

DomaCom Limited and its controlled entities (“DCL”)
Appendix 4D – Half Year Report for the period ended 31 December 2022
Results for Announcement to the market

	Half year ended 31 December 2022 \$'000	Half year ended 31 December 2021 \$'000	%
Revenue from ordinary activities	1,562	399	291% increase
Loss from ordinary activities after tax attributable to members	1,619	2,875	44% decrease
Net loss for period attributable to members	1,619	2,875	44% decrease
Net tangible (liabilities) / assets per share	(0.1 cents)	(0.8 cents)	

Refer to attached Directors’ Report for explanation of results.

Dividends

	Amount per security	Franked amount per security
Interim	Nil	Nil
Final	Nil	Nil
Record date for determining entitlements to dividends		N/A
Date dividend is payable		N/A

There is no dividend reinvestment plan in place.

There are no entities over which control has been gained or lost during the period. There were no associates or joint ventures during the period.

The financial report has been subject to independent review by the Company’s auditors. The review report is unqualified and contains an “emphasis of matter” paragraph in respect of “Material uncertainty related to going concern”. Note 1 to the financial report provides full disclosure of the factors considered by the Company and the auditors. The continuing viability of the Company and its ability to continue as a going concern is dependent upon being successful in continuing to grow Funds under Management, controlling costs and raising further capital if required.

Authorised for release to the market by Philip Chard, Company Secretary (0424 814 156)

22 February 2023

DomaCom Limited

Financial report for the
half-year ended 31 December 2022

ABN 69 604 384 885

DOMACOM LIMITED
ABN 69 604 384 885

DIRECTORS' REPORT
31 DECEMBER 2022

Your directors present their report on DomaCom Limited (the "Company") and its Controlled Entities (the "Group") for the half-year ended 31 December 2022.

Director Details

The following persons were Directors of DomaCom Limited during and since the end of the financial half-year:

- Dr John R Hewson (Chairman and Non-Executive Director)
- Mr Grahame D Evans (Non-Executive Director)
- Mr George D Paxton (Non-Executive Director)
- Mr Matthew Roberts (Non-Executive Director)
- Ms Angela M Williams (Non-Executive Director)
- Mr Hilal Yassine (Non-Executive Director)
- Mr Ross A Laidlaw (CCO and Executive Director)

Review of operations and financial results

	Half-year Ended 31 December 2022	Half-year Ended 31 December 2021	% change
Fund management and campaign management revenue (\$)	1,457,938	393,830	+270.2
NPAT loss (\$)	(1,618,913)	(2,874,555)	-43.6
Diluted EPS (loss) (\$/share)	(0.004)	(0.009)	-55.6
Funds under management (\$m)	182	99	83.8

The operating result of the Group for the half-year ended 31 December 2022 was a loss of \$1.6 million, much improved on the \$2.9 million loss reported in the previous corresponding period.

DomaCom derives fee revenue from services provided for campaign management required to set up sub-funds and from the ongoing management of assets in the DomaCom Fund. This fee revenue significantly increased to \$1,457,938 for the six months to 31 December 2022, compared to the previous corresponding period figure of \$393,830.

Total funds under management ("FUM") in the DomaCom Fund as at 31 December 2022 was \$182 million (versus \$99 million at 31 December 2021 and \$134 million at 30 June 2022). This FUM comprised a range of assets, with 45% held in Property assets, 31% held in Special Opportunity Assets, 18% held in loans backed by first registered mortgages and 6% held in cash. The strong FUM growth performance over the December 2022 half year continued to be driven by multi-residential apartment developments and House and Land packages within the short-term accommodation and NDIS sector.

DomaCom experienced a sustained rise in customer accounts to 2,180 as at 31 December 2022, up 49% on the 31 December 2021 figure. This increase was a major contributor to the strong growth seen in DomaCom's FUM over the past six-months.

The growth in FUM has also been accompanied by a further increase in the number of sub-funds on the DomaCom platform. At 31 December 2022, 129 sub-funds were in place, representing an increase of 41 sub-funds (or 47%) on the 88 sub-funds in place as at 31 December 2021.

The Group's operating costs include the costs of developing the DomaCom Platform, general staff costs and costs incurred in distributing and marketing the DomaCom products into distribution channels. DomaCom continued to focus on tightly controlling costs while simultaneously growing its client and revenue base over the six months to December 2022. The most significant category is employee benefit expenses that represents 50% of operating costs (excluding finance costs, amortisation, depreciation and impairment losses). There has been a \$178,000 increase (18%) in employee benefit expenses compared to the previous corresponding period. \$45,000 of the

DIRECTORS' REPORT
31 DECEMBER 2022

increase relates to locally based IT Developer costs. The underlying IT salary costs have remained stable comparing periods, however during the 6 months ended 31 December 2022, the amount of development time that has been capitalised has decreased resulting in the net increase in expenses. In addition, there has been an \$27,000 increase in outsourced IT staff costs as DomaCom moves to a partially outsourced IT model. There has been an increase of \$106,000 employee benefit expenses for non-IT staff, mainly due to continuing to pay both the current CEO and previous CEO during the 6-month cross-over period. Going forward, employee costs are set to decrease comparatively due to the impact of recent staff reductions in both IT and non-IT roles.

