see a strong slate of gaming releases including new Capcom titles in the popular Resident Evil and Street Fighter franchises.”

**Ends**

Authorised for release by the Board.

For further information, please contact Chris Barnes (Company Secretary) on 1300 235 563

**Cellnet Group Limited**  
and its controlled entities

**ABN: 97 010 721 749**

**Half-Year Financial Report**  
**Period Ended 31 December 2022**

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	<b>Section</b>
<b>Appendix 4D</b>	<b>A</b>
<b>Financial Report</b>	<b>B</b>

## Appendix 4D HALF YEAR REPORT Statutory Results

<b>Name of Entity</b>	Cellnet Group Limited
<b>ABN</b>	97 010 721 749
<b>Reporting Period</b>	Half-year ended 31 December 2022
<b>Previous Corresponding Period</b>	Half-year ended 31 December 2021

This information presented should be read in conjunction with the 30 June 2022 financial report.

### Results for announcement to the market

	<b>Reporting Period</b>	<b>Previous Corresponding Period</b>	<b>% Change Increase / (Decrease)</b>
	<b>\$000</b>	<b>\$000</b>	
Revenues from ordinary activities	39,104	43,678	(10.47%)
Net Profit/(loss) for the period attributable to members	(4,552)	(1,541)	(195.39%)

For commentary on the results refer to the Directors' Report which forms part of the Half-year Report.

	<b>Reporting Period</b>	<b>Previous Corresponding Period</b>
Final Dividend	NIL	\$730,784
Amount per security	N/A	\$0.003
Franked amount per security	N/A	NIL
Record Date	N/A	21.10.2021
Interim Dividends	NIL	NIL
Amount per Security	N/A	N/A
Franked Amount per Security	N/A	N/A
Record Date	N/A	N/A

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**NTA Backing**

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Net tangible assets backing per share	7.0¢	8.4¢
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**Additional Appendix 4D Disclosure Requirements**

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Nil.

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**Financial Information**

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This Appendix 4D should be read in conjunction with the Half-year Report for the half-year ended 31 December 2022 as set out on pages 5 to 23.

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**Compliance Statement**

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This report is based on accounts that have been reviewed. The review report, which was not subject to audit modification or qualification, is included in the interim financial report.

**Cellnet Group Limited**  
and its controlled entities  
**Half-Year Financial Report**

Condensed Financial Report  
for the Half-Year Ended  
31 December 2022

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# **Cellnet Group Limited and its controlled entities**

## **Half-Year Financial Report**

### Corporate Information

ABN 97 010 721 749

#### Directors

Mr Tony Pearson (Chairman)  
Mr Kevin Gilmore (Deputy Chairman)  
Mr Michel Wendt  
Mr Brian Danos  
Mr Giles Karhan

#### Company Secretary

Mr Chris Barnes

#### Principal Registered Office

Cellnet Group Limited  
Tenancy 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  
Phone: 07 3222 8444

#### Share Registrar

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

#### Stock Exchange

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

# Cellnet Group Limited and its controlled entities

## Half-Year Financial Report

### Directors' Report

Your Directors submit their report for the half-year ended 31 December 2022.

### Directors

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. Directors were in office for the periods as detailed below:

Mr Tony Pearson (Chairman)  
Mr Kevin Gilmore (Deputy Chairman)  
Mr Michel Wendt  
Mr Brian Danos  
Mr Giles Karhan

### Principal activities

The principal activities of the consolidated entity are:

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

### Review and results of operations

- First-half EBITDA loss of \$429K
- Cash at bank of \$1.1m as of 31 December 2022

Trans-Tasman lifestyle technology distributor Cellnet Group Limited ("Cellnet" or the "Company") has announced a first-half FY2023 EBITDA loss of \$429,000. The driving factor of this result is a decline in top line sales of \$4,574,000 or 10.5% due to an ongoing challenging retail environment and inflationary pressures.

The Company recognised income tax expense of \$3,017,000 in relation to the derecognition of its deferred tax asset. This is a non-cash effecting transaction, and the Company has the ability to re-recognise these deferred tax assets at a later date.

