

Pearl Global Limited

Interim Consolidated Financial Statements

For the Half Year Ended 31 December 2020

Pearl Global Limited

Contents

	Page
Interim Financial Statements	
Results for Announcement to the Market	3
Directors' Report	4
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	5
Interim Statement of Profit or Loss and Other Comprehensive Income	6
Interim Statement of Financial Position	7
Interim Statement of Changes in Equity	8
Interim Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	17
Independent Auditor's Review Report	18

Pearl Global Limited

Results for Announcement to the Market

For the Half Year Ended 31 December 2020

1. Results for Announcement to Market

\$ AUD		2020	2019
Revenues from ordinary activities	Up 40.5%	1,531,211	1,092,943
Loss from ordinary activities	Up 26.1%	3,649,722	2,894,928
Loss from ordinary activities attributable to the owners of Pearl Global Limited	Up 12.6%	3,566,008	3,165,746
Loss for the half year attributable to the owners of Pearl Global Limited	Up 12.6%	3,566,008	3,165,746

2. Net tangible assets

Cents		2020	2019
Net tangible assets per ordinary security		2.93	4.36

3. Control gained over entities

Not applicable.

4. Loss of control over entities

Not applicable.

5. Dividends

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

6. Dividend reinvestment plans

Not applicable.

7. ASIC relief – Extended Reporting and Lodgement Deadlines

In May 2020, ASIC announced that it would extend the deadline for both listed and unlisted entities to lodge financial reports under Chapters 2M and 7 of the *Corporations Act* by one month for certain balance dates (ASIC-CI 2020/451). On 25 November 2020 ASIC amended ASIC-CI 2020/451 (ASIC Corporations (Amendment) Instrument 2020/1080) to extend the reporting relief to annual reports for a financial year that ends between 8 July 2020 and 7 January 2021 (both inclusive) and to half yearly reports for a half year that ends between 8 July 2020 and 7 January 2021 (both inclusive). Under that relief, the deadline for lodgement of reviewed half year reports with ASIC is extended from 75 days to 106 days after half-year-end.

The Company has relied upon the Amended ASIC Relief of ASIC-CI 2020/1080 to extend the lodgement date for its reviewed half year accounts and the other documents required to be lodged with ASIC under section 320 of the *Corporations Act*.

The Company has immediately made a further announcement to the market when it became aware that there will be a material difference between its unreviewed half year accounts and its reviewed half year accounts.

Pearl Global Limited

Director's Report

For the Half Year Ended 31 December 2020

The directors submit the interim financial report of the Group for the half year ended 31 December 2020.

1. General information

Information on directors

The names of each person who has been a director during the half year and to the date of this report are:

Mr Gary Foster - Executive Chairman
Mr Andrew Drennan - Managing Director
Mr Brian Mumme - Non-Executive Director
Mr Brad Mytton - Non-Executive Director
Mr Michael Barrett - Non-Executive Director

Directors have been in office since the start of the financial half year to the date of this report unless otherwise stated.

2. Operating results and review of operations for the year

Review of operations

A review of the operations of the Group during the half year and the results of those operations show:

Operating results

For the half-year ended 31 December 2020 the Group delivered a loss before tax of \$3,649,722 (31 December 2019: \$2,894,928 loss) as the company continues to develop and ramp up commercial operations.

Financial position

The net assets of the Group have increased from 30 June 2020 by \$4,721,327 to \$9,008,657 at 31 December 2020 (31 December 2019: \$6,582,321). As at 31 December 2020, the Group's cash and cash equivalents increased from 30 June 2020 by \$3,937,546 to \$6,150,698 (31 December 2019: \$1,240,684).

Subsequent Events

On 24 January 2021, 45,319,238 listed options exercisable at 30 cents each expired unexercised.


At a meeting held 29 January 2021, shareholders approved the issue of 16,666,667 shares to ROC Asset Management at a price of 9 cents per share to raise \$1.5 million. The shares were issued on 5 February 2021.

No other matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

3. Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 December 2020 has been received and can be found on page 5 of the interim financial report.

This report is signed in accordance with a resolution of the Board of Directors.