The loss per share of \$0.004 in the six months to December 2022 (versus \$0.009 loss per share in the previous corresponding period) was materially lower, reflective of the reduced loss for the period.

DomaCom relisted on the ASX

DomaCom relisted on the Australian Securities Exchange (ASX) on 23 December 2022, after satisfying all the conditions for re-admission to quotation. DomaCom can now move forward with further development of its distribution channels and product solutions, without the uncertainty that existed while going through the relisting process.

A recovery strategy delivering on stated corporate objectives

The Company continues to target strong growth in its business operations over the remainder of the 2023 financial year and beyond. This growth will be premised on enhanced client engagement, strong risk and governance controls and a rapid improvement in the Company's financial position. Much of the groundwork for a successful delivery of this recovery plan has already been completed. The relisting has led to increased investor and distributor confidence. An operational review has been carried out to ensure the business is well positioned for future growth. In addition, a refresh of the DomaCom brand has taken place that will assist with growing DomaCom's suite of investment solutions. DomaCom continues to assess and redefine its target markets and re-engage with distribution and commercial partners.

Risks associated with DomaCom

As part of implementing its strategy there are a number of risks. These risks may affect the future strategy, operating and financial performance of DomaCom and the value of DomaCom shares.

(a) Solvency Risk

The ability of the Company to continue to meet its cash requirements to maintain its operations and meet its financial obligations as they fall due depends on continuing to grow the business, increase revenue and control costs. Failure to grow the business may result in the Company not being able to meet its financial obligations as they fall due.

(b) Failure to attract customers and grow assets under management

DomaCom is dependent on growing its customer base, increasing the number and value of properties and other assets in the DomaCom Fund and in turn the assets under management based on which it derives a management fee in order to more than offset its running expenses. Failure to attract customers and grow funds under management will negatively impact the DomaCom Group's financial position and prospects.

Failure to attract customers to the DomaCom Fund may also impact the secondary market on the Platform, which in turn could impact the ability of investors to trade Fractional Interests on the price achieved. The reputational consequences of this could negatively impact DomaCom Fund's growth and accordingly DomaCom revenues and financial position.

(c) Failure to execute the planned growth strategy

DomaCom's growth strategy is focused on increasing the number of members of the DomaCom Fund and the value of FUM. To the extent DomaCom is not able to execute its strategy, its business and growth prospects may be adversely impacted. This in turn could impact its financial position.

DIRECTORS' REPORT
31 DECEMBER 2022

(d) Competition

While DomaCom believes it is the first to operate a fractional investment platform in the form of a registered managed investment scheme in Australia, there is a risk that existing financial service providers or new players enter this market or duplicate DomaCom's technology and business model.

The key industries in which the DomaCom operates are all competitive markets which are expected to remain competitive. Examples of factors that may impact on DomaCom competitive position include:

- level of innovation relative to that of competitors;
- commercial factors, including pricing and liability terms;
- ability to keep up with technological or regulatory change;
- ability to respond to client preferences for products and services; and
- ability to maintain strong relationships with existing clients by upholding the consistency and quality of its services.

In addition, DomaCom needs to respond effectively to any changes in the competitive landscape, which may evolve as a result of a number of factors, including the entry of new competitors into the market and the consolidation of existing market participants.

Increased competition may adversely affect DomaCom's business, financial performance and financial condition. Increased competition may also result in pressure on the management fees charged by DomaCom.

(e) Termination of the Investment Management Agreement

DomaCom Australia is the investment manager appointed by the Responsible Entity of the DomaCom Fund under an investment management agreement dated 18th October 2017 and renewed on 29 June 2021 (Investment Management Agreement). If the Responsible Entity as trustee of the DomaCom Fund terminates the Investment Management Agreement, DomaCom Australia could lose its primary source of income.

(f) Reliance on platform technology

The DomaCom Fund relies on an online technology solution which is delivered by the DomaCom Platform to facilitate the application process, the on boarding of clients and assets and regular on-going reporting. There is a risk of cyber-attacks which could lead to loss, theft or corruption of data. This could render the DomaCom Platform unavailable for a period of time and the unauthorised disclosure of client data.