The company will focus on new account acquisition and tight inventory management in the second half to mitigate lower than expected sales in first half.

Commenting on the announcement, Cellnet's Chief Executive, Dave Clark, stated "Despite the challenging first-half result there is a lot of positive energy and momentum in the business. We now have all the building blocks in place to enter a growth phase and fully leverage our new centralised Distribution Centre in Melbourne, recent exclusive brand acquisitions and our investment in high-calibre, experienced sales resources. The second half will also see a strong slate of gaming releases including new Capcom titles in the popular Resident Evil and Street Fighter franchises."



## Cellnet Group Limited and its controlled entities

### Half-Year Financial Report

#### Dividends

The group did not pay or declare a dividend during the half year ended 31 December 2022. The group declared a dividend of \$0.003 per share which resulted in a payment \$730,784 inclusive of withholding tax for the half-year ended 31 December 2021.

#### Rounding

The consolidated entity is of a kind referred to in ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191. Amounts in the financial report and Directors' report have been rounded off to the nearest \$1,000 unless otherwise stated.

#### Auditor's Independence Declaration

Attached is a copy of the Auditors Independence Declaration provided under Section 307C of the *Corporations Act 2001* in relation to the review of the half-year ended 31 December 2022. This Auditors Independence Declaration forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke at the end.

Chairman  
24 February 2023

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

### Auditor's Independence Declaration

In relation to the independent audit for the year ended 31 December 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  
24 February 2023

**Cellnet Group Limited and its controlled entities**  
**Half-Year Financial Report**

**Interim consolidated statement of  
comprehensive income**

**For the six months ended 31 December 2022**

	Note	Consolidated	
		31 Dec 2022 \$000	31 Dec 2021 \$000
<b>Revenue from contracts with customers</b>	4	<b>39,104</b>	<b>43,678</b>
Other income		76	2
Materials, packaging and consumables used		(30,367)	(33,711)
Depreciation and amortisation expense		(691)	(532)
Employee benefit expense		(4,685)	(4,341)
Finance costs		(415)	(254)
Freight expense		(1,424)	(1,283)
Occupancy expense		(55)	(46)
Warehousing expense		(1,564)	(1,560)
Other expense		(1,514)	(1,135)
Impairment expense		-	(613)
<b>Profit before income tax</b>		<b>(1,535)</b>	<b>205</b>
Income tax (expense) / benefit	7	(3,017)	(1,746)
<b>Profit for the period</b>		<b>(4,552)</b>	<b>(1,541)</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation		133	45
<b>Total comprehensive income for the period</b>		<b>(4,419)</b>	<b>(1,496)</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the parent</b>			
Basic earnings per share		(1.87)¢	(0.64)¢
Diluted earnings per share		(1.87)¢	(0.64)¢

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

**Cellnet Group Limited and its controlled entities**  
**Half-Year Financial Report**

**Interim consolidated statement of financial position**

**As at 31 December 2022**

	Note	Consolidated	
		31 Dec 2022 \$000	30 June 2022 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,107	6,471
Trade and other receivables	8	11,979	9,347
Inventories	9	23,158	21,848
Other current assets		846	757
Current tax asset		15	-
Derivative financial instruments	5	-	69
<b>Total current assets</b>		<b>37,105</b>	<b>38,492</b>
<b>Non-current assets</b>			
Property, plant and equipment		357	275
Right of use asset	14	1,637	663
Deferred tax assets (net)		104	3,051
Intangible assets		4,243	4,526
<b>Total non-current assets</b>		<b>6,341</b>	<b>8,515</b>
<b>TOTAL ASSETS</b>		<b>43,446</b>	<b>47,007</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	13,309	14,449
Current tax liabilities		-	8
Provisions		892	877
Interest-bearing loans and borrowings	11	5,757	4,936
Derivative financial instruments	5	114	-
Lease liabilities	14	745	324
<b>Total current liabilities</b>		<b>20,817</b>	<b>20,594</b>
<b>Non-current liabilities</b>			
Provisions		172	77
Lease liabilities	14	1,056	516
<b>Total non-current liabilities</b>		<b>1,228</b>	<b>593</b>
<b>TOTAL LIABILITIES</b>		<b>22,045</b>	<b>21,187</b>
<b>NET ASSETS</b>		<b>21,401</b>	<b>25,820</b>
<b>EQUITY</b>			
Issued capital	12	38,755	38,755
Reserves		6,107	10,526
Accumulated losses		(23,461)	(23,461)
<b>TOTAL EQUITY</b>		<b>21,401</b>	<b>25,820</b>