Director: 

Dated this 29th day of March 2021

Auditor's Independence Declaration

To the Directors of Pearl Global Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Pearl Global Limited for the half-year ended 31 December 2020, 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



CDJ Smith
Partner – Audit & Assurance

Brisbane, 29 March 2021

Pearl Global Limited

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Half Year Ended 31 December 2020

\$ AUD	Note	31 Dec 2020	31 Dec 2019
Revenue	4	1,531,211	1,092,943
Other income	4	329,030	52,999
Operating Expenses		(2,791,541)	(1,708,395)
Employee benefit expense		(768,494)	(718,807)
Depreciation and amortisation expense		(716,777)	(576,413)
Other operating expenses		(1,125,064)	(1,015,165)
Finance costs		(108,087)	(22,090)
Operating loss before tax		(3,649,722)	(2,894,928)
Income tax benefit/(expense)		83,714	(270,818)
Total comprehensive loss for the period		(3,566,008)	(3,165,746)
Earnings per share			
Basic & diluted loss per share (cents per share)	5	(1.16)	(1.58)

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

Pearl Global Limited

Interim Consolidated Statement of Financial Position

As at 31 December 2020

\$ AUD	Note	31 Dec 2020	30 Jun 2020
ASSETS			
Current Assets			
Cash and cash equivalents	6	6,150,698	2,213,152
Trade and other receivables	7	1,243,036	1,166,551
Other assets		307,103	189,976
Total current assets		7,700,837	3,569,679
Non-Current Assets			
Property, plant & equipment	8	4,389,669	3,492,003
Right-to-use asset	9	2,415,650	2,756,132
Total non-current assets		6,805,319	6,248,135
Total assets		14,506,156	9,817,814
LIABILITIES			
Current Liabilities			
Trade and other payables	10	432,501	1,910,150
Borrowings	11	514,933	-
Short-term provisions	12	293,519	266,933
Lease liabilities	13	623,102	680,128
Total current liabilities		1,864,055	2,857,211
Non-Current Liabilities			
Borrowings	11	1,312,500	35,379
Lease liabilities	13	1,951,614	2,184,850
Deferred tax liabilities		369,330	453,044
Total non-current liabilities		3,633,444	2,673,273
Total liabilities		5,497,499	5,530,484
Net assets		9,008,657	4,287,330
EQUITY			
Equity attributable to the holders of the parent			
Issued Capital	14	31,563,518	23,276,183
Options reserve	14	4,626,886	4,628,022
Accumulated losses		(27,181,747)	(23,616,875)
Total equity		9,008,657	4,287,330

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

Pearl Global Limited

Interim Consolidated Statement of Changes in Equity

For the Half Year ended 31 December 2020

Consolidated Equity 31 December 2020 \$ AUD	Note	Issued capital	Option reserve	Accumulated losses	Total equity
Balance as at 1 July 2020		23,276,183	4,628,022	(23,615,739)	4,288,466
Shares issued/(options expired) during the period	15	8,287,335	(1,136)	-	8,286,199
Total comprehensive loss for the half year		-	-	(3,566,008)	(3,566,008)
Balance as at 31 December 2020		31,563,518	4,626,886	(27,181,747)	9,008,657

Consolidated Equity 31 December 2019 \$ AUD	Note	Issued capital	Option reserve	Accumulated losses	Total equity
Balance as at 1 July 2019		19,303,854	4,609,986	(14,326,793)	9,587,047
Adjustment upon adoption of AASB 16		-	-	(3,980)	(3,980)
Restated Balance as at 1 July 2019		19,303,854	4,609,986	(14,330,773)	9,583,067
Shares issued during the period		165,000	-	-	165,000
Total comprehensive loss for the half year		-	-	(3,165,746)	(3,165,746)
Balance as at 31 December 2019		19,468,854	4,609,986	(17,496,519)	6,582,321