There is a risk of disruption of DomaCom Platform services due to:

- inability of the system to handle increase in capacity of clients and transactions or errors or omissions that may occur in performing certain tasks and transactions; or
- a force majeure event that affects the systems and in turn the clients of or suppliers to DomaCom.

(g) Product Development

DomaCom has completed significant product development and is now in the phase of leveraging developed products into their targeted markets. However, there will be a continual need to refine and enhance DomaCom's products, so they remain relevant to the market. If these enhancements take longer to develop and/or obtain necessary regulatory approvals (if applicable), this could result in further investment than anticipated and / or slower progress in sales.

(h) Failure to be included on Approved Product Lists

DomaCom Australia's distribution strategy is an intermediated model. DomaCom is required to provide products and features that are relevant to financial planners and their investors including SMSF investors. DomaCom is also required to provide training on its products to financial planners.

DomaCom plans to leverage the networks of financial advisers to grow the DomaCom Fund. Most Australian financial planners are connected to Dealer Groups who provide the master AFSL through which the advisers are regulated. This means that financial planners can only recommend products that have been incorporated

DIRECTORS' REPORT
31 DECEMBER 2022

onto their Dealer Group's Approved Product List (APL). DomaCom's financial performance and financial condition may be negatively impacted if it is not included on APLs.

(i) Regulatory changes

DomaCom Australia operates within a registered managed investment scheme environment. Changes to laws, regulations, taxation, standards and practices applicable to the industry in which DomaCom Australia operates could adversely impact its business.

(j) Key personnel risk

DomaCom relies on a number of key personnel to conduct the business including certain personnel who are named as key persons on the DomaCom AFSL. If such key personnel were to leave the business or for other reasons could not perform their duties, and there was an inability to recruit suitable replacements, this could result in an inability to continue to promote or operate the DomaCom business and the DomaCom Fund in accordance with DomaCom's business plan.

(k) Compliance with regulations

DomaCom Australia operates a registered managed investment scheme (the DomaCom Fund) that is subject to regulations, laws, standards and practices. DomaCom Australia holds an AFSL required for the conduct of its regulated activities. Failure to comply with the terms of this licence could have significant consequences for DomaCom Australia, including removal of the AFSL resulting in DomaCom Australia no longer being able to operate or promote the DomaCom Fund. Failure to comply with the regulations could result in an inability of the business to operate, suspension of its licence and reputational damage to its brand.

(l) Reputational damage

DomaCom's brand is important in attracting and retaining clients to the DomaCom Fund. There is a risk that the brand may be tarnished by incidents such as negative publicity, a data security breach or one-off unforeseen events that negatively impact DomaCom's operations. Even though the DomaCom Group is not involved in the selection of properties that the DomaCom Fund invests in, the failure of fractional investments could indirectly have a negative impact on DomaCom's brand and reputation. The occurrence of any such incidents may lead to client loss and the failure to attract new clients and grow FUM, which, in turn, may have an adverse impact on DomaCom's financial performance.

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on page 5 of this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the Board of Directors:



John R Hewson
Chairman
22 February 2023



Grahame D Evans
Deputy Chairman

Grant Thornton Audit Pty Ltd

Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001
T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of DomaCom Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of DomaCom Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



D G Ng
Partner – Audit & Assurance

Melbourne, 22 February 2023

www.grantthornton.com.au
ACN-130 913 594

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

DOMACOM LIMITED
ABN 69 604 384 885

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

		31 Dec 2022	31 Dec 2021
		\$	\$
Revenue			
Fund management and campaign management revenues	3	1,457,938	393,830
Other Income			
Interest Income	3	21,672	504
Other income	3	81,897	4,957
Total Other Income		103,569	5,461
Expenses			
Employee benefits expenses		(1,158,136)	(979,737)
Fund administration		(115,601)	(95,198)
Rent		(71,641)	(24,574)
Depreciation and Amortisation		(216,455)	(272,383)
Insurance		(195,760)	(174,223)
Advertising		(85,093)	(112,443)
Travel expenses		(13,490)	(2,439)
IT expenditure		(50,307)	(51,050)
Telephone expenditure		(7,808)	(14,523)
Professional fees		(344,348)	(271,478)
Finance costs		(738,059)	(670,383)
Gain/(loss) on modifying convertible notes		119,525	(258,651)
Loss on derecognition of convertible notes		(21,899)	(83,826)
Director Fees		(153,228)	(117,382)
Other expenses		(128,120)	(145,556)
Total Expenses		(3,180,420)	(3,273,846)
Loss before income tax		(1,618,913)	(2,874,555)
Income tax expense		-	-
Loss for the period		(1,618,913)	(2,874,555)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Exchange differences on translating foreign operations		(74)	4,546
Other comprehensive income for the period		(74)	4,546
Total comprehensive loss for the period		(1,618,987)	(2,870,009)
Earnings per share			
Basic Loss per share		(0.004)	(0.009)
Diluted Loss per share		(0.004)	(0.009)

This statement should be read in conjunction with the notes to the financial statements.

