

ANNUAL REPORT

30 June 2021

ABN: 80 009 268 571

BYTE POWER GROUP LIMITED
and its controlled entities

CONTENTS

| | |
|--------------------------------------------|----|
| CHAIRMAN'S REPORT | 1 |
| DIRECTORS' REPORT | 2 |
| AUDITOR'S INDEPENDENCE DECLARATION | 5 |
| FINANCIAL REPORT – YEAR ENDED 30 JUNE 2021 | 6 |
| DIRECTORS' DECLARATION | 35 |
| INDEPENDENT AUDITOR'S REPORT | 36 |
| CORPORATE DIRECTORY | 38 |

BYTE POWER GROUP LIMITED
and its controlled entities

CHAIRMAN'S REPORT

Byte Power Group Limited ('the Company') and its controlled entities ('the Group') present its financial report for the period ended 30 June 2021.

Revenues from ordinary activities in the financial year ended 30 June 2021 were \$0.04M compared to \$0.42M in the financial year ended 30 June 2020. This decline was largely due to company resources being focused on the development of the Company's Singapore subsidiary, Singapore Digital Exchange Pte Ltd ("SDX") and the continued economic difficulties seen in many market sectors caused by the COVID-19 outbreak.

During the year \$0.56M of funds were raised through the sale of shares in the Company's Singapore subsidiary, Singapore Digital Exchange Pte Ltd. Due to the difficult circumstances the Group suffered a loss for the full 2020-21 financial year of \$0.74M.

The Group has continued to make good progress on the development of SDX business strategy that includes a Cryptocurrency Exchange and a Digital Exchange. SDX application for a Recognised Market Operator (RMO) sandbox express was resubmitted to the Monetary Authority of Singapore (MAS) and progressing accordingly. Subject to the approval by the MAS, SDX will be able to list security tokens on its Digital Exchange, being a key growth strategy for the Group moving forward.

Outlook

Over the next 12 months, the Group will continue to make progress in obtaining the regulatory approvals for the cryptocurrency exchange in Singapore but also will focus on growth of its current cryptocurrency exchange in Australia.



Alvin Phua
Executive Chairman & CEO

BYTE POWER GROUP LIMITED
and its controlled entities

DIRECTORS' REPORT

The directors submit their report on Byte Power Group Limited (“the company”) consisting of Byte Power Group Limited and the entities it controlled (“the Group”) at the end of, or during, the year ended 30 June 2021.

Directors

Directors were in office for the entire year and up to the date of this report unless otherwise stated.

Information on Directors (including special responsibilities)

| Director | Qualifications and experience | Special responsibilities | Interest in shares and options |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| Mr. Alvin Phua | Alvin is a Singaporean-born Australian. As a founder of Byte Power in 1989, Alvin has key business and government relationships throughout Australia and South-East Asia. | Executive Chairman & CEO Chairman of Remuneration Committee | 634,477,395 ordinary shares, Nil options |
| Mr. William Yuen | William is based in Hong Kong and has over 40 years' experience in both senior management and Board positions in large conglomerates in Hong Kong. These conglomerates have diversified interest in many businesses including logistics, distribution, aviation, cosmetics and wine production. | Non-Executive Director Chairman of Audit Committee | 23,959,021 ordinary shares, Nil options |
| Mr. Yano Lim | Yano has over 20 years' experience as a Business Analyst for large corporations reviewing business processes, change management and systems enablement. His strong Business Analytical skills and experience in various overseas environments such as Australia, New Zealand, Indonesia, Papua New Guinea and the United States of America brings valuable insight to the Group. | Executive Director Member of Remuneration Committee Member of Audit Committee | 54,425,000 ordinary shares, Nil options |
| Mr. Michael Wee | Michael is a successful self-employed businessman who provides digital multimedia services (web and print content) to the Print and Design sectors. Prior to running his own business Michael held various management positions in IT Consulting businesses. | Non-Executive Director Member of Remuneration Committee Member of Audit Committee Company Secretary | Nil shares, Nil options |

BYTE POWER GROUP LIMITED
and its controlled entities

DIRECTORS' REPORT (continued)

Company Secretary

The company secretary is Michael Wee.

Dividends

The Directors have determined that there will be no payment of a dividend for the year ended 30 June 2021 (2020: Nil).

Review and results of operations

For the year ended 30 June 2021, the Group reports a loss from continuing activities before tax of \$0.74M compared to last year's reported loss of \$1.46M.

EBITDA loss for the year was \$0.09M compared to an EBITDA of \$0.78M the previous year.

Revenues from continuing activities in the financial year ended 30 June 2021 were \$0.04M compared to \$0.42M in the financial year ended 30 June 2020.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group during the period.

Significant Events after Balance Date

Subsequent to balance date, a subsidiary within the Group, Singapore Digital Exchange Pte Ltd (formerly named Byte Power X Singapore Pte Ltd ('BPXS')), successfully raised US\$1,000,000 through to April 2022 for the issue of 3,508 shares, representing 1.55% of the company, as at June 2022. The capital raise was undertaken to provide working capital to further the development of its cryptocurrency exchange.

