

30 August 2021

**Company Announcements**

**For Immediate Release**

**ASX Code: CT1**

## **APPENDIX 4E AND ANNUAL FINANCIAL REPORT**

**In accordance with the ASX Listing Rules, Constellation Technologies Limited encloses for immediate release the following information:**

- 1. Appendix 4E; and**
- 2. Annual Financial Report for the period ended 30 June 2021.**

If you have a query about any matter covered by this announcement, please contact Ms Terri Bakos

**Authorised for release by the Board.**

**ASX LISTING RULES – APPENDIX 4E**  
**ANNUAL FINANCIAL REPORT FOR THE YEAR ENDING 30 JUNE 2021**

The following information is presented in accordance with ASX Listing Rule 4.2A.3.

**1. Details of the reporting year and the previous corresponding year**

**Current reporting year** - the year ended 30 June 2021  
**Previous corresponding year** - the year ended 30 June 2020

**2. Results for announcement to the market**

Year ended	30 June 2021	30 June 2020	Increase / (Decrease)	
	\$	\$	\$	%
2.1 Revenues from ordinary activities	1,466,114	691,484	774,630	112.02
2.2 Loss from ordinary activities after tax attributable to members	3,221,821	2,923,876	297,945	10.19
2.3 Net loss for the year attributable to members	3,221,821	2,923,876	297,945	10.19
2.4 Dividends (distributions)				
Nil				
2.5 Record date for determining entitlements to the dividend				
Nil				
2.6 Commentary on “Results for Announcement to the Market”				
A brief explanation of any of the figures in 2.1 to 2.4 above is contained in the attached Annual Financial Report for the Year ended 30 June 2021.				

**3. Net tangible assets per security**

Year ended	30 June 2021	30 June 2020	Increase / (Decrease)	
	cents	cents	cents	%
Net tangible assets per security	0.22	0.33	(0.11)	(33.33)

The net tangible assets backing per ordinary security of 0.22 cents presented above is inclusive of right-of-use assets and lease liabilities. Due to the minor value of right-of-use assets and lease liabilities, the net tangible asset backing per security, as at 30 June 2021, would remain the same at 0.22 cents if right-of-use assets were excluded, and lease liabilities were included in the calculation.

**4. Details of entities over which control has been gained or lost during the year**

Refer to note 12 of the Annual report for details of entities that were deregistered during the period.

**5. Details of individual and total dividends or distributions and dividend or distribution payments**

Nil

**6. Details of any dividend distribution reinvestment plans**

Nil

**7. Details of any associates and joint venture entities**

Nil

**8. Foreign Entities, Accounting Standards used in compiling the report**

Refer to note 12 of the Annual Financial Report for details of investments in foreign subsidiaries and note 20 for details of accounting standards utilised.

**9. Audit / Review of Accounts upon which this report is based and qualification of audit / review**

The Annual Financial Report has been subject to an audit and is not subject to any dispute or qualification.



**Constellation Technologies  
Limited**

**Annual report**

**for the year ended 30 June 2021**

ABN 58 009 213 754

# Constellation Technologies Limited

ABN 58 009 213 754

## Annual report - 30 June 2021

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# Corporate Directory

## Directors

### **Mr Kartheek Munigoti**

*Executive Director and Chief Executive Officer*

### **Mr Leath Nicholson**

*Independent Non-Executive Chairman*

### **Mr Anoosh Manzoori**

*Independent Non-Executive Director*

## Company Secretary

### **Ms Terri Bakos**

## Principal registered office and principal place of business

Level 7, 420 Collins Street  
Melbourne VIC 3000  
Australia  
Telephone: +61 (0)3 8592 4883

## Share register

### **Advanced Share Registry Ltd**

110 Stirling Highway  
Nedlands WA 6909  
Australia  
Telephone: +61 (0)8 9389 8033  
Facsimile: +61 (0)8 9262 3723

## Auditor

### **PKF Brisbane Audit**

Level 6, 10 Eagle Street  
Brisbane QLD 4000 Australia  
Telephone: +61 (0)7 3839 9733  
Facsimile: +61 (0)7 3832 1407

## Solicitors

### **Nicholson Ryan Lawyers Pty Ltd**

Level 7, 420 Collins Street  
Melbourne VIC 3000 Australia  
Telephone: +61 (0)3 9640 0400

## Bankers

### **Westpac Banking Corporation**

150 Collins Street  
Melbourne VIC 3000 Australia

## Stock exchange listings

Constellation Technologies Limited shares are listed on the Australian Securities Exchange (ASX: CT1)

## Website

<https://www.ct1limited.com>

# Chairman's Letter



**Mr Leath Nicholson**  
*Independent Non-Executive Chairman*

**Dear fellow shareholders,**

I welcome you to the 2021 Annual Report for Constellation Technologies Limited and its subsidiaries and I thank you for your interest and continued support.

There is no denying that the COVID19 pandemic has impacted all of us. It has restricted the way we move through our communities; the way we attend our work sites and the way we communicate with each other. How we conduct business has changed for the foreseeable future.

The pandemic has undeniably impacted sales opportunities for the Company across the globe. Some of our hospitality sector clients have had to close their doors temporarily, whilst planned projects in other sectors have been put on hold until economic conditions improve.

With this in mind, the Company has refocused its sales pipeline to core infrastructure sectors and industries that have seen sustainability or growth through the pandemic.

Our core temperature sensor product is now being used to monitor COVID vaccines in the health sector and our flagship platform MeridianCT is being used for monitoring water treatment facilities and disaster mitigation in private and government backed utilities sectors.

The sales cycles in these industries however have changed from historical norms. The period from initial discussions to closure has expanded twofold.

The Company will continue to focus its efforts on supporting its existing core sensor products and the MeridianCT Platform in the coming year. It will be an exciting year as we continue to build on the momentum we have generated in the past twelve months.

Finally, I wish to thank my fellow directors and our staff for their continued efforts & support in the past year, often under very difficult conditions, especially working from home.

A handwritten signature in black ink, appearing to be 'L Nicholson', written in a cursive style.

**Leath Nicholson**  
*Independent Non-Executive Chairman*

# CEO Report



**Mr Kartheek Munigoti**  
*Chief Executive Officer*

**Dear fellow shareholders,**

The 2021 financial year has been a year of many changes for the Company.

The IoT 4.0 adoption theme is rapidly receiving an increasing amount of mainstream attention and awareness with many industries now moving from conceptual pondering to practical application. Technical obstacles to Industrial IoT (IIoT) at scale still exist. Many organisations are still wondering how to overcome the challenges caused by these heterogeneous applications and how to bring various disparate datasets into a single view to make informed business decisions. Due to these complexities, even companies with substantial IIoT track records are facing challenges in executing this process in isolation.

Contrary to a common misbelief, there's no need to replace a company's legacy infrastructure to implement an Industry 4.0 solution. CT1's MeridianCT Platform (MCT) enables an organization to seamlessly integrate its legacy equipment and datasets into one single framework. It also provides Artificial Intelligence capabilities such as predictions and alerts, enabling the automation of a workflow process.

We have seen an increasing amount of market enquiry from all levels of government and infrastructure operators for technology vendors that can provide IoT Solutions which is a first practical step for these groups to understand what might be possible in terms of new technologies and who they should work with to develop them.

During the year, the Company continued to develop MCT to support infrastructure projects in China and Australia.

MCT has the ability to receive data feeds from sensors, video, internal system, third party API's, ingest data, collate processes and apply business intelligence to integrate with operational systems which allows for automating business workflow.

MCT also supports Digital Twin Solutions that will reduce downtime and simplify maintenance tasks with photorealistic 3D models that collect and visualise real-time data from our customer's assets.

This gives our customers a holistic view of their assets and facilities so they can manage everything from anywhere, anytime.

During the year, MCT has been implemented over several projects in a variety of environments. MCT is currently being used to monitor:



## *CEO Report continued...*

- the real-time environmental impact on wetlands via the collation of live video feeds, weather, temperature, humidity and chemical analysis data. The MCT also ingests data from a centralised Supervisory Control and Data Acquisition (SCADA) system which connects with multiple Programmable Logic Controllers (PLC's) at the wetlands. This data is allowing the users to make informed real-time decisions to mitigate the impact of adverse environmental events and vegetation health as they occur rather than reacting to environmental damage post event occurrence.
- the treatment of water through infrastructure facilities. 3D imagery of the water treatment facilities incorporated into MCT is assisting users to visual plant layout, monitor real-time video feed and analyse data from various sensors streamlining the overall control of the facilities. A trial SCADA project is also underway to incorporate command execution into MCT to allow users to remotely control the operations.
- flood levels over multiple locations in potential disaster zones during wet seasons. Real-time camera monitoring and integration with onsite signage systems that allows for fast decision making to reduce public exposure to flooded roads, infrastructure damage and environmental impact.

MCT is a robust end to end IoT platform on which we can assist innovators to develop, launch or maintain their IoT solutions.

We are able to, and have been, assisting clients to develop hardware sensors suited to their specific needs through our design and production capabilities.

Due to MCT's diversity and our hardware design capabilities, the Company is a unique position to offer services across multiple industries, making it a real IoT solution provider.

The Company continued to expand the application of its cold storage or temperature monitoring solution into existing sites in the health sector. Barwon Health has commenced utilizing our cold storage solution for COVID-19 vaccine monitoring.

Despite the implementation of several new MCT projects and increased use of the cold storage solution in the health sector, the economic downturn in the hospitality and other sectors due to the COVID-19 pandemic has reduced sales in some sectors and placed some sales pipeline projects on hold until economic conditions improve.

## *CEO Report continued...*

Our sales cycle from inquiry to finalisation has increased as companies across the globe struggle with ever changing COVID-19 related supply, travel or working conditions that limits their ability to adhere to pre pandemic timeframes.

We expect that our sales cycle timelines to remain extended into the foreseeable future.

Post 30 June, the Company announced the signing of a Master Services Agreement with Fujitsu Australia for the provision of its full suite of services including software & hardware development. The Company will contract directly with Fujitsu's customers for the licensing of MCT and SaaS services. Whilst no definitive projects contracts have been signed, both companies are currently developing mutual potential projects which they hope will come to fruition during FY22.

I would like to take this opportunity to thank Mr Adam Gallagher, who was our CEO throughout FY21 until 5 July 2021. In the last two years, Adam has been instrumental in expanding the Company's product base, securing new customers and channel partners, and building a new foundation for growth.

Adams legacy will be with the Company in the years to come.

I would also like to thank the tireless effort of our staff across Australia, India and China. During the past twelve months they have often worked in extenuating conditions and spent more time working from home than in our office, but still maintained a sense of humor and delivered to project timeframes. A very big thankyou!



**Kartheek Munigoti**  
*Chief Executive Officer*

# Directors Report

The directors are pleased to present their report on the consolidated entity consisting of Constellation Technologies Limited (the 'Company') and the entities it controls (the 'Consolidated entity' or 'Group') for the year ended 30 June 2021.

## Directors and Company Secretary

The following persons were directors of Constellation Technologies Limited during the financial year and up to the date of this report or their resignation or appointment as noted:

Mr Adam Gallagher, Executive Director and Chief Executive Officer – resigned 5 July 2021

Mr Kartheek Munigoti, Executive Director and Chief Executive Officer – appointed 5 July 2021

Mr Leath Nicholson, Independent Non-Executive Chairman

Mr Anoosh Manzoori, Independent Non-Executive Director

The following person held office as Company Secretary of Constellation Technologies Limited for the whole of the financial year and up to the date of this report:

Ms Terri Bakos

## Principal activities

The principal activities of the Group are to bring innovative solutions to market which leverage cloud, internet of things (IoT), edge-computing sensors, big data, analytics, machine learning (ML), artificial intelligence (AI) and other advanced technologies.