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

## Cellnet Group Limited and its controlled entities

### Half-Year Financial Report

#### Interim consolidated statement of changes in equity

For the six months ended 31 December 2022

	Share capital \$000	Reserve for own shares \$000	Foreign currency translation reserve \$000	Share based payment reserve \$000	Reserve for profits \$000	Accumu- lated losses \$000	Total Equity \$000
At 1 July 2022	38,755	(25)	(661)	1,945	9,267	(23,461)	25,820
Loss for the period	-	-	-	-	-	(4,552)	(4,552)
Foreign currency translation	-	-	133	-	-	-	133
Total comprehensive income for the half year	-	-	133	-	-	(4,552)	(4,419)
Transfers to / from reserves	-	-	-	-	(4,552)	4,552	-
<i>Transactions with owners in their capacity as owners:</i>							
Issue of shares	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
<b>Balance at 31 December 2022</b>	<b>38,755</b>	<b>(25)</b>	<b>(528)</b>	<b>1,945</b>	<b>4,715</b>	<b>(23,461)</b>	<b>21,401</b>
At 1 July 2021	38,725	(25)	(590)	1,945	12,952	(23,461)	29,546
Restatement as a result of change in accounting policy *	-	-	-	-	(656)	-	(656)
<b>Restated balance at 1 July 2021</b>	<b>38,725</b>	<b>(25)</b>	<b>(590)</b>	<b>1,945</b>	<b>12,296</b>	<b>(23,461)</b>	<b>28,890</b>
Profit for the period	-	-	-	-	-	(1,541)	(1,541)
Foreign currency translation	-	-	45	-	-	-	45
Total comprehensive income for the half year	-	-	45	-	-	(1,541)	(1,496)
Transfers to / from reserves	-	-	-	-	-	-	-
<i>Transactions with owners in their capacity as owners:</i>							
Issue of shares	30	-	-	-	-	-	30
Dividends paid	-	-	-	-	(731)	-	(731)
<b>Balance at 31 December 2021</b>	<b>38,755</b>	<b>(25)</b>	<b>(545)</b>	<b>1,945</b>	<b>11,565</b>	<b>(25,002)</b>	<b>26,693</b>

\* Certain comparative amounts have been restated as a result of changes to the accounting policy in respect of Software as a Service ("SaaS") arrangements following the IFRS Interpretations Committee agenda decision published in April 2021. Refer to the Group's annual report for the year ended 30 June 2022 as disclosed in note 30.

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

**Cellnet Group Limited and its controlled entities**  
**Half-Year Financial Report**

**Interim consolidated statement of cash flows**

For the six months ended 31 December 2022

Note	Consolidated	
	31 Dec 2022 \$000	31 Dec 2021 \$000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	32,093	42,982
Payments to suppliers and employees (inclusive of GST)	(37,340)	(46,360)
Income tax paid	(93)	-
Interest paid	(415)	(151)
<b>Net cash flows used in operating activities</b>	<b>(5,755)</b>	<b>(3,529)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(132)	-
<b>Net cash flows used in investing activities</b>	<b>(132)</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Proceed from share issue	-	30
Principal repayments on leases	(369)	(231)
Net proceeds from borrowings	821	3,573
Payment of dividends, net of tax withheld	-	(669)
<b>Net cash flows from financing activities</b>	<b>452</b>	<b>2,703</b>
Net increase / (decrease) in cash and cash equivalents	(5,435)	(826)
Cash and cash equivalents at beginning of period	6,471	6,999
Net foreign exchange differences	71	(3)
<b>Cash and cash equivalents at end of period</b>	<b>1,107</b>	<b>6,170</b>