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

Pearl Global Limited

Interim Consolidated Statement of Cash Flows

For the Half Year ended 31 December 2020

\$ AUD	Note	31 Dec 2020	31 Dec 2019
Cash flows from operating activities			
Receipts from customers		1,607,847	780,905
Payments to suppliers and employees		(6,362,442)	(3,610,862)
Interest received		213	3,265
Interest paid		(108,087)	(22,090)
Income taxes received		-	10,168
Government grants and subsidies		284,848	-
Tax refund from Research & Development		-	411,687
Net cash outflow used in operating activities		(4,577,621)	(2,426,927)
Cash flows from investing activities			
Payments for deposits and bonds		-	(110,804)
Purchase of property, plant and equipment		(1,273,962)	(1,161,974)
Investment in subsidiary, net of cash acquired		-	(427,869)
Net cash outflow used in investing activities		(1,273,962)	(1,700,647)
Cash flows from financing activities			
Proceeds from issue of shares		8,286,199	-
Net proceeds from borrowings		1,793,192	20,928
Repayment of lease principal		(290,262)	(62,870)
Net cash inflows from/(used in) financing activities		9,789,129	(41,942)
Net increase/(decrease) in cash and cash equivalents held		3,937,546	(4,169,516)
Cash and cash equivalents at beginning of the half year		2,213,152	5,410,200
Cash and cash equivalents at end of the half year		6,150,698	1,240,684

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

Pearl Global Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2020

The interim financial report covers Pearl Global Limited and its controlled entities ('the Group'). Pearl Global Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 26 March 2021.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

This condensed consolidated interim financial report for the reporting period ending 31 December 2020 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Pearl Global Limited and controlled entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This condensed consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the half year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

2 Adoption of new and revised accounting standards

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 their operations and effective for the current half-year. These do not have any material impact on the disclosures or on the amounts recognised in these consolidated financial statements.

New and revised Standards and amendments thereof and Interpretations effective for the current year are:

- AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material
- AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework
- AASB 2019-3 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform
- AASB 2019-5 Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia
- AASB 2020-4 Amendments to Australian Accounting Standards - COVID-19-Related Rent Concessions.

3 Going Concern

The Directors have prepared the financial statements on a 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.

The Group has incurred a net loss after tax for the half year ended 31 December 2020 of \$3,566,008 (2019: \$3,165,746). For the half year ended 30 December 2020, the Group reported an operating cash outflows of \$4,577,621 (2019: \$2,426,927). As at 31 December 2020, the Group reported a net working capital of \$5,836,782 (2019: \$712,468).

Since reporting date, the Group has continued to increase sales of its hydrocarbon product and has also progressed discussions for the sale of its steel and char products. A third Thermal Desorption Unit was commissioned in 2020 to provide increased production capacity. The Group will rely on the ability to secure funds by raising capital from equity markets, and the capacity to manage both operating cash flow and capital expenditure to align with available funds.

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue

Pearl Global Limited

as a going concern. In the event the above matters are not achieved, the Group will be required to raise funds for working capital from debt or equity sources.

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Group's history of raising capital to date, the directors are confident of the Group's ability to raise additional funds as and when they are required.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

Pearl Global Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2020

4 Operating Segments

31 December 2020	Tyre processing	Manufacturing	Other	Total
Sales to external customers	1,416,743	114,468	-	1,531,211
Other income	12,348	245,469	71,213	329,030
Total revenue and other income	1,429,091	359,937	71,213	1,860,241
Depreciation and amortisation	130,524	308,469	277,784	716,777
Other expenses	1,212,884	1,923,046	1,657,256	4,793,186
Income tax (benefit) / expense	-	(83,714)	-	(83,714)
Segment operating loss	85,683	(1,787,864)	(1,863,827)	(3,566,008)
Segment assets	2,172,227	3,972,611	8,361,317	14,506,155
Segment liabilities	138,509	2,677,811	2,681,178	5,497,498
Net assets as at 31 December 2020	2,033,718	1,294,800	5,680,139	9,008,657

31 December 2019	Tyre processing	Manufacturing	Other	Total
Sales to external customers	748,812	340,942	3,189	1,092,943
Other income	-	38,999	14,000	52,999
Total revenue and other income	748,812	379,941	17,189	1,145,942
Depreciation and amortisation	32,526	52,722	491,165	576,413
Other expenses	543,349	1,884,322	1,036,786	3,464,457
Income tax (benefit) / expense	-	270,818	-	270,818
Segment operating profit/(loss)	172,937	(1,827,921)	(1,510,762)	(3,165,746)
Segment assets	1,471,406	10,334,779	938,664	12,744,849
Segment liabilities	1,085,493	4,596,611	480,424	6,162,528
Net assets as at 31 December 2019	385,913	5,738,168	458,240	6,582,321

Pearl Global Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2020

5 Revenue and Other Income

The Group has recognised the following amounts relating to revenue in the statement of profit or loss.