## Review of operations

### *Financial results*

Reported revenue for the year has increased 112.02% to \$1,466,114 (2020: \$691,484) as a result of the Group's expansion into China and increased sales activity in Australia. The Group however recorded a loss for the year of \$3,221,821 (2020: \$2,923,876), a 10.19% increase over the prior year. The increase in expenditure was primarily in the area of wages and research & development activities to support the Company's growth initiatives and development of the MeridianCT Platform.

The Group had net assets of \$3,011,651 as at 30 June 2021 (2020: \$4,426,942). As at 30 June 2021, the Group had cash reserves of \$2,597,731 (2020: \$4,405,173). Noting the additional cash raised during the year, the directors are of the view that the Group will continue to be able to pay its debts as and when they fall due and have prepared the financial report on a going concern basis.

### *Operations*

Information on the operations of the Group and its business strategies and prospects is set out in the Chairman's Letter CEO Report section of this annual report.

## *Directors Report continued...*

### **Dividends**

No dividends have been paid or proposed by the Group during or since the end of the financial year (2020: nil).

### **Significant changes in the state of affairs**

Other than the information set out in the Chairman's letter, CEO's Report and activities section of this annual report, there are no significant changes in the state of affairs that the Group has not disclosed.

### **Event since the end of the reporting period**

On the 5 July 2021, the Company announced the resignation of Adam Gallagher as an executive director and Group CEO. Mr Kartheek Munigoti stepped into role as Group CEO and joined the board as an executive director.

On 9 July 2021 the Company announced the signing of agreements with Fujitsu Australia Pty Ltd and QTEQ Pty Ltd. Refer to CEO's Report and ASX announcements for further information regarding these agreements.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

### **Likely developments and expected results of operations**

Other than the information set out in the Chairman's letter and review of operations and activities section of this annual report, there are no likely developments or details on the expected results of operations that the Group has not disclosed.

### **Environmental regulation**

The Group is not affected by any significant environmental regulation in respect of its operations.

## Directors Report continued...

### Our Board

The names of directors in office at any time during or since the end of the financial year are:



#### **Mr Kartheek Munigoti**

*Executive Director and Chief Executive Officer*

#### **Experience:**

Mr Munigoti has been with the Company since 2016 and has held a variety of positions before being appointed CEO on 5 July 2021. He is the founder of the Company's core technology and instrumental in the development of the Company's core IoT Platform, the MeridianCT Platform.

Kartheek Munigoti is an IoT expert with 18 years' experience in creating and managing technology products and businesses and combines a deep knowledge of IoT solutions with experience running technology businesses.

Kartheek's experience and skill-set covers software, firmware and hardware development. Kartheek has been directly involved and/or responsible for the commercialisation of innovative products and services. This includes concept, design, product development and deployment.

#### **Qualifications:**

<b>Date of appointment:</b>	5 July 2021
<b>Other current directorships:</b>	None
<b>Former directorships in last 3 years:</b>	None
<b>Committees:</b>	None
<b>Equity held as at date of this report:</b>	
<b>Ordinary Shares</b>	42,637,207
<b>Options</b>	16,526,995
<b>Performance Rights</b>	-

## Directors Report continued...



### Mr Leath Nicholson

*Independent Non-Executive Chairman*

#### Experience:

Leath was a corporate partner at a leading Melbourne law firm, gaining experience with a breadth of ASX listed entities, before co-founding Foster Nicholson (now Nicholson Ryan) in 2008. Leath's principal clients continue to be ASX listed companies and high net worth individuals. Leath has particular expertise in mergers and acquisitions, IT based transactions, and corporate governance.

#### Qualifications:

Bachelor of Economics (Honours)  
Bachelor of Laws (Honours)  
Master of Laws (Commercial Law)

#### Date of appointment:

14 October 2016

#### Other current directorship:

AMA Group Limited (ASX:AMA), since 23 December 2015

#### Former directorships in last 3 years:

Money3 Corporation Limited (ASX:MNY) until 15 November 2019

#### Committees:

Chair – Remuneration & Nomination Committee  
Member – Audit & Risk Committee

#### Equity held as at date of this report:

Shares

17,930,084

Options

15,033,613

## Directors Report continued...



### Mr Anoosh Manzoori

*Independent Non-Executive Director*

#### Experience:

Anoosh has over 20 years' experience as an entrepreneur, investor, board member and advisor, specialising in helping fast growth technology companies. Following the completion of his tertiary studies Anoosh founded several technology companies including one of Australia's largest cloud-hosting platforms that he exited via a highly successful trade sale. He is also a director of investment and corporate advisory firm Shape Capital Pty Ltd. Anoosh leverages his experience and strong international network in the technology sector in both corporate and capital markets to help shape and optimise CT1's continued growth.

#### Qualifications:

Bachelor of Science  
Graduate Diploma in  
Business Enterprise, Business

#### Date of appointment:

14 October 2016

#### Other current directorships:

First Growth Funds Ltd, since 14 December 2017. Company delisted from the ASX on 4 December 2019 and joined the Canadian Stock Exchange.

#### Former directorships in last 3 years:

YPB Group Limited (ASX:YPB), until 4 June 2019

#### Committees:

Chair – Audit & Risk Committee  
Member – Remuneration & Nomination Committee

#### Equity held as at date of this report:

Shares

10,260,506

Options

7,201,682

## Directors Report continued...



**Mr Adam Gallagher**

*Executive Director and Chief Executive Officer*

**Date of appointment:** 1 June 2015

**Date of resignation:** 5 July 2021

**Other current directorships:** None

**Former directorships in last 3 years:** Envirosuite Limited (ASX:EVS), until 31 July 2020

**Committees:** None

**Equity held on termination date:**

**Ordinary Shares** 26,482,360

**Options** 24,729,747

Our management team



**Ms Terri Bakos**

*Company Secretary & Chief Financial Officer*

**Experience:**

Terri has over 20 years' experience providing company secretarial, financing accounting and compliance services to ASX Listed and unlisted public companies in the technology, financial services, automotive, mining and biotech sectors. She holds a Bachelor of Business in Accounting, is a Chartered Accountant and Chartered Secretary.



## Directors Report continued...

### Meetings of directors

The numbers of meetings of the Group's board of directors and of each board committee held during the year ended 30 June 2021, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees			
	A	B	Audit		Remuneration	
	A	B	A	B	A	B
Mr Adam Gallagher	10	10	-	-	-	-
Mr Leath Nicholson	10	10	2	2	2	2
Mr Anoosh Manzoori	10	10	2	2	2	2

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

### Shares under option

#### *Unissued ordinary shares*

Unissued ordinary shares of Constellation Technologies Limited under option or right at the date of signing this report are as follows:

#### *Options*

Grant Date	Recipients	Expiry Date	Exercise Price	30 June	
				2021	2020
18/11/2016	Director	15/12/2020	\$0.100	-	2,000,000
8/11/2016	Director	15/12/2020	\$0.100	-	2,000,000
10/11/2017	Director	25/10/2021	\$0.100	1,446,550	1,446,550
11/12/2018	Investors - free attaching	10/12/2020	\$0.030	-	19,890,191
14/11/2019	Rights Issue - free attaching	14/11/2022	\$0.015	316,146,295	426,582,657
29/05/2020	Employees	29/05/2023	\$0.015	19,285,714	19,285,714
29/05/2020	Directors	29/05/2023	\$0.015	39,142,858	39,142,858
19/06/2020	Sophisticated Investor	18/06/2023	\$0.015	16,800,000	16,800,000
				392,821,417	527,147,970

## Directors Report continued...

### Performance Rights

Grant Date	Recipients	Vesting Date	Expiry Date	30 June 2021	30 June 2020
13/01/2020	Employees	13/01/2021	13/04/2022	-	3,000,000
13/01/2020	Employees	13/01/2022	13/04/2022	3,000,000	3,000,000
1/02/2020	Employees	1/02/2021	1/05/2021	-	375,592
				3,000,000	6,375,592

No option or performance rights holder has any right under the options or performance rights to participate in any other share issue of the Company or any other entity.

### Shares issued on the exercise of options or rights

118,517,588 ordinary shares of Constellation Technologies Limited were issued during the year ended 30 June 2021 on the exercise of options or conversion of performance rights granted. Between 30 June 2021 and the date of this report, a further 1,284,484 performance rights were converted to ordinary shares of the Company.

### Insurance of officers and indemnities

#### Insurance of officers

During the financial year, the Group paid a premium in respect of a contract to insure the directors and executives of the Group against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

#### Indemnity of auditor

Constellation Technologies Limited has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor. During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

### Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

# Remuneration Report (audited)

The directors present the Constellation Technologies Limited 2021 Remuneration Report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

- a) Principles used to determine the nature and amount of remuneration
- b) Details of remuneration
- c) Service agreements
- d) Equity instruments
- e) Relationship between the remuneration policy and group performance
- f) Key management personnel disclosures

## a) Principles used to determine the nature and amount of remuneration

### Remuneration policy

The performance of the Group depends upon the quality of its directors and executives. To prosper, the Group must attract and retain highly skilled directors and executives.

### Remuneration committee

The Board has a Remuneration Committee comprising the following members:

Mr Leath Nicholson, Non-Executive Director (chair)

Mr Anoosh Manzoori, Non-Executive Director

Mr Adam Gallagher, the Company's CEO during the period had a standing invitation to attend Committee meetings, however he is not permitted to vote.

The Committee assesses the appropriateness of the nature and amounts of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team.

Officers are given the opportunity to receive their base emoluments in a variety of forms including cash, salary sacrifice and fringe benefits. It is intended that that the manner of payments chosen will be optimal for the recipient without creating undue cost for the Group.

### Remuneration structure

It is the Group's objective to provide maximum stakeholder benefit from the retention of a high-quality board and executive team by remunerating directors and other key management personnel (KMP) fairly and appropriately with reference to relevant employment market conditions.

## *Remuneration report continued...*

To assist in achieving this objective, the Committee considers the nature and amount of executive directors' and officers' emoluments alongside the Group's financial and operational performance. The expected outcomes of the remuneration structure are the retention and motivation of key executives, the attraction of quality management to the Group and performance incentives, which allow executives to share the rewards of the success of the Group.

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

### **Non-executive directors**

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The constitution of Constellation Technologies Limited and the ASX Listing Rules specify that the non-executive directors are entitled to remuneration as determined by the Group in a General Meeting to be apportioned amongst them in such manner as the directors agree and, in default of agreement, equally. The maximum aggregate remuneration currently approved by shareholders for directors' fees is for a total of \$400,000 per annum.

If a non-executive director performs extra services which in the opinion of the directors are outside the scope of the ordinary duties of the director, the Group may remunerate that director by payment of a fixed sum determined by the directors in addition to or instead of the remuneration referred to above. Non-executive directors are entitled to be paid travel and other expenses properly incurred by them in attending directors or General Meetings of the Group or otherwise in connection with the business of the Group.

### **Executive directors and senior management**

The Group aims to reward executive directors and senior management with a level and mix of remuneration commensurate with their position and responsibilities within the group and to:

- reward executives for Group and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of the executives with those of shareholders;
- link reward with strategic goals and performance of the Group; and
- ensure total remuneration is competitive by market standards.

## ***Remuneration report continued...***

The remuneration of the executive directors and senior management may from time-to-time be fixed by the Remuneration Committee. As noted above, the policy is to align executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering short- and long-term incentives. The level of fixed remuneration is set to provide a base level of remuneration, which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the committee, and the process consists of a review of group-wide and individual performance, relevant comparative remuneration in the market and internal, and where appropriate, external advice on policies and practices.