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

# Cellnet Group Limited and its controlled entities

## Half-Year Financial Report

### Notes to the Financial Statement

#### For the six months ended 31 December 2022

## 1. Corporate Information

Cellnet Group Limited (the "Company") is a company domiciled in Australia whose shares are publicly traded. The interim condensed consolidated financial statements of the Company as at and for the half-year ended 31 December 2022 comprise the results of the Company and its subsidiaries (together referred to as the "consolidated entity").

The interim condensed consolidated financial statements of the consolidated entity for the six months ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 24 February 2023.

The interim condensed consolidated financial statements of the consolidated entity as at and for the half-year ended 31 December 2022 are available upon request from the Company's registered office at Tenancy E1, 5 Grevillea Place, Brisbane Airport QLD 4008 or at [www.cellnet.com.au](http://www.cellnet.com.au).

## 2. Basis of preparation and accounting policies

### Basis of preparation

The interim condensed consolidated financial statements for the six months ended 31 December 2022 have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 30 June 2022.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those adopted in the Group's annual report for the year ended 30 June 2022.

## 3. Seasonality of operations

The consolidated entity's balance sheet is impacted by seasonality in sales. December trade balances are generally expected to be higher than those as at the previous financial year end due to greater sales activity around calendar year end. Users of the interim consolidated financial report may therefore benefit from reading this report in conjunction with the interim consolidated financial report for the half-year ended 31 December 2021.

## 4. Operating segment information

### 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, distribution methods and similar economic and regulatory environments in Australia and New Zealand.

**Cellnet Group Limited and its controlled entities**  
**Half-Year Financial Report**

**Notes to the Financial Statement**

**For the six months ended 31 December 2022**

**4. Operating segment information (continued)**

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

<b>December 2022</b>	<b>Cellnet \$'000</b>	<b>Turn Left \$'000</b>	<b>Corporate and Eliminations \$'000</b>	<b>Total \$'000</b>
Australia	18,066	13,128	-	31,194
New Zealand	7,910	-	-	7,910
<b>Revenue</b>	<b>25,976</b>	<b>13,128</b>	<b>-</b>	<b>39,104</b>
<b>Profit before tax</b>	<b>(1,021)</b>	<b>(514)</b>	<b>-</b>	<b>(1,535)</b>
Other income	76	-	-	76
Segment assets	30,219	13,238	(11)	43,446
Segment liabilities	16,395	5,651	(1)	22,043
<b>December 2021</b>	<b>Cellnet \$'000</b>	<b>Turn Left \$'000</b>	<b>Corporate and Eliminations \$'000</b>	<b>Total \$'000</b>
Australia	24,646	12,186	-	36,832
New Zealand	6,846	-	-	6,846
<b>Revenue</b>	<b>31,492</b>	<b>12,186</b>	<b>-</b>	<b>43,678</b>
<b>Profit before tax</b>	<b>(25)</b>	<b>230</b>	<b>-</b>	<b>205</b>
Other income	2	-	-	2
Segment assets	41,289	14,887	37	56,213
Segment liabilities	21,928	7,591	1	29,520

**5. Fair value measurements**

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 assets and liabilities traded in active markets is based on quoted market prices at the end of the reporting period.

**Level 2:** The fair value of assets and liabilities 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.



**Cellnet Group Limited and its controlled entities**  
**Half-Year Financial Report**

**Notes to the Financial Statement**

**For the six months ended 31 December 2022**

**5. Fair value measurements (cont'd)**

The only balances on the group's balance sheet which are measured at fair value are forward foreign exchange contracts. The fair value of forward foreign exchange contracts is determined by calculating the difference between the forward rate and closing rate on these contracts at balance date. Such fair value measurement is included in level 2, as it is based on an observable input. At 31 December 2022 the group recognized a liability of \$114,000. At 30 June 2022 the group recognized an asset of \$69,000.