DOMACOM LIMITED
ABN 69 604 384 885

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

		31 Dec 2022	30 June 2022
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,936,438	3,542,931
Receivables	4	922,057	975,788
Prepayments and other assets		63,102	214,197
TOTAL CURRENT ASSETS		<u>2,921,597</u>	<u>4,732,916</u>
NON-CURRENT ASSETS			
Receivables	4	549,000	507,000
Property, plant and equipment		5,990	7,210
Right-of-use asset	5	-	11,282
Intangible assets		1,681,803	1,740,019
Financial assets at fair value through profit and loss		26,538	26,816
TOTAL NON-CURRENT ASSETS		<u>2,263,331</u>	<u>2,292,327</u>
TOTAL ASSETS		<u>5,184,928</u>	<u>7,025,243</u>
LIABILITIES			
CURRENT LIABILITIES			
Payables		596,950	1,095,972
Provisions		170,342	269,487
Lease liabilities	5	-	11,622
Borrowings	6	-	3,232,949
TOTAL CURRENT LIABILITIES		<u>767,292</u>	<u>4,610,030</u>
NON-CURRENT LIABILITIES			
Provisions		168,906	218,354
Borrowings	6	2,965,028	-
TOTAL NON-CURRENT LIABILITIES		<u>3,133,934</u>	<u>218,354</u>
TOTAL LIABILITIES		<u>3,901,226</u>	<u>4,828,384</u>
NET ASSETS		<u>1,283,702</u>	<u>2,196,859</u>
EQUITY			
Issued capital	7	44,987,083	40,897,789
Other contributed equity		-	3,498,636
Reserves	8	2,224,480	2,109,382
Accumulated Losses		(45,927,861)	(44,308,948)
TOTAL EQUITY		<u>1,283,702</u>	<u>2,196,859</u>

This statement should be read in conjunction with the notes to the financial statements.

DOMACOM LIMITED
ABN 69 604 384 885

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Issued Capital	Contributed Equity	Reserves	Accumulated Losses	Total
For the half-year ended 31 December 2022	\$	\$	\$	\$	\$
Opening balance at 1 July 2022	40,897,789	3,498,636	2,109,382	(44,308,948)	2,196,859
Issue of share capital after capital raising costs	740,658		-	-	740,658
Issue of share capital from other contributed capital	3,498,636	(3,498,636)			
Share buy-back	(150,000)		-	-	(150,000)
Convertible Notes Extension of Maturity Date	-		115,172	-	115,172
Transactions with owners recorded directly in equity	4,089,294	(3,498,636)	115,172	-	705,830
Loss for the period to 31 December 2022	-	-	-	(1,618,913)	(1,618,913)
Other comprehensive income	-	-	(74)	-	(74)
Total comprehensive income for the period	-	-	(74)	(1,618,913)	(1,618,987)
Balance at 31 December 2022	44,987,083	-	2,224,480	(45,927,861)	1,283,702
	Issued Capital	Contributed Equity	Reserves	Accumulated Losses	Total
For the half-year ended 31 December 2021	\$	\$	\$	\$	\$
Opening balance at 1 July 2021	37,562,168	-	1,963,567	(40,886,364)	(1,360,629)
Issue of share capital after capital raising costs	2,977,438	-	-	-	2,977,438
Convertible Notes Extension of Maturity Date	-	-	146,207	-	146,207
Transactions with owners recorded directly in equity	2,977,438	-	146,207	-	3,123,645
Loss for the period to 31 December 2021	-	-	-	(2,874,555)	(2,874,555)
Other comprehensive income	-	-	4,546	-	4,546
Total comprehensive income for the period	-	-	4,546	(2,874,555)	(2,870,009)
Balance at 31 December 2021	40,539,606	-	2,114,320	(43,760,919)	(1,106,993)

This statement should be read in conjunction with the notes to the financial statements.

DOMACOM LIMITED
ABN 69 604 384 885

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	31 Dec 2022	31 Dec 2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,457,938	393,830
Receipts from other income	117,174	5,208
Payments to suppliers and employees	(2,236,778)	(1,795,012)
Finance costs	(259,237)	(257,930)
Net cash used in operating activities	<u>(920,903)</u>	<u>(1,653,904)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(906)	-
Payments for intangible assets	(144,831)	(230,750)
Amounts advanced to related parties	(233,160)	(439,492)
Amounts repaid by related parties	201,758	469,027
Interest Received	21,672	504
Net cash used in investing activities	<u>(155,467)</u>	<u>(200,711)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue after capital raising costs	121,339	2,977,438
Payment for share buy-back	(150,000)	-
Repayment of convertible notes	(489,689)	(502,504)
Repayment of lease liabilities	(11,699)	(70,194)
Net cash provided by financing activities	<u>(530,049)</u>	<u>2,404,740</u>
Net increase/(decrease) in cash and cash equivalents	(1,606,419)	550,125
Cash and cash equivalents at the beginning of period	3,542,931	353,204
Net foreign exchange difference	(74)	11
Cash and cash equivalents at the end of period	<u>1,936,438</u>	<u>903,340</u>

This statement should be read in conjunction with the notes to the financial statements.