In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the committee, having regard to the overall performance of the Group and the performance of the individual during the year.

### **Employment and consultancy contracts**

The Group utilises a mixture of employment and consultancy contracts to provide the Group with the flexibility to operate effectively in a dynamic industry.

It is the Board's policy that agreements are entered into with all directors, executives and employees. Details of notice periods and termination clauses are disclosed under Section c) below.

### **Voting and comments made at the last annual general meeting**

At the last annual general meeting (AGM), the Group received approval for the remuneration report adopted for the 2020 financial year. The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration policies.

#### **b) Details of remuneration**

- Mr Leath Nicholson, Independent Non-Executive Chairman
- Mr Anoosh Manzoori, Independent Non-Executive Director
- Mr Adam Gallagher, Executive Director and Chief Executive Officer until 5 July 2021

Key management personnel (KMP) of the Group 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 Group receiving the highest remuneration.

Details of the remuneration of the KMP of the Group are set out in the following tables.

Apart from Directors, the following persons were considered other KMP during the financial year:

- Mr Kartheek Munigoti, General Manager and Chief Technical Officer
- Ms Terri Bakos, Company Secretary & Chief Financial Officer

## Remuneration report continued...

### Amounts of remuneration

The following table shows details of remuneration expenses recognised for the Group's KMP for the year ended 30 June 2021.

2021	Cash salary & fees \$	Short-term benefits		Annual leave \$	Post-employment benefits Superannuation \$	Share-based payments		Total \$
		Cash bonus \$	Non-monetary benefits \$			Shares \$	Options /Rights \$	
Non-executive directors								
Leath Nicholson	70,000	-	-	-	-	-	-	70,000
Anoosh Manzoori	60,000	-	-	-	-	-	-	60,000
Executive directors								
Adam Gallagher <sup>1</sup>	180,000	-	-	-	-	-	-	180,000
Other KMP								
Kartheek Munigoti	154,400	-	-	12,514	14,820	40,417	5,000	227,150
Terri Bakos	115,332	-	-	10,551	11,254	5,000	5,000	147,125
<b>Total compensation</b>	<b>579,722</b>	<b>-</b>	<b>-</b>	<b>23,065</b>	<b>26,074</b>	<b>45,417</b>	<b>10,000</b>	<b>684,277</b>

<sup>1</sup> Mr Gallagher resigned 5 July 2021.

## Remuneration report continued...

2020	Short-term benefits				Annual leave	Post-employment benefits Superannuation	Share-based payments		Total
	Cash salary & fees	Cash bonus	Non-monetary benefits	Shares			Options		
	\$	\$	\$	\$			\$	\$	
Non-executive directors									
Leath Nicholson <sup>1</sup>	46,667	-	-	-	-	-	30,200	65,219	142,086
Anoosh Manzoori <sup>2</sup>	40,000	-	-	-	-	-	29,000	62,627	131,627
Executive directors									
Adam Gallagher <sup>3</sup>	135,000	-	-	-	-	-	155,000	365,693	655,693
Other KMP									
Kartheek Munigoti	156,000	-	-	(22,356)	14,799	-	28,125	62,474	239,042
Terri Bakos	36,923	-	-	3,289	3,508	-	-	49,979	93,699
<b>Total KMP compensation</b>	<b>414,590</b>	<b>-</b>	<b>-</b>	<b>(19,067)</b>	<b>18,307</b>	<b>-</b>	<b>242,325</b>	<b>605,992</b>	<b>1,262,147</b>

<sup>1</sup> 12,857,142 shares with a deemed value of \$90,000 and a free-attaching option were issued to an associate of Mr Nicholson during the 2020 year. 4,314,285 shares (with a 1:1 free attaching option) were issued in lieu of \$20,000 of cash-based directors fees for the 2020 year and \$ 10,200 of directors fees for the 2019 year. The balance of the equity was issued in lieu of \$59,800 of fees owing to related party entities of Mr Nicholson for services provided to the Company during the 2020 year. Refer related party transactions note 15.

<sup>2</sup> 4,142,858 shares with a deemed value of \$29,000 and a 1:1 free-attaching option were provided to an associate of Mr Manzoori during the 2020 year in lieu of receiving \$ 16,667 of cash-based directors fees for the 2020 year and \$12,334 for the 2019 year.

<sup>3</sup> 22,142,858 shares with a deemed value of \$155,000 and a 1:1 free-attaching option were issued to an associate of Mr Gallagher during the 2020 year in lieu of receiving \$45,000 of cash-based remuneration for the 2020 year and \$110,000 for the 2019 year. The full value of the equity was expensed in the 2020 year as it formed compensation for services performed during the 2020 and 2019 years and was subject to shareholder approval at a general meeting of shareholders held 27 May 2020. The equity will vest upon Mr Gallagher stepping down as CEO.

## Remuneration report continued...

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
	2021 %	2020 %	2021 %	2020 %	2021 %	2020 %
Non-executive directors						
Leath Nicholson	100	33	-	-	-	67
Anoosh Manzoori	100	30	-	-	-	70
Executive directors						
Adam Gallagher	100	21	-	-	-	79
Other KMP						
Kartheek Munigoti	79	65	-	-	21	35
Terri Bakos	93	45	-	-	7	55

### c) Service agreements

#### *Adam Gallagher*

Mr Gallagher resigned from the Company subsequent to the end of the 2021 financial year on 5 July 2021. The Group had a service arrangement with Famile Pty Ltd to provide the services of Mr Adam Gallagher as an Executive Director and Chief Executive Officer to the Group commencing from 9 February 2019. The key terms of the arrangement were:

- Current fee of \$180,000 per annum.
- No termination payment other than statutory requirements.
- 6 month notice period.

#### *Leath Nicholson*

The Group has a service arrangement with Catellen Pty Ltd to provide the services of Mr Leath Nicholson as Non-Executive Chairman of the Group commencing on 14 October 2016. The key terms of the arrangement are:

- Current fee of \$70,000 per annum.
- No termination payment.
- No notice period.



## Remuneration report continued...

### *Anoosh Manzoori*

The Group a service arrangement with Shape Capital Pty Limited to provide the services of Mr Anoosh Manzoori as a Non-Executive Director of the Group commencing on 14 October 2016. The key terms of the arrangement are:

- Current fee of \$60,000 per annum.
- No termination payment.
- No notice period.

### *Kartheek Munigoti*

The Group has an employment contract with Mr Kartheek Munigoti. His contract as Chief Executive Officer remains the same as his position as General Manager and Chief Technical Officer (CTO). The key terms of the arrangement are:

- Current salary of \$156,000 per annum plus statutory superannuation contributions.
- No termination payment other than statutory requirements.
- 6 month notice period, except where there is a change in control and the notice period is reduced to 3 months.

### *Terri Bakos*

The Group has a part-time employment contract with Ms Terri Bakos as Company Secretary and Chief Financial Officer (CFO). The key terms of the arrangement are:

- Current salary of \$120,000 per annum plus statutory superannuation contributions.
- No termination payment other than statutory requirements.
- 3 month notice period.

## d) Equity instruments

### Shares and options granted as compensation.

Details on Share and Options or Performance Rights over ordinary shares in the Company that were granted as compensation to each Key Management Person (KMP) during the reporting period and details of any equity that vested during the reporting period are as follows:

#### Shares

Name	Grant Date	Vesting Date	Qty	Issue Price	Value of Shares Granted	Year in which shares vests
Kartheek Munigoti	02/09/2020	01/07/2021	172,414	\$0.029	\$5,000	FY22
Terri Bakos	02/09/2020	01/07/2021	172,414	\$0.029	\$5,000	FY22

The above shares were granted during the year to KMP's under a salary sacrifice arrangement with the KMP.

3,571,429 shares allocated to Kartheek Munigoti on 1 June 2020 vested during the year.

## Remuneration report continued...

### Options

No further options were granted to KMP during the year. No options issued in prior years vested during the year.

### Performance Rights

Name	Grant Date	Vesting Date	Qty	Issue Price	Value of Shares Granted	Year in which shares vests
Kartheek Munigoti	02/09/2020	01/07/2021	172,414	\$0.029	\$5,000	FY22
Terri Bakos	02/09/2020	01/07/2021	172,414	\$0.029	\$5,000	FY22

### Exercise of options granted as compensation.

No options granted as compensation during the current or prior years were exercised during the year by Key Management Personnel.

### Movement in options granted as compensation.

Refer to movement in Key Management Personnel disclosures below.

## e) Relationship between the remuneration policy and group performance

### Statutory performance indicators

The factors that are considered to affect shareholder return in the past five years are summarised below:

	30 June 2021	30 June 2020	30 June 2019	30 June 2018	30 June 2017
	\$	\$	\$	\$	\$
Share price at end of year	0.016	0.032	0.018	0.010	0.025
Market capitalisation at the end of the year (\$M)	23.4	31.2	8.92	3.50	7.10
Net profit/(loss) for the financial year	(3,221,821)	(2,923,876)	(2,177,277)	(2,833,837)	(3,758,069)
Dividends paid	Nil	Nil	Nil	Nil	Nil

Fixed remuneration is not linked to Group performance. It is set to the individuals' role, responsibilities and performance and remuneration levels for similar positions in the market.

## Remuneration report continued...

The Board do not believe that financial targets such as net profit are the only appropriate performance measure for the granting of short and long term incentives to KMP. Other financial targets such as cost reduction and key performance indicators such as projects/strategic targets, executive behavior and customer experience are equally as important for a Group in this stage of its life cycle and have a direct and indirect impact on shareholder returns.

During the year, the Group granted equity to KMP's in lieu of cash-based fixed remuneration and as part of a salary sacrifice arrangement.

Share prices are subject to the influence of market sentiment toward the sector in which it operates and increase and decreases in the share price may occur independently of executive performance or remuneration.

### f) Key management personnel disclosures

#### Share holdings

The number of shares in the parent entity held during the financial year ended 30 June 2021 by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as remuneration	Received on exercise of options	Other changes <sup>1</sup>	Balance at the end of the year	Vested
<b>Non-executive directors</b>						
Leath Nicholson	17,930,084	-	-	-	17,930,084	17,930,084
Anoosh Manzoori	10,260,506	-	-	-	10,260,506	10,260,506
<b>Executive directors</b>						
Adam Gallagher <sup>2</sup>	26,482,360	-	-	-	26,482,360	4,339,52
<b>Other KMP</b>						
Kartheek Munigoti	41,056,168	172,414	-	1,098,280	42,326,862	37,345,809
Terri Bakos	-	172,414	-	-	172,414	-
	<b>95,729,118</b>	<b>344,828</b>	<b>-</b>	<b>1,098,280</b>	<b>97,172,226</b>	<b>69,876,901</b>

<sup>1</sup>Other changes reflects the disclosure of additional securities held by a related party to Mr Munigoti.

<sup>2</sup> Mr Gallagher resigned on 5 July 2021. Balance represents holding on date of resignation.

## Remuneration report continued...

### Option holdings

The number of options over ordinary shares in the parent entity held during the financial year ended 30 June 2021 by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as remuneration	Exercised	Other changes <sup>1</sup>	Balance at the end of the year	Vested and exercisable
<b>Non-executive directors</b>						
Leath Nicholson	17,033,613	-	-	(2,000,000)	15,033,613	15,033,613
Anoosh Manzoori	9,201,682	-	-	(2,000,000)	7,201,682	7,201,682
<b>Executive directors</b>						
Adam Gallagher	24,729,747	-	-	-	24,729,747	2,586,889
<b>Other KMP</b>						
Kartheek Munigoti	15,714,286	-	-	812,709	16,526,995	16,526,995
Terri Bakos	8,571,428	-	-	-	8,571,428	8,571,428
	<b>75,250,756</b>	<b>-</b>	<b>-</b>	<b>(3,187,291)</b>	<b>72,063,465</b>	<b>49,920,607</b>

<sup>1</sup>Other changes for Mr Nicholson & Mr Manzoori reflect the lapse of options during the period. Other changes for Mr Munigoti reflects the disclosure of additional securities held by a related party to Mr Munigoti.