Subsequent to balance date, the Group has negotiated discharge of debt agreements with four parties, who have agreed to discharge their debts owed by the Byte Power Group, through the issue of shares in the Group's Singapore subsidiary, Byte Power X Singapore Pte Ltd. The value of the debts being discharged is \$1,580,798.

Subsequent to balance date, on 28th January 2022, the Group's Singapore subsidiary, Byte Power X Singapore Pte Ltd, changed its name to Singapore Digital Exchange Pte Ltd.

There are no other matters or circumstances that have arisen since 30 June 2021 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely Developments and Expected Results

The Board maintains a positive outlook for the new financial year.

BPG will continue to explore new and existing business opportunities to realise the value of its Cryptocurrency Exchanges.

Environmental Regulation and Performance

The Group is not aware of any breaches of environmental regulations in respect of its activities.

Share Options

There were no listed and unlisted options as at 30 June 2021.

BYTE POWER GROUP LIMITED
and its controlled entities

DIRECTOR'S REPORT (continued)

Shares issued as a result of the exercise of options

During the financial year no options were exercised.

Directors' Meetings

The number of meetings of the Company's Board of directors held (including meetings of committees of directors) during the year ended 30 June 2021 and the numbers of meetings attended by each director were:

| | Directors' meeting | | Audit committee | | Remuneration committee | |
|--------------|---------------------------|-----------------|---------------------------|-----------------|---------------------------|-----------------|
| | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| Alvin Phua | 4 | 4 | 1 | 1 | - | - |
| William Yuen | 4 | 4 | 1 | 1 | - | - |
| Yano Lim | 4 | 4 | 1 | 1 | - | - |
| Michael Wee | 4 | 4 | 1 | 1 | - | - |

Auditor

PKF Brisbane Audit continues in office in accordance with Section 327 of the *Corporation Act 2001*.

There are no former partners or directors of the company's auditor, or former auditor, who is or was at any time during the year an officer of the company.

Auditor Independence

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Signed in accordance with a resolution of the directors.



Alvin Phua
Executive Chairman & CEO

Brisbane, 1 August 2022

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF BYTE POWER GROUP LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 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



SHAUN LINDEMANN
PARTNER

BRISBANE
1 AUGUST 2022

BYTE POWER GROUP LIMITED
and its controlled entities

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

| | Note | CONSOLIDATED | |
|--------------------------------------------------|------|------------------|--------------------|
| | | 30 JUNE 2021 | 30 JUNE 2020 |
| | | \$ | \$ |
| Revenues | | | |
| Revenues from continuing activities | 2 | 37,245 | 415,451 |
| Cost of goods sold | | (12,620) | (26,147) |
| Gross profit | | <u>24,625</u> | <u>389,304</u> |
| Other income / (expense) | 3 | 861,179 | (98,714) |
| Depreciation and amortisation expenses | 4 | (39,898) | (39,434) |
| Finance cost expenses | 4 | (617,216) | (642,594) |
| Salaries and employee benefits expenses | | (374,820) | (315,543) |
| Directors' fees | | (60,165) | (145,163) |
| Rent and outgoings | | (93,393) | (107,610) |
| Travel, accommodation and entertainment | | (129,852) | (82,448) |
| Consultants and professional fees | | (267,251) | (322,918) |
| Provision for impairment – trade receivables | | - | (4,340) |
| Other expenses from ordinary activities | | (47,662) | (90,220) |
| Profit / (loss) before related income tax | | <u>(744,452)</u> | <u>(1,459,679)</u> |
| Income tax (expense) / benefit | | - | - |
| Profit / (loss) for the year | | <u>(744,452)</u> | <u>(1,459,679)</u> |
| Total profit/ (loss) attributable to: | | | |
| Owners of Byte Power Group Limited | | (688,546) | (1,459,679) |
| Non-controlling interests | | (55,906) | - |
| | | <u>(744,452)</u> | <u>(1,459,679)</u> |

The accompanying notes form part of the financial statements.

BYTE POWER GROUP LIMITED
and its controlled entities

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

(continued)

| | CONSOLIDATED | |
|-------------------------------------------------------------------|------------------|--------------------|
| | 30 JUNE 2021 | 30 JUNE 2020 |
| | \$ | \$ |
| Other comprehensive income | | |
| Items that may be reclassified to profit or loss: | | |
| Exchange differences arising on translation of foreign operations | 6 | (364) |
| | <hr/> | <hr/> |
| Total other comprehensive income for the year, net of tax | 6 | (364) |
| | <hr/> | <hr/> |
| Total comprehensive income after tax | (744,446) | (1,460,043) |
| | <hr/> <hr/> | <hr/> <hr/> |
| Total comprehensive income attributable to: | | |
| Owners of Byte Power Group Limited | (688,540) | (1,460,043) |
| Non-controlling interests | (55,906) | - |
| | <hr/> | <hr/> |
| | (744,446) | (1,460,043) |
| | <hr/> <hr/> | <hr/> <hr/> |

The accompanying notes form part of the financial statements.