DOMACOM LIMITED
ABN 69 604 384 885

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 1: GENERAL INFORMATION AND BASIS OF PREPARATION

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 31 December 2022 and are presented in Australian Dollars (\$AUD), which is the functional currency of the Parent Company. These interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2022 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

Going Concern basis of accounting

As a developing business the Group has experienced a loss of \$1,618,913 for the half-year ended 31 December 2022. The Group had working capital of \$2,154,305 at 31 December 2022 and a net asset position of \$1,283,702. The Company is currently solvent as it is able to pay its liabilities as they fall due.

The continuing viability of the Group and its ability to continue as a going concern and remain solvent is dependent upon the Group increasing fee revenue through growing Funds under Management ("FUM") within the DomaCom Fund. Additionally, if required in the medium term, the Group may undertake a capital raising as part of ongoing capital management. DomaCom has a proven record of raising capital and believes it is reasonable to expect that further capital will be raised if required.

DomaCom entered into a Deed of Settlement on 24 March 2022 with Global Meat Exports Pty Ltd ("GME") that sets out the settlement terms agreed as a result of AustAgri not being onboarded onto the DomaCom Platform. The terms include GME paying DomaCom \$2.5 million plus GST in instalments to be completed by no later than December 2023 (which may be accelerated in certain circumstances). An initial payment to DomaCom of \$500,000 plus GST was received on 31 March 2022 with further payments received in April and May 2022 for \$200,000 plus GST in total. A further \$100,000 plus GST in total was received in November 2022 and December 2022. In addition, \$50,000 plus GST was received in January 2023. The uncertainty relating to the ability of DomaCom to recover the remaining \$1,650,000 (plus GST) is reflected in the partial provisioning carried out by management based on the latest available information.

If these matters are not achieved, there may be material uncertainty as to whether the Group continues as a going concern and, therefore, whether it will realise its assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report. We believe that the Group will be able to continue to access sufficient sources of funds if required and will continue to grow revenue and maintain cost control measures, and therefore are satisfied that the Group will continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis. No adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern.

New accounting standards adopted

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half-year. Their adoption has had no material impact on the disclosures and/or amounts reported in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2022.

Financial information reported internally used for the allocation of resources and assessing performance is currently presented without reference to segments. Therefore profit and loss, revenues and expenses and assets and liabilities have been presented without segmentation.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

The following accounting policy for Revenue has been updated to provide further clarity in relation to the description of fees. Fee revenue descriptions in the notes to prior year financial reports of Fund management revenues and Upfront platform fees have been replaced by Ongoing management fees and Campaign management fees respectively to assist in understanding the nature of the fees. The recognition, measurement and disclosure of the fees have not changed and continue to be accounted for in accordance with *AASB 15 Revenue from Contract from Customers*.

(a) Revenue

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due. Interest income is reported on an accruals basis.

DomaCom Australia Limited is a wholly owned subsidiary of DomaCom Limited and acts as the Investment Manager of the DomaCom Fund. The DomaCom Fund is a Managed Investment Scheme. Revenue arises mainly from the investment management services provided to the DomaCom Fund.

Management fees are categorised as Campaign Management Fees and Ongoing Management Fees.

The terminology has been updated from the previous financial reports to correct any misunderstanding as to their nature. In addition, further information has been included to clarify the respective performance obligations. The recognition and measurement of the fees has not been impacted by the correction in terminology.

Campaign Management Fees

Campaign Management Fees are recognised when DomaCom satisfies the performance obligation by transferring the promised services to its customers. The promised service is to set up and manage a campaign to create a sub-fund that the investors have agreed to through the acceptance of a supplementary product

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Revenue (continued)

disclosure statement (SPDS). The service includes various steps that are required to satisfy the performance obligation. The following are indicative and summarised, and do not include all of the individual steps required in the campaign management process:

- risk and project viability assessment
- management and coordination of capital raise, including debt financing
- due diligence of parties involved in a project
- running process of validating underlying assets, including valuations and inspections
- control legal review of key documentation
- managing pledges made to participate in a campaign
- co-ordination fund registry processes
- consideration of tax and regulatory requirements, including Target Market Determinations
- creation and acceptance of SPDS

The fee is recognised at a point in time when the performance obligation of setting up a sub-fund in accordance with the requirements of the SPDS is met. No fee is recognised if the sub-fund is not set up.