Revenue earned at a point in time

\$ AUD	Note	31 Dec 2020	31 Dec 2019
Fees for collection of end-of-life tyres		1,356,437	748,812
Sales of oil derived from tyres		113,961	283,797
Sales of carbon derived from tyres		507	-
Sales of steel derived from tyres		60,306	922
Other operating revenue		-	59,412
Total operating revenue		1,531,211	1,092,943

Other income

\$ AUD	31 Dec 2020	31 Dec 2019
Sub-lease income	43,968	52,999
Government wage subsidies	12,349	-
Federal government JobKeeper & PAYG Cash Boost grants	272,500	-
Interest income	213	-
Total operating revenue	329,030	52,999

The group operates from a single location in Stapylton, Queensland, and all revenue is derived from these activities.

6 Loss per share

Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company (Pearl Global Limited) as the numerator (i.e. no adjustments to profit were necessary in 2019 or 2020).

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

\$ AUD	31 Dec 2020	31 Dec 2019
(a) Basic earnings per share:		
Loss from continuing operations attributable to owners of Pearl Global Limited used to calculate basic earnings per share	(3,566,008)	(3,165,746)
(b) Diluted earnings per share		
Loss from continuing operations attributable to owners of Pearl Global Limited used to calculate diluted earnings per share	(3,566,008)	(3,165,746)
Number of shares	31 Dec 2020	31 Dec 2019
Weighted average number of ordinary shares used as a denominator in calculating basic and diluted earnings per share	307,046,103	200,578,880
Loss per share attributable to owners of the Company:		
Diluted loss per share (cents per share)	(1.16)	(1.58)

Options being potential ordinary shares were considered to be antidilutive (decreasing the loss per share disclosed) and accordingly the diluted earnings per share for these periods do not assume conversion of the options on issue.

Pearl Global Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2020

7 Cash and Cash Equivalents

\$ AUD	31 Dec 2020	30 Jun 2020
Cash and cash equivalents:		
Cash at bank	5,754,492	1,836,946
Deposits at call	396,206	376,206
Total cash and cash equivalent	6,150,698	2,213,152

Cash at Bank

Amounts held in the Company's cheque and online savings accounts attract variable rates commensurate with a business cheque and online savings account.

8 Trade and other receivables

Current

\$ AUD	31 Dec 2020	30 Jun 2020
Trade receivables	441,615	335,806
Provision for expected credit losses	(113,410)	(113,410)
GST receivable	188,554	219,878
R&D tax benefit receivable	724,277	724,277
Balance at end of the half-year	1,243,036	1,166,551

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

9 Property, plant and equipment

\$ AUD	31 Dec 2020	30 Jun 2020
Plant and equipment		
Cost	6,246,520	4,978,343
Accumulated depreciation	(1,872,972)	(1,505,506)
Balance at the end of the half-year	4,373,548	3,472,837
Other equipment		
Cost	84,636	79,900
Accumulated depreciation	(68,515)	(60,734)
Balance at the end of the half-year	16,121	19,166
Total property, plant and equipment	4,389,669	3,492,003

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial half year:

\$ AUD	Plant & equipment	Other equipment	Total
Gross carrying amount			
Balance at 1 July 2020	3,472,837	19,166	3,492,003
Additions	1,268,865	5,097	1,273,962
Depreciation	(368,154)	(8,142)	(376,296)
Balance at 31 December 2020	4,373,548	16,121	4,389,669

Pearl Global Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2020

10 Right-of-use assets

\$ AUD	31 Dec 2020	30 Jun 2020
Cost	3,232,392	3,232,392
Accumulated depreciation	(816,742)	(476,260)
Balance at the end of the period	2,415,650	2,756,132
Movements		
Balance at the beginning of the period	2,756,132	-
Additions	-	3,232,392
Depreciation	(340,482)	(476,260)
Balance at the end of the period	2,415,650	2,756,132