BYTE POWER GROUP LIMITED
and its controlled entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

| | Note | CONSOLIDATED | |
|------------------------------------------------------------|------|--------------------|--------------------|
| | | 30 JUNE 2021 | 30 JUNE 2020 |
| | | \$ | \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 7 | 45,899 | 7,859 |
| Receivables | 8 | - | - |
| Inventories | 9 | - | 25,370 |
| Intangible assets - cryptocurrency | 10 | 279,714 | - |
| Other | | - | 3,620 |
| TOTAL CURRENT ASSETS | | 325,613 | 36,849 |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | 11 | - | - |
| Intangible assets – software development | 12 | 310,666 | 350,564 |
| Other | 13 | 26,590 | 28,900 |
| TOTAL NON-CURRENT ASSETS | | 337,256 | 379,464 |
| TOTAL ASSETS | | 662,869 | 416,313 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 14 | 2,975,037 | 1,327,889 |
| Related party payables | 15 | 597,724 | 2,578,957 |
| Interest bearing liabilities (related parties) | 16 | 1,048,715 | 1,401,725 |
| Provisions | 17 | 285,011 | 284,852 |
| Deferred revenue | 18 | - | 33,199 |
| TOTAL CURRENT LIABILITIES | | 4,906,487 | 5,626,622 |
| NON-CURRENT LIABILITIES | | | |
| Convertible loans | 19 | 1,263,965 | 1,166,205 |
| Related party payables | 20 | 185,242 | 204,969 |
| Interest bearing liabilities (related parties) | 16 | 2,724,672 | 2,426,298 |
| Long term liabilities | 21 | - | 17,500 |
| TOTAL NON-CURRENT LIABILITIES | | 4,173,879 | 3,814,971 |
| TOTAL LIABILITIES | | 9,080,366 | 9,441,593 |
| NET ASSETS | | (8,417,497) | (9,025,280) |
| EQUITY | | | |
| Contributed equity | 22 | 53,944,922 | 53,944,922 |
| Reserves | 23 | (80,563) | (80,569) |
| Accumulated losses | | (63,578,179) | (62,889,633) |
| EQUITY ATTRIBUTED TO OWNERS OF BYTE POWER GROUP LTD | | (9,713,820) | (9,025,280) |
| NON-CONTROLLING INTERESTS | | 1,296,323 | - |
| TOTAL EQUITY | | (8,417,497) | (9,025,280) |

The accompanying notes form part of the financial statements.

BYTE POWER GROUP LIMITED
and its controlled entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

| | Contributed equity \$ | Reserves \$ | Accumulated losses \$ | Non- Controlling Interest \$ | Total \$ |
|-----------------------------------------------------------------------|-----------------------------|-----------------|-----------------------------|---------------------------------------|--------------------|
| Balance at 1 July 2019 | 53,944,922 | (80,206) | (61,429,954) | - | (7,565,238) |
| Loss for the year | - | - | (1,459,679) | - | (1,459,679) |
| Total other comprehensive income | - | (364) | - | - | (364) |
| Total comprehensive income | - | (364) | (1,459,679) | - | (1,460,043) |
| Sub-total | 53,944,922 | (80,569) | (62,889,633) | - | (9,025,280) |
| Transactions with equity holders in their capacity as equity holders: | | | | | |
| Dividends paid or provided for | - | - | - | - | - |
| Balance at 30 June 2020 | 53,944,922 | (80,569) | (62,889,633) | - | (9,025,280) |
| Balance at 1 July 2020 | 53,944,922 | (80,569) | (62,889,633) | - | (9,025,280) |
| Loss for the year | - | - | (688,546) | (55,906) | (744,452) |
| Total other comprehensive income | - | 6 | - | - | 6 |
| Total comprehensive income | - | 6 | (688,546) | (55,906) | (744,446) |
| Shares issued during the period | - | - | - | 1,352,229 | 1,352,229 |
| Sub-total | 53,944,922 | (80,563) | (63,578,179) | 1,296,323 | (8,417,497) |
| Transactions with equity holders in their capacity as equity holders: | | | | | |
| Dividends paid or provided for | - | - | - | - | - |
| Balance at 30 June 2021 | 53,944,922 | (80,563) | (63,578,179) | 1,296,323 | (8,417,497) |

The accompanying notes form part of the financial statements.