Ongoing Management Fees

DomaCom provides ongoing management services to the sub-funds that form the DomaCom Fund at normal commercial rates. Management and service fees earned from the sub-funds are calculated based on an agreed percentage of the respective funds under management as disclosed in the respective supplementary product disclosure statements and are recognised as performance obligations are satisfied over time.

The DomaCom Group may be entitled to claim a refundable tax credit for eligible research and development expenditure (e.g. the Research and Development Tax Incentive regime in Australia or other investment allowances). The DomaCom Group accounts for a claim as an offset against eligible capitalised R&D expenditure. To the extent the claim relates to costs that were expensed as they did not meet the capitalisation criteria under AASB 138 Intangible Assets, this amount is recognised as Income recognised from research and development incentive at a point in time.

NOTE 3: REVENUE & OTHER INCOME

	31 December 2022	31 December 2021
Revenue	\$	\$
Campaign management fees	1,084,723	160,014
Ongoing management fees	373,215	233,816
	<u>1,457,938</u>	<u>393,830</u>
Other Income		
Interest income	21,672	504
Reversal of impairment losses of financial assets	65,000	-
Other Income	16,897	4,957
	<u>103,569</u>	<u>5,461</u>
Total revenue and other income	<u><u>1,561,507</u></u>	<u><u>399,291</u></u>
 Services recognised at a point in time	 1,084,723	 160,014
Services recognised over time	373,215	233,816
	<u>1,457,938</u>	<u>393,830</u>

DOMACOM LIMITED
ABN 69 604 384 885

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	31 December 2022	30 June 2022
	\$	\$
NOTE 4: RECEIVABLES		
CURRENT		
Amount receivable under Settlement Agreement	1,000,000	1,200,000
Allowance for credit losses	(215,000)	(338,000)
Trade Debtors	9,396	7,770
Amount receivable from related party	127,661	96,259
Other debtors	-	9,759
	<u>922,057</u>	<u>975,788</u>
NON-CURRENT		
Amount receivable under Settlement Agreement	700,000	600,000
Allowance for credit losses	(151,000)	(93,000)
	<u>549,000</u>	<u>507,000</u>

DomaCom Australia operates the DomaCom Fund. The DomaCom Fund is a separate legal entity with separate investors. It is designated a related party as DomaCom Australia is the Investment Manager. As part of setting up sub-Funds within the DomaCom Fund, DomaCom Australia has paid a limited number of supplier invoices totalling \$127,661. These amounts will be reimbursed once the sub-Funds are fully established.

Credit Loss Provisioning

DomaCom entered into a Revenue Recognition Agreement with AustAgri Group Ltd ("AustAgri") and Global Meat Exports Pty Ltd ("GME"), under which there was a conditional agreement to onboard AustAgri into a DomaCom Sub-Fund ("Scheme") and a termination fee of \$8.5 million plus GST if the Scheme was not implemented within the deadline provided for in that agreement. As the Scheme was not implemented it was DomaCom's position that the termination fee was payable under the Revenue Recognition Agreement and there was a debt due and owing to DomaCom. It was on this basis that DomaCom issued an invoice and statutory demand to GME for \$8.5 million plus GST.

GME disputed that there was a debt owing by it under the Revenue Recognition Agreement and filed an application in the Supreme Court of Victoria to set aside the statutory demand. The application to set aside the statutory demand was filed on 20 January 2022. On 25 March 2022 DomaCom announced that a settlement had been reached with GME under which a settlement fee of \$2.5m plus GST was payable to DomaCom in instalments. DomaCom withdrew the statutory demand and the Supreme Court proceedings brought by GME were dismissed by consent.

Under the Settlement Agreement GME will pay DomaCom \$2.5 million plus GST in instalments of \$100,000 per month to be completed by no later than December 2023 (which may be accelerated in certain circumstances). The payment liability is secured by a personal guarantee. At 31 December 2022 \$800,000 of the \$2,500,000 due to DomaCom under the Settlement Agreement had been received. During the period July – October 2022 payments were deferred. Monthly repayments recommenced in November 2022 at a reduced rate of \$50,000 per month. DomaCom has maintained all of its rights under the Settlement Agreement. Expected credit loss provisioning has been applied to reflect the payment deferral and reduced rate of repayment. The provisioning is calculated based the expected credit loss over the lifetime of the receivable and reflects the expected receipts discounted to reflect the time value of money. A discount rate of 10% was applied as the estimated effective interest rate of the receivable.