**6. Dividends**

The group did not declare a dividend during the half year ended 31 December 2022. During the half year ended 31 December 2021 the group declared a dividend of \$0.003 per share which resulted in a payment \$730,784 inclusive of withholding tax.

**7. Income tax expense**

Numerical reconciliation of income tax expense to prima facie tax payable:

	<b>Dec 2022</b>	<b>Dec 2021</b>
	<b>\$000</b>	<b>\$000</b>
Profit/(loss) before income tax	(1,535)	205
Prima facie tax expense/(benefit) at the Australian tax rate of 30%	(461)	62
<b>Tax effect of adjustments</b>		
Non-deductible expenditure	4	185
Non-taxable income	-	-
Difference in New Zealand tax rate (28%)	(6)	(1)
Derecognition of deferred tax assets	3,480	1,500
<b>Income tax expense</b>	<b>3,017</b>	<b>1,746</b>

At 31 December 2022 the group assessed that deferred tax assets for the Australian tax consolidated group were not recoverable based on forecast taxable profits over a three year period, and has derecognised \$3,519,000 of deferred tax assets as at 31 December 2022 (31 December 2021: \$1,500,000). This is reflective of the reduced trading result recorded for the half-year.

**8. Trade and other receivables**

	<b>Dec 2022</b>	<b>Jun 2022</b>
	<b>\$000</b>	<b>\$000</b>
Receivables from contracts with customers	10,899	8,447
Allowances for expected credit losses	(202)	(234)
	<b>10,697</b>	<b>8,213</b>
Other receivables and prepayments	1,282	1,134
	<b>11,979</b>	<b>9,347</b>

**Cellnet Group Limited and its controlled entities**  
**Half-Year Financial Report**

**Notes to the Financial Statement**

**For the six months ended 31 December 2022**

**8. Trade and other receivables (cont'd)**

As disclosed in note 3, December trade balances are generally expected to be higher than those as at the previous financial year end due to greater sales activity around calendar year end. The balance of trade and other receivables at 31 December 2021 was \$20,164,000. During the half-year ended 31 December 2021, the group realised an impairment loss of \$765,000 against an individual customer account, resulting in a corresponding reduction in the allowance for expected credit losses.

**9. Inventories**

	<b>Dec 2022</b>	<b>Jun 2022</b>
	<b>\$000</b>	<b>\$000</b>
Stock on hand	25,331	23,861
Less: provision for obsolescence	(2,173)	(2,013)
	<b>23,158</b>	<b>21,848</b>

As disclosed in note 3, December trade balances are generally expected to be higher than those as at the previous financial year end due to greater sales activity around calendar year end. The balance of inventories as at 31 December 2021 was \$21,471,000.

During the half-year ended 31 December 2021, the group's supply agreement with Optus ended, resulting in the reduction of approximately \$2.5m in consignment inventory.

**10. Trade and other payables**

	<b>Dec 2022</b>	<b>Jun 2022</b>
	<b>\$000</b>	<b>\$000</b>
Trade payables	9,243	10,931
Rebate and incentive liability	2,236	2,188
Right of return liability <sup>^</sup>	1,112	1,080
Other payables and accrued expenses	718	250
	<b>13,309</b>	<b>14,449</b>

<sup>^</sup> An associated right to returned goods asset is recognised in other current assets, representing the expected value of goods to be returned by customers in future periods.

As disclosed in note 3, December trade balances are generally expected to be higher than those as at the previous financial year end due to greater sales activity around calendar year end. The balance of trade and other payables at 31 December 2021 was \$15,422,000.