BYTE POWER GROUP LIMITED
and its controlled entities

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

| | | CONSOLIDATED | |
|--------------------------------------------------------------|------|--------------------|-----------------|
| | Note | 2021 \$ | 2020 \$ |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 4,046 | 6,000 |
| Receipts from sale of BPX tokens | | - | 409,451 |
| Payments to suppliers and employees | | (1,863,163) | (449,515) |
| Interest received | | - | - |
| Proceeds from Government grants | | 30,000 | - |
| Interest and other costs of finance paid | | - | - |
| Net cash provided by / (used in) operating activities | 24 | <u>(1,829,117)</u> | <u>(34,064)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Payment for intangible assets | | - | (13,916) |
| Proceeds from disposal of cryptocurrency assets | | - | 43,897 |
| Proceeds from partial disposal of subsidiary | | 1,867,157 | - |
| Net cash provided by / (used in) investing activities | | <u>1,867,157</u> | <u>29,981</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | | - | - |
| Repayment of borrowings | | - | - |
| Net cash provided by / (used in) financing activities | | <u>-</u> | <u>-</u> |
| Net increase / (decrease) in cash held | | 38,040 | (4,083) |
| Effects of functional currency exchange rate change | | - | - |
| Cash at beginning of year | | 7,859 | 11,942 |
| Cash at end of year | 7 | <u>45,899</u> | <u>7,859</u> |

The accompanying notes form part of the financial statements.

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. Summary of Significant Accounting Policies

The financial report includes the consolidated financial statements and notes of Byte Power Group Limited ("the Company") and its controlled entities ("the Group"). The entity is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report is presented in Australian dollars, which is the Group's functional and presentation currency.

The principle accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

(a) Basis of Accounting

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Compliance with IFRSs

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB.

Going Concern

This financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and discharge of liabilities in the ordinary course of business.

The consolidated entity has made a loss from continuing operations before tax of \$744,452 for the year ended 30 June 2021 (2020: loss of \$1,459,679). The consolidated entity was in a net current asset deficiency position of \$4,580,874 and net asset deficiency position of \$8,417,497 as at 30 June 2021 (2020: net current asset deficiency of \$5,589,772 and net asset deficiency position of \$9,025,280).

Given the consolidated entity's net current liability position, the ability of the consolidated entity to continue as a going concern, including Byte Power Group Limited's ability to pay its debts as and when they fall due needs to be considered.

It is worth highlighting the following in relation to the recorded net current liability position as at 30 June 2021:

- Included in recorded current liabilities, are related party liabilities totalling \$1,646,438 which make up approximately 34% of the current liabilities recorded at 30 June 2021. These liabilities may not require cash settlement over the next 12 months;
- As outlined in Note 30, subsequent to balance date the Group, via its subsidiary Byte Power X Singapore Pte Ltd, has raised additional equity to date of US\$1,000,000 and is actively looking to secure further equity investment.

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. Summary of Significant Accounting Policies (continued)

Notwithstanding the above, the continuation of the consolidated entity as a going concern is dependent upon its ability to achieve the following:

- The continued support of major creditors and loans from the major shareholders. Included in the total liabilities are \$4,556,353 of balances relating to related parties of which the Directors have the ability to defer the timing of settlement, if necessary;
- Obtaining an overdraft or working capital facility to assist the consolidated entity to pay its debts on a timely basis;
- Obtaining additional equity in the form of capital raising or longer-term debt to enable the Group to fund operating and investing activities and cash flow requirements;
- Obtaining additional working capital in the form of cash receipts from the sale of other assets of the consolidated entity including the sale of BPX tokens to enable the consolidated entity to fund operating and investing activities cash flow requirements; and
- The generation of future profits by the underlying businesses.

It is on the basis of the Group's ability to secure the above arrangements, facilities and the generation of future profits, that the Directors have prepared the financial report on a going concern basis. In the event that the above arrangements and facilities are not entered into, there is significant uncertainty as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The final report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

(b) Principles of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. Summary of Significant Accounting Policies (continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 28 to the financial statements.

(c) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. Summary of Significant Accounting Policies (continued)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where (a) a legally enforceable right of set-off exists and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; *and*
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on the gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(e) Foreign currency transactions and balances

i. Functional and presentation currency

The functional currency of the controlled entities is measured using the currency of the primary economic environment in which that entity operates. The Consolidated Financial Statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Consolidated Statement of Comprehensive Income.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the Consolidated Statement of Comprehensive Income.

iii. 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 Statement of Financial Position presented are translated at the closing rate at the date of the balance sheet

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. Summary of Significant Accounting Policies (continued)

- income and expenses for each Income Statement and Statement of 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 difference are recognised in other comprehensive income

On consolidation, exchange differences arising from the transaction of any net investment in foreign entities and of borrowings 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.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(f) Revenue Recognition

Revenue is recognised to the extent that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- (i) **Sale of goods**
Revenue is recognised when control of the goods has transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled. Control of the goods transfers to the customer at the point when the goods are delivered to the customer.
- (ii) **Sale of services**
Maintenance revenue represents non-refundable maintenance fees earned. Revenue and is recognised as the service is provided.
- (iii) **Sale of BPX tokens**
Sale of BPX utility tokens are recognised for the face value of consideration received once the token has been issued. Upon sale, a value for the utility attached to the token, which is an ability for the token holder to obtain discount on trading fees (ranging from 10% -40%), is derived and that component of the token sale revenue is deferred and recorded as deferred income.