<sup>2</sup> Mr Gallagher resigned on 5 July 2021. Balance represents holding on date of resignation.

## Remuneration report continued...

### Performance Rights holdings

The number of rights over ordinary shares in the parent entity held during the financial year ended 30 June 2021 by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as remuneration	Exercised	Other changes <sup>1</sup>	Balance at the end of the year	Vested and exercisable
Non-executive directors						
Leath Nicholson	-	-	-	-	-	-
Anoosh Manzoori	-	-	-	-	-	-
Executive directors						
Adam Gallagher	-	-	-	-	-	-
Other KMP						
Kartheek Munigoti	-	172,414	-	137,931	310,345	-
Terri Bakos	-	172,414	-	-	172,414	-
	-	<b>344,828</b>	-	<b>137,931</b>	<b>482,759</b>	-

<sup>1</sup>Other changes reflects the disclosure of additional securities held by a related party to Mr Munigoti.

### Transactions with KMP and related parties

Transactions between key management personnel related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated. The following transactions occurred during the year ended 30 June 2021:

## Remuneration report continued...

	During the Year	Outstanding at end of Year	During the Year	Outstanding at end of Year
	2021	2021	2020	2020
	\$	\$	\$	\$
Office rent and outgoings paid on an arm's length commercial basis to FNJ Properties Pty Ltd, a company associated with director, Leath Nicholson in respect of the Groups's Melbourne Offices. Compensation received in cash and equity.	13,042	-	33,000	-
Consultancy fees paid to Skantech Pty Ltd, a company associated with Kartheek Munigoti, in respect of the provision of IT technical support services.	-	-	18,982	-
Legal fees paid on normal commercial terms to Nicholson Ryan Lawyers Pty Ltd, a company associated with director Leath Nicholson. Compensation received in cash and equity.	63,557	-	131,650	-
Directors fees payable to Catellen Pty Ltd, a company associated with Leath Nicholson	70,000	-	-	5,833
Directors fees payable to Famile Pty Ltd, a company associated with Adam Gallagher	180,000	-	-	-
Directors fees payable to Shape Capital Pty Ltd, a company associated with Anoosh Manzoori	60,000	5,000	-	-

[This concludes the remuneration report, which has been audited]

## ***Directors Report continued...***

### **Rounding of amounts**

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

### **Non-audit services**

Fees paid or payable to PKF Brisbane Audit being the lead auditor of the Group, for non-audit and other assurance work during the year totaled \$4,000 (2020: nil). Amounts paid to PKF Kexin (Beijing) Business Advisory Co., Ltd and its related practices for non-audit and other assurance work totaled \$20,601 (2020: nil).

Details of the amounts paid or payable to the auditors for non-audit services provided during the financial year are outlined in note 17 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial by the auditors (or by another person or firm on the auditors' behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services discussed in note 17 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditors; 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 issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditors own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks or rewards.

### **Auditor's independence declaration**

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

This report is made in accordance with a resolution of directors.



### **Mr Kartheek Munigoti**

*Executive Director and Chief Executive Officer*

Melbourne

30 August 2021

# Auditors Independence Declaration

PKF Brisbane Audit



## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF CONSTELLATION TECHNOLOGIES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended Wednesday, 30 June 2021, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

PKF

PKF BRISBANE AUDIT

A handwritten signature in black ink, appearing to read 'Shaun Lindemann', is written over the printed name.

SHAUN LINDEMANN  
PARTNER

BRISBANE  
30 AUGUST 2021

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PKF Brisbane Pty Ltd. is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.



# Corporate governance statement

Constellation Technologies Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Constellation Technologies Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4<sup>th</sup> edition) published by the ASX Corporate Governance Council.

The 2021 Corporate Governance Statement dated as at 30 June 2021 reflects the corporate governance practices in place throughout the 2021 financial year. The 2021 Corporate Governance Statement was approved by the Board on 30 August 2021. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at [www.ct1limited.com](http://www.ct1limited.com).

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

*For the year ended 30 June 2021*

	Notes	2021 \$	2020 \$
Revenue from contracts with customers	2a	1,466,114	691,484
Cost of sales		(1,180,791)	(403,085)
<b>Gross profit/(loss)</b>		<b>285,323</b>	<b>288,399</b>
Other gains/(losses) - net	3a	78,738	84,779
Distribution costs		(5,227)	(16,662)
General and administrative expenses	3b	(2,766,325)	(3,196,553)
Research and development expenses		(763,820)	(77,562)
Selling and market expenses		(50,873)	(6,646)
<b>Operating loss</b>		<b>(3,222,184)</b>	<b>(2,924,245)</b>
Finance income		1,890	1,759
Finance expense		(1,527)	(1,390)
Finance costs - net		363	369
<b>Loss before income tax</b>		<b>(3,221,821)</b>	<b>(2,923,876)</b>
Income tax expense	4	-	-
<b>Loss for the year</b>		<b>(3,221,821)</b>	<b>(2,923,876)</b>
<b>Net loss attributable to equity holders of the company</b>		<b>(3,221,821)</b>	<b>(2,923,876)</b>
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		3,443	(100,615)
<b>Total comprehensive loss for the year, net of tax</b>		<b>(3,218,378)</b>	<b>(3,024,491)</b>
<b>Total comprehensive loss attributable to equity holders of the company</b>		<b>(3,218,378)</b>	<b>(3,024,491)</b>

		Cents	Cents
<b>Loss per share for loss attributable to the ordinary equity holders of the company:</b>			
Basic/diluted earnings per share	18	(0.23)	(0.33)

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

# Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5a	2,597,731	4,405,173
Trade and other receivables	5b	714,787	77,182
Inventory		71,953	-
Other	6a	547,821	224,655
<b>Total current assets</b>		<b>3,932,292</b>	<b>4,706,851</b>
<b>Non-current assets</b>			
Trade and other receivables	5a	36,382	-
Property, plant and equipment	6b	131,953	82,152
Other	6a	-	20,208
<b>Total non-current assets</b>		<b>168,335</b>	<b>102,360</b>
<b>Total assets</b>		<b>4,100,627</b>	<b>4,809,211</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5c	615,525	238,667
Borrowings	6c	14,949	43,746
Provisions	6d	123,481	38,526
Contract liabilities	2b	335,021	25,050
Liabilities directly associated with discontinued operations		-	21,658
<b>Total current liabilities</b>		<b>1,088,976</b>	<b>367,647</b>
<b>Non-current liabilities</b>			
Borrowings	6c	-	14,622
<b>Total non-current liabilities</b>		<b>-</b>	<b>14,622</b>
<b>Total liabilities</b>		<b>1,088,976</b>	<b>382,269</b>
<b>Net assets</b>		<b>3,011,651</b>	<b>4,426,942</b>
<b>Equity</b>			
Share capital	7a	18,196,600	16,390,763
Reserves	7b	762,670	845,977
Accumulated losses		(15,947,619)	(12,809,798)
<b>Total equity</b>		<b>3,011,651</b>	<b>4,426,942</b>

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

# Consolidated Statement of Changes in Equity

## For the year ended 30 June 2021

	Notes	Share Capital \$	Reserves \$	Accumulated Losses \$	Total equity \$
At 1 July 2019		9,644,401	154,424	(10,349,365)	(550,540)
Loss for the period		-	-	(2,923,876)	(2,923,876)
Other comprehensive income		-	(100,615)	-	(100,615)
<b>Total comprehensive loss for the period</b>		<b>-</b>	<b>(100,615)</b>	<b>(2,923,876)</b>	<b>(3,024,491)</b>
Transactions with owners in their capacity as owners:					
Shares issued, net of transaction costs		7,209,805	-	-	7,209,805
Share based payments		-	792,168	-	792,168
Write-back of equity	7	(463,443)	-	463,443	-
		<b>6,746,362</b>	<b>792,168</b>	<b>463,443</b>	<b>8,001,973</b>
<b>Balance at 30 June 2020</b>		<b>16,390,763</b>	<b>845,977</b>	<b>(12,809,798)</b>	<b>4,426,942</b>
At 1 July 2020		16,390,763	845,977	(12,809,798)	4,426,942
Loss for the period		-	-	(3,221,821)	(6,221,821)
Other comprehensive income		-	3,443	-	3,443
<b>Total comprehensive loss for the period</b>		<b>-</b>	<b>3,443</b>	<b>(3,221,821)</b>	<b>(3,218,378)</b>
Transactions with owners in their capacity as owners:					
Shares issued, net of transaction costs		1,805,837	(49,750)	-	1,756,087
Share based payments		-	47,000	-	47,000
Lapse of options	7	-	(84,000)	84,000	-
		<b>1,807,837</b>	<b>(86,750)</b>	<b>84,000</b>	<b>1,803,087</b>
<b>Balance at 30 June 2021</b>		<b>18,196,600</b>	<b>762,670</b>	<b>(15,947,619)</b>	<b>3,011,651</b>

The above consolidated 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 2021

	Notes	2021 \$	2020 \$
Cash flows related to operating activities			
Receipts from customers		1,500,342	662,392
Payments to suppliers and employees		(4,358,134)	(2,670,838)
Interest paid		(1,527)	(1,390)
Other income receipts		58,855	87,029
<b>Net cash used in operating activities</b>	<b>8</b>	<b>(2,800,464)</b>	<b>(1,922,807)</b>
Cash flows relating to investing activities			
Payment for purchases of plant and equipment		(71,021)	(22,987)
Interest received		1,890	1,759
Payments for deposits		(413,155)	(21,122)
Loans to other entities		(206,578)	-
<b>Net cash used in investing activities</b>		<b>(688,864)</b>	<b>(42,350)</b>
Cash flows relating to financing cash flows			
Proceeds from issue of equity		1,722,087	6,534,277
Share issue transaction costs		-	(104,186)
Repayment of lease liabilities		(43,639)	-
<b>Net cash from financing activities</b>		<b>1,678,448</b>	<b>6,430,093</b>
Net (decrease)/increase in cash and cash equivalents		(1,880,880)	4,464,936
Cash and cash equivalents at the beginning of the year		4,405,173	40,454
Foreign exchange movement		3,438	(100,617)
<b>Cash and cash equivalents at the end of the year</b>	<b>5a</b>	<b>2,597,731</b>	<b>4,405,173</b>

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

# Notes to the Consolidated Statements

*For the year ended 30 June 2021*

## 1. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board and the Chief Executive Officer of Constellation Technologies Limited. The Group has identified one reportable segment; that is, the sale and commercialisation of the IoT Solution. The segment details are therefore fully reflected in the body of the financial statements.