**Cellnet Group Limited and its controlled entities**  
**Half-Year Financial Report**

**Notes to the Financial Statement**

**For the six months ended 31 December 2022**

**11. Interest bearing loans and borrowings**

	Weighted Avg. Interest Rate %	Maturity	Dec 2022 \$000	Jun 2022 \$000
Business finance	5.98	4 – 31 January 2023	3,482	-
Business finance	3.83	1 July – 2 August 2022	-	2,598
Invoice finance	6.16	Various	2,275	-
Invoice finance	3.29	Various	-	2,338
			<b>5,757</b>	<b>4,936</b>

**12. Contributed equity**

	Dec 2022 No. of shares	Dec 2022 \$000	Dec 2021 No. of shares	Dec 2021 \$000
Balance at 1 July	243,594,634	38,755	242,594,634	38,725
Shares issued – exercise of options <sup>#</sup>	-	-	1,000,000	30
Balance at 31 December	<b>243,594,634</b>	<b>38,755</b>	<b>243,594,634</b>	<b>38,755</b>

<sup>#</sup> A total of nil (2021: 1,000,000) shares were issued on exercise of options during the half-year, refer note 14 for further information.

**13. Related party transactions**

**Entity with ultimate control over the group**

Wentronic Holding GmbH and its associated entities hold 53.23% (30 June 2022: 53.23%) of the ordinary shares in Cellnet Group Limited.

**Transactions and balances with entities under common control**

*Wentronic Asia Pacific Limited*

During the current and comparative half-years ended 31 December, 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 half-year ended 31 December 2022 was \$406,000 (31 December 2021: \$334,000). At 31 December 2022, the group had a total of \$100,000 owing to WAPL in respect of these arrangements (30 June 2022: \$33,000).

*Wentronic GmbH*

During the half-year ended 31 December 2022, the group purchased a total of \$9,000 of inventory from Wentronic GmbH (31 December 2021: \$35,000). There was no amount owing to Wentronic GmbH at 31 December 2022 (30 June 2022: \$nil).

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**Notes to the Financial Statement**

**For the six months ended 31 December 2022**

**14. 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:

	<b>Dec 2022</b>	<b>Jun 2022</b>
	<b>\$000</b>	<b>\$000</b>
Opening value as at 1 July	663	408
Additions	1,330	794
Impairment	-	(132)
Depreciation	(383)	(407)
FX revaluation	27	-
<b>Closing value</b>	<b>1,637</b>	<b>663</b>
<b>At balance date</b>		
Cost	2,426	1,665
Accumulated depreciation	(790)	(1,002)
<b>Net carrying amount</b>	<b>1,636</b>	<b>663</b>

(b) Lease liabilities

Opening value as at 1 July	840	481
Additions (non-cash)	1,330	794
Principal repayments (cash outflow)	(369)	(435)
<b>Closing value</b>	<b>1,801</b>	<b>840</b>
<b>At balance date</b>		
Current	745	324
Non-current	1,056	516
<b>Total lease liability</b>	<b>1,801</b>	<b>840</b>

During the six months ended 31 December 2022, the group entered into a new three-year lease in Melbourne and a one-year extension on an existing lease in Sydney. During the comparative period the group entered into a four-year extension of an existing lease in Auckland and 1 year extensions on two existing leases in Sydney. These non-cash financing activities resulted in an increase in lease liabilities of \$1,330,000 (Jun 2022: \$794,000) on initial recognition.

**15. Events subsequent to balance date**

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

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**Directors' declaration**

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

In the opinion of the Directors:

1. the financial statements and notes of the consolidated entity for the half year ended 31 December 2022 are in accordance with the *Corporations Act 2001* including:
  - (a) giving a true and fair view of the financial position as at 31 December 2022 and the performance for the half-year ended on that date of the consolidated entity; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



*Chairman*  
24 February 2023

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

### Conclusion

We have reviewed the half-year financial report of Cellnet Group Limited ("the Company") and its controlled entities ("the Group"), which comprises the interim consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for Conclusion

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

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

### Responsibility of the Directors for the Financial Report

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


### **Auditor's Responsibility for the Review of the Financial Report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

*Pitcher Partners*

PITCHER PARTNERS



**DANIEL COLWELL**

Partner

Brisbane, Queensland

24 February 2023