All revenue is stated net of the amount of goods and services tax (GST).

(g) Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 90 days from the date of recognition.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where collection of the amount is no longer probable.

(h) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale.

(i) Impairment

Assets with an indefinite useful life are not amortised but are tested annually for impairment or whenever there is an indication of impairment. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired. An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. Summary of Significant Accounting Policies (continued)

(j) Investments

All non-current investments are carried at the lower of cost and recoverable amount.

(k) Plant and Equipment and Depreciation

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The expected useful lives are as follows:

| | |
|--------------------------------|--------------|
| Plant and equipment | 3 to 5 years |
| Motor vehicles | 4 to 5 years |
| Office furniture and equipment | 3 to 8 years |

(l) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods received, whether or not billed to the Group. Trade creditors are due for settlement no more than 30 to 60 days from the date of recognition.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender is recognised as an expense on an accrual basis.

(m) Interest - Bearing Liabilities

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest, where applicable, is accrued over the period it becomes due and is recorded as part of the related loan.

(n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(o) Employee benefits

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts, based on remuneration rates which are expected to be paid when the liability is settled.

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. Summary of Significant Accounting Policies (continued)

Employee benefits expenses and revenues arising in respect of the following categories:

- Wages and salaries, non-monetary benefits, annual leave, long service leave, and other leave benefits; *and*
- Other types of employee benefits are charged against profits on a net basis in their respective categories.

In respect of the Group, any contributions made to externally managed superannuation funds by entities within the Group are charged against profits when due.

(p) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks, and short-term deposits.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and short-term deposits.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

(q) Contributed Equity

Issued and paid up capital is recognised at fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity or as a reduction of the share proceeds received.

(r) Intangible Assets – Software Development

Costs incurred in developing products or systems and costs incurred in acquiring software or licences that will contribute to future period financial benefits through revenue generation and / or cost reduction are capitalised as an intangible asset – software development. Similarly costs incurred on development projects (related to the design or testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and deliver future economic benefits and its costs can be measured reliably. Amortisation commences on capitalised costs upon project completion and the point at which the asset is ready for use. Research expenditure is expensed as incurred.

The software development intangible costs have an estimated useful life of 10 years. Amortisation has been applied on a straight-line basis.

(s) Intangible Assets – Cryptocurrency

Cryptocurrencies are indefinite life intangible assets initially recognised at cost. Cryptocurrencies are subsequently measured at Fair Value by reference to the quoted price in the appropriate active cryptocurrency market.

Increases in the Fair Value of the assets are credited to a revaluation reserve in equity. Decreases that offset previous increases are recognised against the revaluation surplus in equity with all other decreases being recognised in the profit and loss.

On disposal of cryptocurrencies the cumulative revaluation surplus associated with those currencies is transferred directly to retained earnings.

(t) Financial Instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. Summary of Significant Accounting Policies (continued)

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Impairment

The entity uses simplified approach to impairment, as applicable under AASB 9: Financial Instruments. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(u) New and Amended Accounting Standards and Interpretations adopted by the Group

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(v) Critical Accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates & Key Judgements:

- (i) Tax Losses not brought to account

The Group is subject to income taxes in numerous jurisdictions. The determination of the Group's provision for income tax as well as deferred tax assets and liabilities involves significant judgements and estimates on certain matters and transactions, for which the ultimate outcome may be uncertain. If the final outcome differs from the Group's estimates, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. Summary of Significant Accounting Policies (continued)

(ii) Provision for Doubtful Debts

The recognition of provisions involves assumptions about the probability, amount and timing of the inflow of resources embodying economic benefits. A provision is recognised to the extent that an inflow of economic benefits is probable, and a reliable estimate can be made. Due to the aging of Trade Debtors as at 30 June 2020, and the nature of the receivables, the Directors have elected to fully impair the receivable balance per Note 8.

(iii) Valuation and Classification of Cryptocurrency

Valuation of Cryptocurrency

The value of Cryptocurrency is measured at fair value using the quoted price at balance date obtained from Coinmarketcap, translated from its denominated USD rate to an AUD rate. Coinmarketcap is the leading data aggregator of cryptocurrency exchange data in the cryptocurrency industry and aggregates data from global cryptocurrency exchanges that are listed with Coinmarketcap.

This is considered to represent a quoted price in an active market for identical assets. Management has selected Coinmarketcap as it is regarded as the most reputable source of current and historic pricing of cryptocurrencies based on trading volume and pricing from many of the largest global exchanges and uses an algorithm to determine the most accurate price of these cryptocurrencies. The aggregation of trading data provides appropriate size and liquidity to provide reliable evidence of fair value for the size and volume of transactions that are reasonably contemplated by the Group.