## 2. Revenue from contracts with customers

### a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following categories:

2021	Monitor tag revenue \$	Monitoring subscription revenue \$	Consulting revenue \$	Labour-hire revenue \$	Total \$
<b>Timing of revenue recognition</b>					
At a point in time	-	-	7,650	236,545	244,195
Over time	67,805	234,762	919,352	-	1,221,919
	<b>67,805</b>	<b>234,762</b>	<b>927,002</b>	<b>236,545</b>	<b>1,466,114</b>

2020	Monitor tag revenue \$	Monitoring subscription revenue \$	Consulting revenue \$	Labour-hire revenue \$	Total \$
<b>Timing of revenue recognition</b>					
At a point in time	-	-	80,533	283,561	364,094
Over time	17,905	184,586	124,899	-	327,390
	<b>17,905</b>	<b>184,586</b>	<b>205,432</b>	<b>283,561</b>	<b>691,484</b>

## Notes to the Consolidated Statements continued ...

### b) Liabilities related to contracts with customers

	2021	2020
	\$	\$
Other gains/(losses)		
Contract liabilities – deferred revenue on consulting contracts	335,023	25,050
	<b>335,023</b>	<b>25,050</b>

### c) Accounting policies

#### *Installation and use of monitor tags*

Revenue from the sale of the food temperature monitoring tags are recognised over time when the customer has access and thus control of the gadget and where the tag is considered distinct from other services provided to the customer. Contracts do not provide for discounts or rebates which give rise to variable consideration. Neither do they contain provision for warranties.

#### *Monitoring subscriptions*

Revenue from the sale of monitoring subscriptions is recognised on a straight-line basis over the subscription term.

#### *Consulting*

Revenue from the provision of consulting and ad hoc maintenance services is recognised typically over time when the Group has an enforceable right to payment for its performance completed to date. Customer contracts will include a statement of work, which will describe the work to be completed and the time frame for its completion. These services are invoiced at the point in time of completion of performance obligations within the statement of work.

Therefore revenue is recognised when the performance obligation is completed.

#### *Labour hire*

Revenue from the provision of labour hire services is recognised on a straight-line basis over the term of the hire agreement.

#### *Critical judgements in allocating the transaction price*

Management allocates the transaction price to each performance obligation based on an assessment of work completed at each reporting date for consulting revenue. Due to variations between each contract, up front payments and changes to projects during the term of engagement, judgement is used in estimating the completion of performance obligations and allocating the transaction price to each performance obligation.

## Notes to the Consolidated Statements continued ...

### *Customer contract with multiple performance obligations*

The Group frequently enters into multiple contracts with the same customer and where that occurs the Group treats those arrangements as one contract if the contracts are entered into at or near the same time and are commercially interrelated. The Group does not consider contracts closed more than three months apart as a single contract.

The Group's subscription contracts are combining an obligation to receive a monitor tag and customer support and monitoring services. The provision of monitor tags is treated as a separate performance obligation to the services provided. As a result, the total transaction price for a customer contract is allocated amongst the distinct performance obligations based on their relative stand-alone selling prices. Where the stand-alone prices are highly variable, the Group applies a residual approach.

### *Incremental costs of obtaining customer contracts*

Commissions on obtaining any customer contracts are capitalised and amortised over the term, where the term is greater than 12 months.

### *Financing components*

The group does not recognise adjustments to transition prices or contract balances where the period between the transfer of promised goods or services to the customer and payment by customer does not exceed 12 months.

## 3. Expense items

### a) Other gains/(losses)

	2021	2020
	\$	\$
Government COVID-19 cash incentives	58,855	83,812
Other non-operating income	-	3,217
Net foreign exchange (losses)	228	(2,250)
Loss on disposal of assets	(1,640)	-
Gain on deconsolidation of dormant entities	21,295	-
	<hr/>	<hr/>
	78,738	84,779



## Notes to the Consolidated Statements continued...

### b) Breakdown of expenses by nature

	Notes	2021 \$	2020 \$
General and administrative expenses:			
Accounting and audit		68,784	90,949
Bad debts and expected credit losses		11,189	7,239
Computer costs		23,089	90,175
Consulting costs		236,388	114,783
Depreciation	i)	84,253	45,797
Employee benefits		1,574,732	852,537
Insurance		70,294	71,414
Legal		68,104	137,079
Listing and share registry		98,648	136,336
Occupancy		68,658	83,692
Share-based payments	16	122,250	1,231,492
Superannuation		112,436	49,328
Travel and entertainment		45,190	77,240
Other		182,310	208,792
		<b>2,766,325</b>	<b>3,196,553</b>

#### i) Depreciation

	2021 \$	2020 \$
Office Equipment	16,524	24,936
Plant and Equipment	27,874	988
Property – right of use	39,855	19,873
	<b>84,253</b>	<b>45,797</b>

## Notes to the Consolidated Statements continued ...

### 4. Income tax expense

#### a) Numerical reconciliation of income tax expense to prima facie tax payable

	2021	2020
	\$	\$
Loss from continuing operations before income tax expense	(3,221,821)	(2,923,876)
Tax at the Australian tax rate of 26% (2020: 27.5%)	(886,001)	(804,066)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment	-	-
Employee leave obligations	-	-
Expected credit losses	-	-
Share-based payments expense	41,923	337,634
Superannuation liability	-	-
Unrealised foreign exchange movements	28,895	29,842
Subtotal	(815,183)	(436,590)
Difference in overseas tax rate	(9,468)	(6,350)
Tax losses and other timing differences for which no deferred tax asset is recognised	824,651	442,940
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

#### Tax losses

The Group does not recognise as a deferred tax asset carried forward tax losses. Deferred tax assets are recognised for deductible temporary differences only if the entities consider it is probable that future taxable amounts will be available to utilise those temporary differences and losses. As at 30 June 2021, no deferred tax balances have been recognised (2020: nil).

Unused tax losses available to the Group are currently not known and have not been included as the Group has not yet calculated a reliable estimate of these losses.

## Notes to the Consolidated Statements continued ...

### 5. Financial assets and financial liabilities

#### a) Cash and cash equivalents

	2021	2020
	\$	\$
Current assets		
Cash at bank and on hand	2,597,731	4,405,173

#### *Reconciliation to cash flow statement*

The above figures reconcile to the amount of cash shown in the consolidated statement of cash flows at the end of the financial year as follows:

	2021	2020
	\$	\$
Balances as above	2,597,731	4,405,173
<b>Balances as per statement of cash flows</b>	<b>2,597,731</b>	<b>4,405,173</b>

#### *Classification as cash equivalents*

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest. See note 20 (**Error! Reference source not found.** for the Group's other accounting policies on cash and cash equivalents.

#### *Risk exposure*

The Group's maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

## Notes to the Consolidated Statements continued ...

### b) Trade and other receivables

	Notes	2021 Current \$	2021 Non- current \$	Total \$	2020 Current \$	2020 Non- current \$	Total \$
Trade receivables		466,625	36,382	503,007	59,773	-	59,773
Provision for impairment		(11,514)	-	(11,514)	(7,027)	-	(7,027)
		455,111	36,382	491,493	52,746	-	52,746
Other receivables		259,676	-	259,676	24,436	-	24,436
<b>Total trade and other receivables</b>		<b>714,787</b>	<b>36,382</b>	<b>751,169</b>	<b>77,182</b>	<b>-</b>	<b>77,182</b>

#### *Classification as trade and other receivables*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 10(b).

#### *Other receivables*

Other receivables are amounts due from parties other than customers that are deemed to be receivable within 12 months. Other receivables are impaired in accordance with note 20 (n).

### c) Trade and other payables

	Notes	2021 Current \$	2021 Non- current \$	Total \$	2020 Current \$	2020 Non- current \$	Total \$
Trade payables		268,899	-	268,899	130,659	-	130,659
Accrued expenses		233,859	-	233,859	81,097	-	81,097
Other payables		112,766	-	112,766	26,911	-	26,911
<b>Total trade and other payables</b>		<b>615,525</b>	<b>-</b>	<b>615,525</b>	<b>238,667</b>	<b>-</b>	<b>238,667</b>

## Notes to the Consolidated Statements continued ...

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

### 6. Non-financial assets and liabilities

#### a) Other current assets

	Notes	2021			2020		
		Current \$	Non-current \$	Total \$	Current \$	Non-current \$	Total \$
Prepayments		20,594	-	20,594	138,543	20,208	158,751
Consumables		78,263	-	78,263	46,634	-	46,634
Deposits		413,155	-	413,155	-	-	-
Security deposits		35,809	-	35,809	39,318	-	39,318
		<b>547,821</b>	<b>-</b>	<b>547,821</b>	<b>224,495</b>	<b>20,208</b>	<b>244,703</b>

Other current assets are non-financial benefits that the consolidated entity shall be entitled to receive within a twelve month period.

#### b) Property, plant & equipment

	Furniture & fittings \$	Plant & equipment \$	Property – right-of-use assets \$	Total \$
<b>At 30 June 2021</b>				
Cost or fair value	116,557	95,728	79,931	292,216
Accumulated depreciation	(69,556)	(30,759)	(59,948)	(160,263)
<b>Net book amount</b>	<b>47,001</b>	<b>64,969</b>	<b>19,983</b>	<b>131,953</b>
Opening net book value	17,941	4,593	59,618	82,152
Exchange differences	(2,249)	(597)	220	(2,626)
Additions	47,972	90,342	-	138,314
Disposals	(139)	(1,495)	-	(1,634)
Depreciation charge	(16,524)	(27,874)	(39,855)	(84,253)
<b>Closing net book value</b>	<b>47,001</b>	<b>64,969</b>	<b>19,983</b>	<b>131,953</b>

## Notes to the Consolidated Statements continued ...

	Furniture & fittings \$	Plant & equipment \$	Property – right-of-use assets \$	Total \$
<b>At 30 June 2020</b>				
Cost or fair value	71,370	8,325	79,490	159,184
Accumulated depreciation	(53,429)	(3,732)	(19,872)	(77,033)
<b>Net book amount</b>	<b>17,941</b>	<b>4,593</b>	<b>59,618</b>	<b>82,152</b>
Opening net book value	19,591	5,880	-	25,471
Exchange differences	(595)	(298)	-	(893)
Additions	23,881	-	79,490	103,371
Disposals	-	-	-	-
Depreciation charge	(24,936)	(989)	(19,872)	(45,797)
<b>Closing net book value</b>	<b>17,941</b>	<b>4,593</b>	<b>59,618</b>	<b>82,152</b>

### c) Borrowings

	2021			2020		
	Current \$	Non-current \$	Total \$	Current \$	Non-current \$	Total \$
Lease liability	14,949	-	14,949	43,746	14,622	58,368

### d) Employee benefit obligations

	2021			2020		
	Current \$	Non-current \$	Total \$	Current \$	Non-current \$	Total \$
Leave obligations	123,481	-	123,481	38,526	-	38,526

#### *Leave obligations*

The leave obligations cover the Group's liabilities for annual leave which are classified as short-term benefits, as explained in note 20(q).

The current portion of this liability includes all of the accrued annual leave. The entire amount of the provision of \$123,481 (2020: \$38,526) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

## Notes to the Consolidated Statements continued ...

### 7. Equity

#### a) Contributed Equity

	30 June 2021	30 June 2021	30 June 2020	30 June 2020
	No.	\$	No.	\$
Ordinary shares - fully paid	1,467,577,250	18,196,600	1,347,887,247	16,390,763

#### Movement in ordinary shares

	Note	No. of shares	\$
<b>Balance at 1 July 2019</b>		<b>446,167,028</b>	<b>9,644,401</b>
Issue of securities at \$0.013 each - ESOP		769,231	10,000
Issue of securities at \$0.019 each - ESOP		1,056,358	20,071
Issue of securities at \$0.015 each - ESOP		600,000	9,000
Issue of securities at \$0.007 each - ESOP		10,714,286	75,000
Issue of securities at \$0.007 each - Directors		39,142,858	274,000
Issue of securities at \$0.013 each - Consultants for services received		13,744,216	178,675
Issue of securities at \$0.0104 each - Consultants for services received		4,807,692	50,000
Issue of securities at \$0.007 each - Consultants for services received		21,428,571	150,000
Issue of securities at \$0.013 - private placement		44,430,252	577,594
Issue of securities at \$0.007 - rights issue		487,029,970	3,409,209
Issue of securities at \$0.007 - private placement		243,758,058	1,706,307
Exercise of options		57,410,886	841,169
Cancellation of shares		(23,172,159)	(463,443)
Transfer from share based payment reserve		-	63,366
Less: transaction costs		-	(154,586)
<b>Balance at 30 June 2020</b>		<b>1,347,887,247</b>	<b>16,390,763</b>
Issue of securities at \$0.029 each - ESOP		1,172,415	34,000
Exercise of options		114,805,789	1,722,087
Conversion of Performance Rights - ESOP		3,711,799	-
Transfer from share based payment reserve		-	49,750
<b>Balance at 30 June 2021</b>		<b>1,467,577,250</b>	<b>18,196,600</b>

## Notes to the Consolidated Statements continued ...

### Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Group in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

### Options

Information relating to options, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in notes 7(b) and 16.