In estimating the expected credit loss for the receivable amounts under the Settlement Agreement, DomaCom has considered the likelihood and timing of recovery based on the information available at the date of this report. DomaCom understands that GME is currently seeking to refinance a loan taken out to purchase Cedar Meats. In addition, GME may look to restructure its corporate structure. Both of these may impact the amount and timing of payments made to DomaCom under the Settlement Agreement. DomaCom also notes the amounts due from

DOMACOM LIMITED
ABN 69 604 384 885

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 4: RECEIVABLES (CONTINUED)

GME are subject to a personal guarantee from a GME director. DomaCom has actively engaged with GME to obtain assurances over timing and amounts receivable under the Settlement Agreement. Based on the information available DomaCom has formed expectations of the likely amount and timing of receipts taking account of the different possible outcomes that may eventuate.

NOTE 5: LEASES

At 30 June 2022 the lease liability presented in the statement of financial position is for the Melbourne office lease and was classified as current with an expiry date of 31 July 2022. Subsequently DomaCom has entered into short term office license agreements for both the Sydney and Melbourne offices.

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to short term leases for the period to 31 December 2022 was \$71,641.

	31 December 2022	30 June 2022
	\$	\$
NOTE 6: BORROWINGS		
CURRENT		
Unsecured Convertible Notes	-	588,985
Secured Convertible Notes	-	2,643,964
	-	3,232,949
NON-CURRENT		
Unsecured Convertible Notes	543,237	-
Secured Convertible Notes	2,421,791	-
	2,965,028	-

Six months to 31 December 2022	Unsecured Convertible Notes (\$)	Unsecured Convertible Notes (\$)	Secured Convertible Notes (\$)	Total (\$)
Opening balance at 1 July 2022	588,985	-	2,643,964	3,232,949
Derecognition of convertible security	(650,000)	-	-	(650,000)
Loss on derecognition of convertible notes	21,899	-	-	21,899
Issue of notes	-	650,000	-	650,000
Equity component of convertible notes issued	-	(115,172)	-	(115,172)
Payments made to modify convertible notes	-	-	(335,689)	(335,689)
Cost of modifying convertible notes	-	-	(119,525)	(119,525)
Interest expense and payments	39,116	8,409	233,041	280,566
Closing balance as at 31 December 2022	-	543,237	2,421,791	2,965,028

DOMACOM LIMITED
ABN 69 604 384 885

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 6: BORROWINGS (CONTINUED)

Six months to 31 December 2021	Unsecured Convertible Notes (\$)	Unsecured Convertible Notes (\$)	Secured Convertible Notes (\$)	Total (\$)
Opening balance at 1 July 2021	566,174	-	2,658,474	3,224,648
Derecognition of convertible security	(650,000)	-	-	(650,000)
Loss on derecognition of convertible notes	83,826	-	-	83,826
Issue of notes	-	650,000	-	650,000
Equity component of convertible notes issued	-	(146,207)	-	(146,207)
Payments made to modify convertible notes	-	-	(733,226)	(733,226)
Cost of modifying convertible notes	-	-	258,651	258,651
Interest expense and payments	-	39,445	237,892	277,337
Closing balance as at 31 December 2021	-	543,238	2,421,791	2,965,029

Unsecured Convertible Notes

650,000 Unsecured Convertible Notes were recognised on 18 May 2020 with an annual coupon of 10% payable quarterly in arrears. The holder of each note had the right to convert into one share at a conversion price of \$0.10 up to 25 January 2022. The notes were accounted for partly as debt and partly as equity.

Unsecured Convertible Notes (Derecognition July 2021)

The 650,000 Unsecured Convertible Notes were subject to a significant amendment and as a result were derecognised on 22 July 2021 resulting in a loss on derecognition of \$83,826. The Unsecured Noteholders have entered into a sub-ordination agreement such that they will not be repaid before the Secured Convertible Noteholders. As a result of the amendment to the maturity date of the Secure Convertible Notes, the effective maturity date of the Unsecured Convertible Notes was also extended to 1 February 2023.

650,000 Unsecured Convertible Notes were re-recognised on 22 July 2021 with the same annual coupon of 10% payable quarterly in arrears. The holder of each note has the right to convert into one share at the same conversion price of \$0.10 up 1 February 2023. The notes have been accounted for partly as debt and partly as equity.

Unsecured Convertible Notes (Derecognition November 2022)

The 650,000 Unsecured Convertible Notes were subject to a further significant amendment and as a result were derecognised on 4 November 2022 resulting in a loss on derecognition of \$21,899. The Unsecured Noteholders have entered into a sub-ordination agreement such that they will not be repaid before the Secured Convertible Noteholders. As a result of the amendment to the maturity date of the Secure Convertible Notes, the effective maturity date of the Unsecured Convertible Notes was also extended to 1 February 2024.