Classification of Cryptocurrency

Cryptocurrencies are considered to be identifiable non-monetary assets without physical substance. The Group has determined that cryptocurrencies held are treated as intangible assets under the scope of AASB138: *Intangible Assets*.

Cryptocurrency held have been classified as a current intangible asset as it is expected that management will substantially dispose of or liquidate the coins held during the twelve months from balance date. This assumption relies on the ability of the Group to obtain acceptance of the cryptocurrency in securing extinguishment of creditors and to liquidate the coins to other cash and cash equivalents. There is inherent risk associated with both of these activities due to the acceptance of cryptocurrency by market participants, and the ability of the Group to liquidate coins for an acceptable price on an exchange where significant volumes are not currently traded.

(iv) Deferred revenue from BPX token sales

Judgement and estimates are required in determining the deferred portion of proceeds from sale of BPX tokens. Management estimates that 25% of the commissions generated from the BPX exchange will be from BPX token holders at an average discount per token holder of 30%.

(w) Share-based Payments

Share-based payments are recognised based on the last traded price of shares on the Australian Stock Exchange (up until the de-listing of the Company), at the grant date or on the date the Notice of Meeting was finalised. Where the share-based payments give rise to the issue of new share capital, the fair value determined for the share capital issued in lieu of cash payments, is credited to share capital.

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

| | CONSOLIDATED | |
|-----------------------------------------------------|---------------------|-----------------|
| | 2021 | 2020 |
| | \$ | \$ |
| 2. Revenue | | |
| Revenues from operating activities | | |
| Revenue from sale of goods | 4,046 | - |
| Revenue from BPX token sales | 33,199 | 409,451 |
| Revenue from services | - | 6,000 |
| Total revenues from continuing activities | 37,245 | 415,451 |
| | | |
| 3. Other income/expense | | |
| Gain on sale of Shares in Subsidiary | 563,796 | 6,364 |
| Proceeds from Government Grants | 30,000 | - |
| FX gains and other income | 267,383 | (105,078) |
| Total revenues from continuing activities | 861,179 | (98,714) |
| | | |
| 4. Expenses | | |
| Included in expenses are the following items: | | |
| Depreciation of non-current assets | | |
| - Plant and equipment | - | - |
| - Furniture and fittings | - | - |
| - Office equipment and other | - | - |
| Amortisation of software development | 39,898 | 39,434 |
| Total depreciation and amortisation expenses | 39,898 | 39,434 |
| | | |
| Finance costs | | |
| - Interest expense – director related entity | 445,313 | 379,119 |
| - Other borrowing costs | 171,903 | 263,475 |
| Total finance costs | 617,216 | 642,594 |

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

| | CONSOLIDATED | |
|---------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------|
| | 2021 | 2020 |
| | \$ | \$ |
| 5. Income Tax Expense | | |
| The prima facie tax, on operating loss differs from the income tax provided in the financial statements as follows: | | |
| Profit / (loss) for the year | <u>(744,452)</u> | <u>(1,459,679)</u> |
| Prima facie tax on profit / (loss) from continuing operations at 26% (2020: 27.5%) | (193,558) | (401,412) |
| Tax effect of profit / losses of current period not brought to account | 193,558 | 401,412 |
| Tax losses utilised | - | - |
| Income tax expense / (benefit) | <u>-</u> | <u>-</u> |
| Unused tax losses for which no deferred tax asset has been recognised | 40,684,612 | 39,940,160 |
| Potential tax benefit at 26% | <u>10,577,999</u> | <u>10,983,544</u> |

All unused tax losses were incurred by Australian entities. A deferred tax asset relating to available income tax losses will only be recognised if:

- a) Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- b) The conditions for deductibility imposed by tax legislation continue to be complied with; and
- c) No changes in tax legislation adversely affect the Group in realising the benefit.

Byte Power Group Limited and its wholly owned Australian controlled entities have decided to implement the tax consolidation legislation as of 27 November 2002. The Australian Taxation Office has been notified of this decision.

| | PARENT ENTITY | |
|-----------------------------------------------|----------------------------|---------------------|
| | 2021 | 2020 |
| | \$ | \$ |
| 6. Parent entity financial information | | |
| Current assets | 234 | (205) |
| Total assets | 14,424 | 16,295 |
| Current liabilities | 2,686,704 | 4,706,197 |
| Total liabilities | 19,888,463 | 19,647,132 |
| Contributed equity | 53,114,922 | 53,114,922 |
| Reserves | (60,125) | (60,125) |
| Accumulated losses | <u>(72,928,836)</u> | <u>(72,685,634)</u> |
| | <u>(19,874,039)</u> | <u>(19,630,837)</u> |
| Net profit/(loss) | (243,202) | (893,148) |
| Total comprehensive income | (243,202) | (893,148) |

Financial guarantees

The Parent entity has provided no financial guarantees.