### b) Reserves

The following table shows a breakdown of the consolidated balance sheet line item 'reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	Share-based payments \$	Foreign currency translation \$	Total \$
Balance at 1 July 2019	162,325	(7,901)	154,424
Currency translation differences	-	(100,615)	(100,615)
Other comprehensive income for the year	-	(100,615)	(100,615)
Transactions with owners in their capacity as owners			
Share-based payment expenses	792,168	-	792,168
<b>At 30 June 2020</b>	<b>954,493</b>	<b>(108,516)</b>	<b>845,977</b>



## Notes to the Consolidated Statements continued ...

	Share-based payments \$	Foreign currency translation \$	Total \$
Balance at 1 July 2020	954,493	(108,516)	845,977
Currency translation differences	-	3,443	3,443
Other comprehensive income for the year	-	3,443	3,443
Transactions with owners in their capacity as owners			
Share-based payment expenses	(86,750)	-	(86,750)
<b>At 30 June 2021</b>	<b>867,743</b>	<b>(105,073)</b>	<b>762,670</b>

### i) Nature and purpose of reserves

#### Foreign currency translation

Exchange differences arising on translation of the foreign controlled subsidiaries are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

#### Share-based payments

The share-based payment reserve records items recognised as expenses on valuation of share options and rights issued to Key Management Personnel, other employees and eligible contractors.

### ii) Options and Rights on Issue

	30 June 2021 No.	30 June 2021 \$	30 June 2020 No.	30 June 2020 \$
Options and rights	397,105,901	867,743	537,892,989	954,493

## Notes to the Consolidated Statements continued ...

### Movement in options and rights

	Note	Number of options	\$
Balance at 1 July 2019		50,041,900	162,325
Issue of free attaching options under Rights Issue exercisable at \$0.15 each	a)	487,029,970	-
Cancellation of Options	b)	(23,172,159)	-
Exercise of Options		(1,333,000)	(63,366)
Issue of options - ESOP	c)	19,285,714	112,453
Issue of rights - ESOP	d)	3,000,000	30,000
Issue of rights - ESOP	e)	3,000,000	30,000
Issue of rights - ESOP	f)	375,592	10,000
Issue of options - Directors	g)	39,142,858	622,681
Issue of options - Supplier	h)	16,800,000	50,400
Exercise of Options	a)	(56,077,886)	-
Lapse of options - ESOP		(200,000)	-
<b>Balance at 30 June 2020</b>		<b>537,892,989</b>	<b>954,493</b>
Exercise of Options	a)	(114,805,789)	-
Issue of rights - ESOP	i)	344,828	10,000
Issue of rights - ESOP	j)	827,587	24,000
Issue of rights - ESOP	k)	448,276	13,000
Conversion of rights - ESOP		(3,711,799)	(49,750)
Lapse of options		(23,890,191)	(84,000)
<b>Balance at 30 June 2021</b>		<b>397,105,901</b>	<b>867,743</b>

a) *Unlisted options at \$0.015, expiring 14 November 2022*

On 15 November 2019, Constellation Technologies Limited issued 487,029,970 options free-attaching to the 487,029,970 right-issue shares. As these options are outside the scope of AASB 2 Share-based Payment, no share-based payment expense was recognised for the issue of these unlisted options. During the period, 114,805,789 (2020: 56,077,886) of the options were exercised.

## Notes to the Consolidated Statements continued ...

- b) *Unlisted options at \$0.030, expiring 10 December 2020*  
Cancellation of free-attaching options granted to Penta Global,
- c) *Unlisted options at \$0.015, expiring 29 May 2023*  
Issued to Key Management Personal in lieu of cash based remuneration.
- d) *Unlisted performance rights vesting 13 January 2021, expiring 13 April 2022*  
Issued to other employees as part of the Company's long-term incentive program
- e) *Unlisted performance rights vesting 13 January 2022, expiring 13 April 2022*  
Issued to other employees as part of the Company's long-term incentive program
- f) *Unlisted performance rights vesting 1 February 2021, expiring 1 May 2021*  
Issued to other employees as part of the Company's long-term incentive program
- g) *Unlisted options at \$0.015, expiring 29 May 2023*  
Issued to directors in lieu of cash based remuneration and approved by shareholders at a General Meeting held 27 May 2020.
- h) *Unlisted options at \$0.015, expiring 18 June 2023*  
On 27 May 2020 shareholders approved the issue of 16,800,000 options to MRGL Pty Ltd in lieu of outstanding under-writing fees to the value of \$50,400 owing to MRGL Pty Ltd for the Rights Issued as disclosed in item c) above.
- i) *Unlisted performance rights vesting 1 July 2021, expiring 30 September 2021*  
Issue to Key Management Personnel as part of the Company's long-term incentive program.
- j) *Unlisted performance rights vesting 1 July 2021, expiring 30 September 2021*  
Issue to employees as part of the Company's long-term incentive program.
- k) *Unlisted performance rights vesting 1 October 2020, 1 January 2021 & July 2021, expiring 30 June 2022*  
Issue to employee as part of the Company's long-term incentive program. Tranche to vest in four equal portions over a 12 month period.

## Notes to the Consolidated Statements continued ...

### 8. Cash flow information

Reconciliation of profit/(loss) after income tax to net cash inflow (outflow) from operating activities

	2021	2020
	\$	\$
Loss for the year	(3,221,821)	(2,923,876)
Adjustments for		
Depreciation	84,253	45,797
Finance costs	-	-
Finance income	(1,890)	(1,759)
Share-based payments	122,250	1,231,492
Employee salary sacrifice to acquire equity	34,000	-
Unrealised net foreign currency (gains)/losses	-	-
Disposal of assets	1,640	-
Change in operating assets and liabilities		
Movement in trade and other receivables	(467,309)	13,483
Movement in other current assets	(69,486)	(128,993)
Movement in trade and other payables	355,180	(153,046)
Movement in contract liabilities	309,973	(33,120)
Movement in other operating liabilities	84,955	27,215
<b>Net cash outflow from operating activities</b>	<b>(2,800,464)</b>	<b>(1,922,807)</b>

#### *Non-cash investing and financing activities*

Non-cash investing and financing activities disclosed in other notes are:

Options and shares issued to employees under the 'employee share option plan' for no cash consideration - note 16.

### 9. Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

## Notes to the Consolidated Statements continued ...

### Significant estimates and judgements

The areas involving significant estimates or judgements are:

- Recognition of revenue and allocation of transaction price - note 2c
- Non-recognition of carry-forward tax losses - note 4b
- Estimation of employee benefit obligations - note 6d
- Estimation of share-based payments - note 16
- Application of the going concern assumption - note 20a

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

In assessing the carrying value of the company's assets and liabilities, the directors have taken into consideration the economic outlook in light of the COVID-19 pandemic. The pandemic has not had a material impact on the Group's operations to date and therefore no additional provisions specific to the pandemic has been taken up in the Group's accounts. At this stage, the directors do not believe the pandemic will have a material impact on the Group's operations in the future due to its diversification of operations in Australia and China.

## 10. Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

The Group's risk management is predominantly controlled by the Board. The Board monitors the Group's financial risk management policies and exposures and approves substantial financial transactions. It also reviews the effectiveness of internal controls relating to market risk, credit risk and liquidity risk.

### a) Market risk

#### *Foreign exchange risk*

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. The Group is primarily exposed to changes in the Chinese yuan and Indian rupee against the Australian dollar on translation into the Group's presentation currency of subsidiaries' financial information. However, there are no material financial assets and liabilities denominated in currencies other than the functional currency of each entity. Therefore, management has concluded that market risk from foreign exchange fluctuation is not material.

### b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

## Notes to the Consolidated Statements continued ...

### *Risk management*

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are normally 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

### *Impairment of financial assets*

The Group has one type of financial asset subject to the expected credit loss model: trade receivables for sales of monitor tags, the provision of monitoring subscriptions, consulting and labour hire services.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

### *Trade receivables*

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 30 June 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 30 June 2020 and 30 June 2021 were determined as follows for trade receivables:

2020	Days past due						Total
	Current	1-30	31-60	61-90	91-120	121+	
	\$	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	2.03%	11.35%	34.45%	46.43%	58.63%	
Gross carrying amount	-	32,728	432	2,244	924	8,715	45,043
<b>Loss allowance</b>	-	<b>666</b>	<b>49</b>	<b>773</b>	<b>429</b>	<b>5,110</b>	<b>7,027</b>

## Notes to the Consolidated Statements continued ...

2021	Days past due						Total
	Current	1-30	31-60	61-90	91-120	121+	
	\$	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0.00%	3.19%	14.03%	44.38%	60.53%	80.46%	
Gross carrying amount	-	16,283	54,012	2,050	1,487	1,999	75,831
<b>Loss allowance</b>	<b>-</b>	<b>519</b>	<b>7,577</b>	<b>910</b>	<b>900</b>	<b>1,608</b>	<b>11,514</b>

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 121 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. The directors have deemed that no additional provision over and above current provisions are warranted in light of the COVID-19 pandemic due to the recoverability of receivables to date and the Company's relationships with its customers. This will however be monitored closely into the future.

### c) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analyses in relation to its operating, investing and financing activities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

### *Maturities of financial liabilities*

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

## Notes to the Consolidated Statements continued ...

### Contractual maturities of financial liabilities

2020	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cashflows	Carrying amount (assets)/liabilities
	\$	\$	\$	\$	\$	\$	\$
Trade and other payables	238,667	-	-	-	-	238,667	238,667
<b>Total</b>	<b>238,667</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>238,667</b>	<b>238,667</b>

2021	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cashflows	Carrying amount (assets)/liabilities
	\$	\$	\$	\$	\$	\$	\$
Trade and other payables	615,525	-	-	-	-	615,525	615,525
<b>Total</b>	<b>615,525</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>615,525</b>	<b>615,525</b>

## 11. Capital management

### a) Risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or reduce its capital, subject to the provisions of the Group's constitution. The capital structure of the Group consists of equity attributed to equity holders of the group, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the Board by the Group's management, the Board monitors the need to raise additional equity from the equity markets.

### b) Dividends

No dividends were declared or paid to members for the year ended 30 June 2021 (2020: nil). The Group's franking account balance was nil at 30 June 2021 (2020: nil).



## Notes to the Consolidated Statements continued ...

### 12. Interest in other entities

#### Material subsidiaries

The Group's principal subsidiaries at 30 June 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Note	Place of business/country of incorporation	Ownership interest held by the group	
			2021	2020
			%	%
Constellation Technologies Australia Pty Ltd	1	Australia	100	100
Beijing Constellation Technology Development Co. Ltd		China	100	100
CCP IoT Technologies Pvt Ltd		India	100	100
CCP IP Pty Ltd		Australia	100	100
CCP Asia Pacific Pty Ltd		Australia	100	100
CCP Network North America Inc.	2	United States	100	100
Agen Limited	3	Australia	-	100
Agen Biomedical Limited	3	Australia	-	100
Agen Inc.	2	United States	100	100

1. Formerly CCP Network Australia Pty Ltd
2. Entities in the process of being wound up.
3. Deregistration completed and deconsolidated during the year.