11 Trade and Other Payables

\$ AUD	31 Dec 2020	30 Jun 2020
Trade payables	251,693	1,689,273
GST/ PAYG payables	99,289	188,378
Other payables	81,519	32,499
Balance at the end of the period	432,501	1,910,150

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

12 Borrowings

\$ AUD	31 Dec 2020	30 Jun 2020
Current		
Premium funding	77,433	-
Secured debt facility	437,500	-
Total current borrowings	514,933	-
Non-Current		
Loan – related party	-	35,379
Secured debt facility	1,312,500	-
Total non-current borrowings	1,312,500	35,379

13 Provisions

\$ AUD	31 Dec 2020	30 Jun 2020
Provision for annual leave	293,519	266,933
Balance at the end of the period	293,519	266,933

14 Lease Liabilities

\$ AUD	31 Dec 2020	30 Jun 2020
Current		
Lease liabilities - current	623,102	680,128
Balance at the end of the period	623,102	680,128
Non-Current		
Lease liabilities – non-current	1,951,614	2,184,850
Balance at the end of the period	1,951,614	2,184,850

Pearl Global Limited

Notes to the Financial Statements

For the Half Year Ended 31 December 2020

15 Issued Capital

Share capital

The share capital of Pearl Global Limited consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Pearl Global Limited.

Ordinary Shares as at 31 December 2020

Consolidated	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	No. shares	No. shares	\$	\$
Beginning of the financial year 1 July	251,192,350	199,453,880	23,276,183	19,303,854
Shares issued via private placement	-	50,238,470	-	3,902,879
Shares issued at \$0.11 as consideration for ATP acquisition	-	1,500,000	-	165,000
Private placement at \$0.07	46,870,339	-	3,280,924	-
Shares issued at \$0.087 as consideration for ATP acquisition	1,714,286	-	150,000	-
Private placement of \$0.09	55,555,556	-	5,000,000	-
less: issue costs	-	-	(143,589)	(94,550)
End of the reporting period	355,332,531	251,192,350	31,563,518	23,276,183

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of 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.

Options Reserve as at 31 December 2020

Consolidated	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	No. shares	No. shares	\$	\$
Beginning of the financial year 1 July	47,272,455	74,455,933	4,628,022	4,609,986
Options issued via Share Purchase Plan	-	-	-	18,036
less: expired options	-	(27,136,695)	(1,136)	-
End of reporting period	47,272,455	47,319,238	4,626,886	4,628,022

16 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2020 (31 December 2019: None).

17 Events Occurring After the Reporting Date

On 24 January 2021, 45,319,238 listed options exercisable at 30 cents each expired unexercised.

At a meeting held 29 January 2021, shareholders approved the issue of 16,666,667 shares to ROC Asset Management at a price of 9 cents per share to raise \$1.5 million. The shares were issued on 5 February 2021.

No other matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Pearl Global Limited

Director's Declaration

For the Half Year Ended 31 December 2020

The directors of the Company declare that:

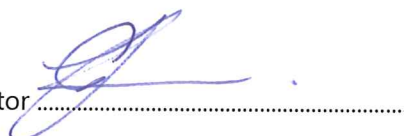
1. The consolidated interim financial statements and notes, as set out on pages 6 to 16 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director



Director



Dated 29 March 2021

Independent Auditor's Review Report

To the Members of Pearl Global Limited

Report on the review of the half year-financial report

Conclusion

We have reviewed the accompanying half-year financial report of Pearl Global Limited (the Company) and its subsidiaries (the Group), which comprises the interim consolidated statement of financial position as at 31 December 2020, and the interim consolidated statement of profit or loss and other comprehensive income, interim consolidated statement of changes in equity and interim 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 Pearl Global Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Pearl Global Limited's financial position as at 31 December 2020 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.

Material uncertainty related to going concern

We draw attention to Note 3 in the financial report, which indicates that the Group incurred a net loss after tax of \$3,566,008 during the half year ended 31 December 2020 and had cash outflows from operations of \$4,577,621 for the period. These events or conditions, along with other matters as set forth in Note 3, 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 2020 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



CDJ Smith
Partner – Audit & Assurance

Brisbane, 29 March 2021