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

6. Parent entity financial information (continued)

Contingent liabilities

The Parent entity has not provided for any contingent liabilities for the year ending 30 June 2021. There were no contingent liabilities for the year ended 30 June 2020.

In relation to Byte Power (H.K.) Ltd, a tax query about claiming an offshore profit on the trading of wine of approx. HK\$7 million in the 2015 trading year was issued during the year 2018/2019. A tax demand note of HK\$1,142,501 (or equivalent AU\$214,792) (16.5% on offshore profit) was issued on 30th March 2020 and an objection to the amount in dispute has been lodged. As the Company's directors are of the opinion that Company should not be subject to tax on that offshore profit under Hong Kong tax regime, the Company did not make payment to the Inland Revenue Department as required and did not make any provision to these financial statements. The Directors confirm no further update has been received from the Inland revenue Department up to the date of approval of these financial statements.

Commitments

The Parent entity entered into a Commercial Tenancy Agreement for its headquarters situated at 5B, 243 Edward Street, Brisbane. The term of the Agreement is 3 years commencing on the 1st July 2021. The annual rental is \$53,148 gross + GST and is subject to an annual rent review including an increase of rental of 3% per annum or CPI (whichever is greater).

Going Concern

Refer to Note 1(a) for a summary of the basis upon which the Directors believe the going concern assumption is appropriate. This analysis is relevant for the Parent Entity also.

| | CONSOLIDATED | |
|------------------------------------------------------|---------------------|-------------|
| | 2021 | 2020 |
| | \$ | \$ |
| 7. Current Assets - Cash and Cash Equivalents | | |
| Cash at bank | 45,899 | 7,895 |

8. Current Assets - Receivables

| | | |
|------------------------------------------|--------------------|-------------|
| Soar Labs Pte Ltd settlement receivables | 171,905 | 171,905 |
| Prepayments | 1,203,315 | 1,203,315 |
| Trade debtors | 3,017,953 | 3,017,953 |
| Provision for impairment | (4,393,173) | (4,398,173) |
| | - | - |

The Group has significant concentration of credit risk to the class of assets described as Trade and other receivables.

On a geographic basis, the Group has significant credit risk exposures to China and Singapore given the substantial operations in the region. The Group's exposure to credit risk for receivables at reporting date to those regions is as follows.

| | | |
|--------------------------|--------------------|-------------|
| Australia | 3,711 | 3,711 |
| Singapore | 171,905 | 171,905 |
| China | 4,217,557 | 4,217,557 |
| Provision for impairment | (4,393,173) | (4,398,173) |
| | - | - |

Provision for impairment of receivables

Current trade receivables are non-interest-bearing loans and generally on 90-day terms. A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in the other expenses item. Movement in the provision for impairment of receivables is as follows (refer to policy in note 1 (v)(ii)).

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

8. Current Assets - Receivables (continued)

| | Opening balance | Charge for year | Provision no longer required | Closing balance |
|---------------------------------|--------------------|--------------------|------------------------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| 2021 | 4,398,173 | - | - | 4,393,173 |
| Provision for impairment | | | | |
| 2020 | | | | |
| Provision for impairment | 4,388,833 | 4,340 | - | 4,393,173 |

Credit Risk – trade and other receivables

The following table details the Group's trade and other receivables exposed to credit risk with aging analysis and impairment provided for thereon. Amounts are considered 'past due' when the debt has not been settled with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining the debtors and are provided for where there are specific circumstances indicating that the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

| | Gross | Past due and impaired | Past due but not impaired (days overdue) | | | | Within trade terms |
|------------------------------|------------------|-----------------------------|------------------------------------------|-----------------|-----------------|-----------|--------------------------|
| | | | < 30 days | 31 - 60 days | 61 - 90 days | > 90 days | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 2021 | | | | | | | |
| Trade receivables | 4,393,173 | 4,393,173 | - | - | - | - | - |
| 2020 | | | | | | | |
| Trade receivables | 4,393,173 | 4,393,173 | - | - | - | - | - |

Neither the Group nor the parent entity holds any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

| CONSOLIDATED | |
|--------------|------|
| 2021 | 2020 |
| \$ | \$ |

9. Current Assets - Inventories

| | | |
|----------------|---|---------------|
| Finished goods | - | <u>25,370</u> |
|----------------|---|---------------|

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

10. Intangible Assets - Cryptocurrency

| | 2021 | 2020 |
|--------------------------------------|--------|--------|
| | Number | Number |
| Number of Soar Coins: | | |
| Opening balance | - | - |
| Additions | - | - |
| Disposals or other (refer to Note 3) | - | - |
| Closing balance | - | - |

| | Number | Number |
|----------------------------------------|--------|--------|
| Number of Bitcoins/other coins: | | |
| Opening balance | - | 5.2 |
| Additions | 5.9 | - |
| Disposals or other (refer to Note 3) | - | (5.2) |
| Closing balance | 5.9 | - |

| | CONSOLIDATED | |
|-------------------------------------|---------------------|----------|
| | 2021 | 2020 |
| | \$ | \$ |
| Valuation of Cryptocurrency: | | |
| Opening balance | - | 77,096 |
| Additions | 279,713 | - |
| Disposals | - | (77,096) |
| Revaluation | - | - |
| Closing Balance | 279,713 | - |