### 13. Contingent liabilities

The Group had no contingent liabilities at 30 June 2021 (2020: nil).

## Notes to the Consolidated Statements continued ...

### 14. Events occurring after the reporting period

On the 5 July 2021, the Company announced the resignation of Adam Gallagher as an executive director and Group CEO. Mr Kartheek Munigoti stepped into role as Group CEO and joined the board as an executive director.

On 9 July 2021 the Company announced the signing of agreements with Fujitsu Australia Pty Ltd and QTEQ Pty Ltd. Refer to CEO's Report and ASX announcements for further information regarding these agreements.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

### 15. Related party transactions

#### Key management personnel compensation

	2021 \$	2020 \$
Short-term employee benefits	602,786	395,523
Post-employment benefits	26,074	18,307
Share-based payments	55,417	1,037,259
	<b>684,277</b>	<b>1,451,089</b>

Detailed remuneration disclosures are provided in the remuneration report.

## Notes to the Consolidated Statements continued ...

### Transactions with other related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred during the year ended 30 June 2021 with related parties and were outstanding as the reporting date:

	During the Year 2021 \$	Outstanding at end of Year 2021 \$	During the Year 2020 \$	Outstanding at end of Year 2020 \$
Office rent and outgoings paid on an arms's length commercial basis to FNJ Properties Pty Ltd, a company associated with director, Leath Nicholson in respect of the Company's Melbourne Offices. Payment received in cash and equity.	13,042	-	33,000	-
Consultancy fees paid to Skantech Pty Ltd, a company associated with Kartheek Munigoti, in respect of the provision of IT technical support services.	-	-	18,982	-
Legal fees paid on normal commercial terms to Nicholson Ryan Lawyers Pty Ltd, a company associated with director Leath Nicholson. Payment received in cash and equity.	63,557	-	131,650	-
Directors fees payable to Catellen Pty Ltd, a company associated with Leath Nicholson	70,000	-	-	5,833
Directors fees payable to Famile Pty Ltd, a company associated with Adam Gallagher	180,000	-	-	-
Directors fees payable to Shape Capital Pty Ltd, a company associated with Anoosh Manzoori	60,000	5,000	-	-

## Notes to the Consolidated Statements continued ...

### 16. Share-based payments

#### Share options and performance rights on issue

Set out below are summaries of all options & rights, including those issued under the ESOP:

	Weighted average exercise price per share	2021 Number of options & performance rights	Weighted average exercise price per share	2020 Number of options & performance rights
As at 1 July	\$ 0.018	537,892,989	\$ 0.040	50,041,900
Granted during the year	\$ 0.000	1,620,691	\$ 0.015	568,634,134
Forfeited during the year	\$ 0.065	(23,890,191)	\$ 0.015	(23,372,159)
Exercised	\$ 0.015	(118,517,588)	\$ 0.008	(57,410,886)
<b>As at 30 June</b>	<b>\$0.027</b>	<b>397,105,901</b>	<b>\$0.018</b>	<b>537,892,989</b>
Vested and exercisable		367,302,967		509,374,539

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Recipients	Expiry Date	Exercise Price	30 June 2021	30 June 2020
18/11/2016	Director	15/12/2020	\$0.100	-	2,000,000
8/11/2016	Director	15/12/2020	\$0.100	-	2,000,000
10/11/2017	Director	25/10/2021	\$0.100	1,446,550	1,446,550
11/12/2018	Investors - free attaching	10/12/2020	\$0.030	-	19,890,191
14/11/2019	Rights Issue - free attaching	14/11/2022	\$0.015	316,146,295	430,952,084
29/05/2020	Employees	29/05/2023	\$0.015	19,285,714	19,285,714
29/05/2020	Directors	29/05/2023	\$0.015	39,142,858	39,142,858
19/06/2020	Sophisticated Investor	18/06/2023	\$0.015	16,800,000	16,800,000
				<b>392,821,417</b>	<b>531,517,397</b>

Weighted average remaining contractual life of options outstanding at end of

Year:

1.48

2.36

## Notes to the Consolidated Statements continued ...

Performance rights outstanding at the end of the year have the following terms:

Grant Date	Recipients	Vesting Date	Expiry Date	30 June 2021	30 June 2020
13/01/2020	Employees	13/01/2021	13/04/2022	-	3,000,000
13/01/2020	Employees	13/01/2022	13/04/2022	3,000,000	3,000,000
1/02/2020	Employees	1/02/2021	1/05/2021	-	375,592
2/09/2020	Employees	1/07/2021	30/09/2021	1,172,415	-
2/09/2021	Employees	1/07/2021	30/06/2022	112,069	-
				<b>4,284,484</b>	<b>6,375,592</b>

Weighted average remaining contractual life of rights outstanding at end of Year: 0.92 1.73

### Employee share scheme

The Company has established the 'employee share option plan' (ESOP) to provide long-term incentives for employees (including directors) to deliver long-term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Shareholders last approved the Company's capacity to issue securities under the ESOP at the 2017 Annual General Meeting. Since the last approval, the following equity has been issued under the scheme:

## Notes to the Consolidated Statements continued ...

### Shares

Name	Term Code	Issue Date	Grant Date	Vesting Date	Qty	Issue Price	Value of Shares Granted	Value Vested
						\$	\$	\$
Kartheek Munigoti	A	26/11/2018	31/12/2017	31/12/2017	2,878,135	0.0270	77,710	77,710
Karen Davy	B	26/11/2018	18/12/2017	18/12/2017	43,478	0.0230	1,000	1,000
Other Employees	C	02/09/2019	02/09/2020	02/09/2020	769,231	0.0130	10,000	10,000
Kartheek Munigoti	D	29/05/2020	01/05/2020	29/05/2020	3,571,429	0.0070	25,000	25,000
Kartheek Munigoti	D	29/05/2020	01/05/2020	29/05/2021	3,571,429	0.0070	25,000	25,000
Kartheek Munigoti	D	29/05/2020	01/05/2020	29/05/2022	3,571,428	0.0070	25,000	-
Other Employees	E	29/05/2020	28/05/2020	28/05/2020	1,056,358	0.0190	20,071	20,071
Other Employees	F	29/05/2020	28/05/2020	28/05/2020	600,000	0.0150	9,000	9,000
Kartheek Munigoti	G	02/09/2020	02/09/2020	01/07/2021	172,414	0.0290	5,000	-
Terri Bakos	G	02/09/2020	02/09/2020	01/07/2021	172,414	0.0290	5,000	-
Other Employees	G	02/09/2020	02/09/2020	01/07/2021	827,587	0.0290	24,000	-

A: Issue Price was 7 day VWAP up to close of trading on 31 December 2017 and at a 50% premium to the closing price on 11 October 2018.

B: Ms Davy was the spouse of KMP Michael White who resigned on 4 February 2019. Issue price was closing share price on grant date.

C: Issue price was 14 day VWAP up to close of trading on 23 July 2019 and a 42% premium to closing share price on date of issue.

D: Issue price based on price granted to all shareholders under Rights Issue Allocation 15 November 2019.

E: Issue price based on 30 day VWAP as at 30 April 2020.

F: Issue price based on a 30% discount to the 30 day VWAP as at 30 April 2020.

G: Issue price based on 7 day VWAP as at 1 September 2020.

## Notes to the Consolidated Statements continued ...

### Options

Name	Grant Date	Vesting Date	Expiry Date	Qty	Exercise Price \$	Value of Options Granted \$	Value Vested \$
Kartheek							
Munigoti	1/05/2020	29/05/2020	29/05/2020	10,714,286	0.0150	53,571	53,371
Terri Bakos	1/05/2020	29/05/2020	29/05/2020	8,571,428	0.0150	42,857	42,857

All options were valued using a Black-Scholes valuation model with parameters as disclosed in note 16.

### Rights

Name	Term Code	Grant Date	Vesting Date	Expiry Date	Qty	Value of Rights Granted \$	Value Vested \$
Other Employee	H	13/01/2020	13/01/2021	13/04/2022	3,000,000	30,000	-
Other Employee	I	13/01/2020	13/01/2022	13/04/2022	3,000,000	30,000	-
Other Employee	J	01/02/2020	01/02/2021	01/05/2021	375,592	10,000	-
Kartheek Munigoti	K	02/09/2020	02/09/2020	01/07/2021	172,414	5,000	-
Terri Bakos	K	02/09/2020	02/09/2020	01/07/2021	172,414	5,000	-
Other Employees	K	02/09/2020	02/09/2020	01/07/2021	1,275,863	37,000	-

H & I: Issued price based on a 43% premium to shares issued to shareholders under the Rights Issue Allocation 15 November 2019.

J: Issued price based on 30 day VWAP as at grant date.

K: Issued based on 7 day VWAP as at 1 September 2020

### Other share based payment arrangements

No other equity has been issued to employees or directors outside of the Company ESOP during the year.

## Notes to the Consolidated Statements continued ...

### Valuation of share options

No options were issued during the year.

### Expenses arising from share-based payment transactions

	2021	2020
	\$	\$
Expenses arising from shares issued to key management personnel	35,417	111,878
Expenses arising from options issued to key management personnel	-	605,992
Expenses arising from rights issued to key management personnel	10,000	-
Expenses arising from shares issued to other employees	1,500	29,263
Expenses arising from rights issued to other employees	75,333	22,917
Expenses arising from shares issued to consultants	-	461,442
	<b>122,250</b>	<b>1,231,492</b>

Additional \$34,000 share-based payments expense relates to a salary sacrifice arrangement with employees to acquire shares. This share-based payment expense has been allocated as an employee benefit at note 3(b).

## 17. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2021	2020
	\$	\$
<i>Audit and review of financial statements</i>		
BDO Audit Pty Ltd	-	44,189
PKF Brisbane Audit	52,000	34,000
PKF Kexin (Beijing) Business Advisory Co., Ltd	25,545	
	<b>77,545</b>	<b>78,189</b>
<i>Non-audit services</i>		
PKF Brisbane Audit	4,000	-
PKF Kexin (Beijing) Business Advisory Co., Ltd	20,601	-
	<b>24,601</b>	<b>-</b>

Non-audit services include due diligence advisory services provided to the Company during the year.



## Notes to the Consolidated Statements continued ...

### 18. Loss per share

#### (a) Reconciliation of loss used in calculating loss per share

	2021	2020
	\$	\$
Loss attributable to equity holders of the Group used in calculating loss per share:		
- From continuing operations	(3,221,821)	(2,923,876)
	<b>(3,221,821)</b>	<b>(2,923,876)</b>

#### (b) Weighted average number of shares used as the denominator

	2021	2020
	No.	No.
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	1,381,166,017	873,682,078

There are 488,157,186 share options on issue not included in diluted earnings per share as these would have an anti-dilutive effect on earnings per share. These potential ordinary shares are anti-dilutive as their conversion to ordinary shares would decrease loss per share. If these shares options were included in the calculation of diluted earnings per share, the weighted average number of shares used in the denominator would be 1,869,323,203.