650,000 Unsecured Convertible Notes were re-recognised on 4 November 2022 with the same annual coupon of 10% payable quarterly in arrears. The holder of each note has the right to convert into one share at the same conversion price of \$0.10 up 1 February 2024. The notes have been accounted for partly as debt and partly as equity.

Secured Convertible Notes

2,950,000 Secured Convertible Notes were recognised on 18 May 2020 with an annual coupon of 15% payable quarterly in arrears. The holder of each note had the right to convert into one share at a conversion price of \$0.10 up to 7 December 2021. The notes were accounted for partly as debt and partly as equity.

DOMACOM LIMITED
ABN 69 604 384 885

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 6: BORROWINGS (CONTINUED)

Secured Convertible Notes (Modifications)

Modifications were made on 22 July 2021 to the Secured Convertible Notes to extend the maturity date to 1 July 2022 and amend the exercise price to \$0.06551. An additional modification was made effective 22 December 2021 to further extend the maturity date to 1 February 2023. A further modification was made on 4 November 2022 to further extend the maturity date to 1 February 2024.

The modifications are not considered substantial for accounting purposes. In the period ended 31 December 2022, payments have been made for \$335,689 for the modifications. The revised future payments have been discounted at the existing effective interest rate and the change to the carrying value of the Secured Convertible Notes of \$119,525 has been recognised to Profit and Loss.

The Secured Convertible Notes are classified as Non-current at 31 December 2022.

	31 December 2022	31 December 2021
	\$	\$
NOTE 7: ISSUED CAPITAL		
Ordinary shares fully paid	44,987,083	40,539,606
	<u>44,987,083</u>	<u>40,539,606</u>

Ordinary shares

	No.	\$
Six months to 31 December 2022		
Opening balance at 1 July 2022	372,786,578	40,897,789
Ordinary shares fully paid issued during the period	64,987,922	4,289,203
Share issue cost	-	(49,909)
Ordinary shares fully paid bought back during the period	(2,272,727)	(150,000)
Closing balance as at 31 December 2022	<u>435,501,773</u>	<u>44,987,083</u>
Six months to 31 December 2021		
Opening balance at 1 July 2021	305,793,814	37,562,168
Ordinary shares fully paid issued during the period	55,855,401	3,109,074
Share issue cost	-	(131,636)
Closing balance as at 31 December 2021	<u>361,649,215</u>	<u>40,539,606</u>

	31 December 2022	31 December 2021
	\$	\$
NOTE 8: RESERVES		
Share based payment reserve	249,600	249,600
Foreign Currency Translation Reserve	8,332	13,344
Equity Convertible Note	1,484,253	1,369,081
Equity Option Reserve	482,295	482,295
	<u>2,224,480</u>	<u>2,114,320</u>

DOMACOM LIMITED
ABN 69 604 384 885

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 8: RESERVES (CONTINUED)

Six months to 31 December 2022	Share based payment reserve (\$)	Foreign Currency Translation Reserve (\$)	Equity Convertible Note (\$)	Equity Option Reserve (\$)	Total (\$)
Opening balance at 1 July 2022	249,600	8,406	1,369,081	482,295	2,109,382
Recognition of convertible notes	-	-	115,172	-	115,172
Translation of foreign operation net assets and results	-	(74)	-	-	(74)
Closing balance as at 31 December 2022	249,600	8,332	1,484,253	482,295	2,224,480

Six months to 31 December 2021	Share based payment reserve (\$)	Foreign Currency Translation Reserve (\$)	Equity Convertible Note (\$)	Equity Option Reserve (\$)	Total (\$)
Opening balance at 1 July 2021	249,600	8,798	1,222,874	482,295	1,963,567
Recognition of convertible notes	-	-	146,207	-	146,207
Translation of foreign operation net assets and results	-	4,546	-	-	4,546
Closing balance as at 31 December 2021	249,600	13,344	1,369,081	482,295	2,114,320

NOTE 9: CONTINGENT LIABILITY

There are no contingent liabilities that require disclosure.

NOTE 10: SUBSEQUENT EVENTS

There have been no other events subsequent to period end that require disclosure.

DIRECTORS' DECLARATION

In the opinion of the directors of DomaCom Limited

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

Signed in accordance with a resolution of the directors:



John R Hewson
Chairman



Grahame D Evans
Deputy Chairman

22 February 2023

Grant Thornton Audit Pty Ltd

Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001
T +61 3 8320 2222

Independent Auditor's Review Report

To the Members of DomaCom Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of DomaCom Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

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

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

Basis for Conclusion

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

www.grantthornton.com.au
ACN-130 913 594

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a loss of \$1,618,913 and a net cash outflow from operating activities of \$920,903 for the half-year ended 31 December 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

D G Ng
Partner – Audit & Assurance

Melbourne, 22 February 2023