## Notes to the Consolidated Statements continued ...

### 19. Parent entity financial information

#### Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2021	2020
	\$	\$
<b>Balance Sheet</b>		
Current assets	1,840,355	3,348,746
Non-current assets	7,550,081	5,450,539
<b>Total assets</b>	<b>9,390,436</b>	<b>8,799,285</b>
Current liabilities	(85,582)	(73,898)
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>(85,582)</b>	<b>(73,898)</b>
Share capital	92,987,151	91,181,314
Reserves		
- Share-based payments	5,531,741	5,618,491
Retained earnings	(87,990,418)	(88,074,418)
	<b>10,528,474</b>	<b>8,725,387</b>
<b>Income Statement</b>		
Loss for the year	1,223,621	2,518,452
<b>Total comprehensive loss</b>	<b>1,223,621</b>	<b>2,518,452</b>

### 20. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Constellation Technologies Limited and the entities its controlled.

#### a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Constellation Technologies Limited is a for-profit entity for the purpose of preparing the financial statements.

## ***Notes to the Consolidated Statements continued ...***

### ***i) Compliance with IFRS***

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

### ***ii) Historical cost convention***

The financial statements have been prepared on a historical cost basis.

### ***iii) Going concern***

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group is in a net asset position of \$3,011,651, net current asset position of \$2,843,316 and has net operating cash outflows of \$2,800,464. The Group generated a loss after tax for the year of \$3,221,821. The group's cash position decreased to \$2,597,731 at 30 June 2021.

Notwithstanding the historical losses to date the directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- Significant progress has been made in releasing the Group's intellectual property. The Group's revenue increased 112.02% over the prior year;
- Recent history in raising capital. The Group successfully raised over \$5.6 from investors in the prior year. In the current year shareholders have exercised options raising \$1.7m. There are still 392,821,417 options outstanding that could raise up to \$5.8m from shareholders; and
- The Group continues to apply different measures to control its expenditure to preserve cash and working capital. It has the ability to negotiate payment in equity in lieu of cash with its consultants and suppliers, also improves the Group's cash coverage.

### ***New and amended standards adopted by the group***

No new standards came into effect for the annual reporting period commencing 1 July 2020.

## ***Notes to the Consolidated Statements continued ...***

### ***New standards and interpretations not yet mandatory or early adopted***

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity's assessment of the impact of these new amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below:

#### *Conceptual Framework for Financial Reporting (Conceptual Framework)*

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adopted is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

### **b) Principles of consolidation**

#### ***Subsidiaries***

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

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

### **c) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. This has been identified as the Board and chief executive officer.

## *Notes to the Consolidated Statements continued ...*

### **d) Foreign currency translation**

#### ***Functional and presentation currency***

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar (\$), which is Constellation Technologies Limited's functional and presentation currency.

#### ***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

#### ***Group companies***

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated balance sheet presented are translated at the closing rate at the date of that consolidated balance sheet
- income and expenses for each consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

## *Notes to the Consolidated Statements continued ...*

### **e) Revenue recognition**

The accounting policies for the Group's revenue from contracts with customers are explained in note 2.

### **f) Contract liabilities**

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

### **g) Income tax**

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### **h) Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

## ***Notes to the Consolidated Statements continued ...***

### **i) Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entities incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts excepted to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following; future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

### **j) Discontinued operations**

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a major line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the profit or loss and other comprehensive income. Where a decision is made to treat a major line of business or area of operations as discontinued the comparative information is restated to reflect as if that major line of business or area of operations had been discontinued in the prior year.

### **k) Impairment of assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

### **l) Cash and cash equivalents**

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

## ***Notes to the Consolidated Statements continued ...***

### **m) Trade and other receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 5(b) for further information about the Group's accounting for trade receivables and note 10(b) for a description of the Group's impairment policies.

### **n) Investments and other financial assets**

#### ***Classification***

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

#### ***Recognition and derecognition***

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### ***Measurement***

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

#### ***Impairment***

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 10(b) for further details.



## *Notes to the Consolidated Statements continued ...*

### **o) Property, plant and equipment**

#### ***Plant & Equipment***

Plant & equipment acquired are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

#### ***Right-of-use assets***

These includes leases of rental properties and equipment.

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commence date, net of any lease incentives received, any initial direct costs incurred, and except where included in the cost of inventories, an estimate of the cost expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the lease asset at the end of the lease term, the depreciation is over the estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

## ***Notes to the Consolidated Statements continued ...***

**p) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting year. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**q) Employee benefits**

***Short-term obligations***

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

***Share-based payments***

Share-based compensation benefits are provided to employees via the 'employee share option plan' (ESOP). Information relating to these schemes is set out in note 16.

***Employee options***

The fair value of options granted under the ESOP is recognised as a share-based payment expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the Group's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the Group over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each year, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

## ***Notes to the Consolidated Statements continued ...***

### **r) Contributed equity**

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) Loss per share**

#### ***Basic loss per share***

Basic loss per share is calculated by dividing:

- the loss attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

#### ***Diluted loss per share***

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### **t) Rounding of amounts**

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

### **u) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

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

### **v) Inventory**

Stock on hand is stated at the lower of cost and net realisable value on a 'first in first out' basis or FIFO. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

# Director's Declaration

In the directors' opinion:

the financial statements and notes set out on pages 29 to 70 are in accordance with the *Corporations Act 2001*, including:

- complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
- giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date, and

there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 20(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of directors.



**Mr Kartheek Munigoti**

*Executive Director and Chief Executive Officer*

# Independent Auditors Report

PKF Brisbane Audit



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CONSTELLATION TECHNOLOGIES LIMITED

#### Report on the Financial Report

##### Opinion

We have audited the accompanying financial report of Constellation Technologies Limited (the company), which comprises the consolidated statement of financial position as at Wednesday, 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of Constellation Technologies Limited is in accordance with the *Corporations Act 2001*, including:

- a) Giving a true and fair view of the consolidated entity's financial position as at Wednesday, 30 June 2021 and of its performance for the year ended on that date; 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Independence

We are independent of the consolidated entity 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.

##### Key Audit Matter

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. This matter was 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 this matter. For each matter below, our description of how our audit addressed the matter is provided in that context.

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## 1. Revenue recognition

### Why significant

As at Wednesday, 30 June 2021 the recorded revenue of the group was \$1,466,114 (2020: \$691,484), as disclosed in Note 2.

As disclosed in the accounting policy in Note 2, the group has multiple revenue streams with customers, which includes Monitor tag revenue, Monitoring subscription revenue, Consulting revenue and Labour hire revenue.

Revenue recognition is considered a Key Audit Matter (KAM) due to:

- The significance of the balance; and
- The different streams of revenue recognised in different geographic regions

### How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Understanding the consolidated entity's accounting policies and processes for recognising contract revenue;
- Tracing revenue samples to contracts, and assessing management's revenue recognition based on the five steps required under AASB 15 *Revenue from Contracts with Customers*;
- Checking customer invoices and bank receipts, and agreeing details to the general ledger; and
- Performing cut-off testing to ensure revenue transactions around the year end have been recorded in the correct period and any contract assets or contract liabilities has been properly accounted for.
- Reviewing the disclosures at Note 2 to ensure that they are appropriate and in accordance with AASB 15 *Revenue from Contracts with Customers*.

### Other Information

The Directors are responsible for the other information. The other information comprises the information included in the consolidated entity's Annual Report, 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 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.

### Directors' Responsibilities 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 consolidated entity's ability 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 consolidated entity or to cease operations, or have 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 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 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 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 consolidated entity'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 consolidated entity'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 consolidated entity 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 consolidated entity to express an opinion on the group 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, actions taken to eliminate threats or safeguards applied.

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

We have audited the Remuneration Report included in the directors' report for the year ended Wednesday, 30 June 2021. 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.

### Opinion

In our opinion, the Remuneration Report of Constellation Technologies Limited for the year ended Wednesday, 30 June 2021 complies with section 300A of the *Corporations Act 2001*.



PKF BRISBANE AUDIT



SHAUN LINDEMANN  
PARTNER

BRISBANE  
30 AUGUST 2021



# Shareholder Information

*As at 27 August 2021*

## Distribution of equity securities

The number of shareholders, by size of holding in each class of equity are:

Distribution	No. of holders	Ordinary Shares No. of shares	No. of holders	Options No. of shares
100,001 and over	705	1,444,559,046	176	388,724,821
10,001 to 100,000	489	24,051,580	76	4,055,061
5,001 to 10,000	17	147,753	2	16,020
1,001 to 5,000	34	82,964	8	19,853
1 to 1,000	124	20,391	22	5,662
<b>Total</b>	<b>1,369</b>	<b>1,468,861,734</b>	<b>284</b>	<b>392,821,417</b>

There is one holder of 3,000,000 Performance Rights on issue.

There were 330 holders of less than a marketable parcel of 4,359,420 ordinary shares.

## Shareholder Information

Twenty largest holders of quoted securities are:

	Name of registered holder	No. of shares	% of holding
1	LG EQUITIES PTY LTD	94,466,988	6.43
2	MISS MENGJIAO ZHAO	74,497,459	5.07
3	MRGL PTY LTD	51,189,192	3.48
4	MR XIAONIUBAO	41,760,000	2.84
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	34,983,461	2.38
6	KARTHEEK MUNIGOTI SHANKAR RAO	30,341,882	2.07
7	BERNE NO 132 NOMINEES PTY LTD	30,000,000	2.04
8	MRS XIAOFANG ZHANG	27,881,641	1.90
9	MR YI ZHANG	27,840,000	1.90
10	BNP PARIBAS NOMS PTY LTD	26,119,239	1.78
11	BERNE NO 132 NOMINEES PTY LTD	26,000,000	1.77
12	K & M HOLDINGS AUSTRALIA PTY LTD	25,000,000	1.70
13	S & M FRENCH INVESTMENTS PTY LTD	24,884,983	1.69
14	MS XIAOFANG ZHANG	22,000,000	1.50
15	AUSTANCO PTY LTD	21,975,000	1.50
16	HONGMEN CAPITAL HOLDINGS PTY LTD	21,428,571	1.46
17	MAINLINE SOLUTIONS PTY LIMITED	21,079,044	1.44
18	PRADO INVESTMENTS PTY LTD	20,500,000	1.40
19	MR CHRISTOPHER THOMAS TITMARSH	18,004,625	1.23
20	MR CHANG LIANG ZHANG + MRS DAN YUN WEI	17,373,543	1.18
		<b>657,325,628</b>	<b>44.75</b>

### Substantial shareholders

The names of the substantial shareholders who have notified the Group in accordance with section 371B of the *Corporations Act 2001* are as follows. Quantity and Percentage of shares stipulated are as supplied by the substantial shareholder:

	Name of registered holder	No. of shares	% of holding
1	Raymond Malone	156,276,694	11.61
2	Mengjiao Zhao	84,865,427	5.78
3	K&M Holdings Australia Pty Ltd <The Nillahcootie A/C>	35,840,430	7.03
4	Mainline Solutions Pty Limited	33,249,673	6.52
5	S&M French Investments Pty Ltd	28,984,983	5.69

## Shareholder Information

### Voting rights

The voting rights attached to equity securities are set out below:

### Ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

### Options and performance rights

Options and performance rights are not entitled to voting rights.

### Unquoted equity security holdings greater than 20%

No single shareholder has an unquoted equity holding greater than a 20%.

### Escrowed securities holdings

The following securities holdings are subject to restrictions or voluntary escrow arrangements.

Security Type	Qty	Escrow Date
Ordinary Shares <sup>1</sup>	60,000,000	8/01/2026
Ordinary Shares <sup>1</sup>	61,879,029	19/06/2022
	<hr/> 121,879,029 <hr/>	

<sup>1</sup>Securities escrowed until disclosed date or when various performance targets are satisfied.

### On market buy-back

There is no current on-market buy-back of the Group's securities.