Please refer to Note 1 (s)

11. Non - Current Assets - Plant and Equipment

| | | |
|----------------------------------------|-----------|-----------|
| Plant and equipment: | | |
| At cost | 8,000 | 8,000 |
| Less: Accumulated depreciation | (8,000) | (8,000) |
| | - | - |
| Office furniture and equipment: | | |
| At cost | 114,843 | 114,843 |
| Less: Accumulated depreciation | (114,843) | (114,843) |
| | - | - |
| Leased assets: | | |
| At cost | 36,500 | 36,500 |
| Less: Accumulated depreciation | (36,500) | (36,500) |
| | - | - |
| Total plant and equipment | - | - |

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

11. Non - Current Assets - Plant and Equipment (continued)

(a) Reconciliations

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current and previous financial year.

| | CONSOLIDATED | |
|---------------------------------------|---------------------|-------------|
| | 2021 | 2020 |
| | \$ | \$ |
| Plant and equipment | | |
| Carrying amount at beginning | - | - |
| Disposals | - | - |
| Depreciation expense | - | - |
| | - | - |
| Office furniture and equipment | | |
| Carrying amount at beginning | - | 4,513 |
| Additions | - | - |
| Depreciation expense | - | (4,513) |
| | - | - |
| Leased assets | | |
| Carrying amount at beginning | - | - |
| Disposals | - | - |
| Amortisation expense | - | - |
| | - | - |

12. Intangible Assets - Software Development

| | | |
|------------------------------------------------------------------|-----------------|----------|
| Software Development costs – Cryptocurrency Exchange development | 408,256 | 408,256 |
| Less: Accumulated depreciation | (97,590) | (57,693) |
| | 310,666 | 350,564 |

13. Non-Current Assets - Other

| | | |
|---------------------|---------------|--------|
| Security deposits | 26,590 | 28,900 |
| Deposits - overseas | - | - |
| | 26,590 | 28,900 |

14. Current Liabilities - Trade and other payables

| | | |
|-----------------|------------------|-----------|
| Trade creditors | 825,637 | 393,814 |
| Other creditors | 2,149,400 | 934,075 |
| | 2,975,037 | 1,327,889 |

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

CONSOLIDATED
2021 2020
\$ \$

15. Current Liabilities - Related Party Payables

Unsecured

Payable to Director related entities

597,724 2,578,9571

Further information relating to loans from related parties is set out in Note 29.

16. Liabilities - Interest Bearing Liabilities
(related parties)

Current Liabilities (Unsecured loans from director or director related entities)

1,048,715 1,401,725

Non-current Liabilities (Unsecured loans from director related entities)

2,724,672 2,426,298

Further information relating to loans from related parties is set out in Note 29.

17. Current Liabilities - Provisions

Employee benefits (Note 25)

Balance at 1 July

284,852 305,287

Additional provisions

2,807 5,000

Amount used

(2,648) (25,435)

Balance as at 30 June (*)

285,011 284,852

18. Current Liabilities - Deferred Revenue

Deferred revenue BPX tokens

- 33,199

19. Non-Current Liabilities - Convertible Loans

Loans – Unsecured converting loans (Non-current liability)

1,263,965 1,166,205

The converting loans bear interest between 8% and 10% per annum.

No collateral is required

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

CONSOLIDATED
2021 2020
\$ \$

20. Non-Current Liabilities – Related Party Payables

Unsecured

| | | |
|------------------------------------|----------------|---------|
| Payable to Director related entity | 185,242 | 204,969 |
|------------------------------------|----------------|---------|

Further information relating to loans from related parties is set out in Note 26.

21. Non-Current Liabilities – Long Term Liabilities

| | | |
|----------------|---|--------|
| Other payables | - | 17,500 |
|----------------|---|--------|

22. Contributed Equity

(a) Issued capital

| | | |
|----------------------------|-------------------|------------|
| Ordinary shares fully paid | 53,944,922 | 53,994,922 |
|----------------------------|-------------------|------------|

| | Notes | 2021 | | 2020 | |
|-------------------------------------------------|-------|----------------------|---------------------|------------------|--------------|
| | | Number of Shares | \$ | Number of Shares | \$ |
| (b) Movements in ordinary share capital: | | | | | |
| Beginning of the financial year | | 3,065,069,989 | \$53,944,922 | 3,065,069,989 | \$53,944,922 |
| Additions | | - | - | - | - |
| End of the financial year | | 3,065,069,989 | \$53,944,922 | 3,065,069,989 | \$53,944,922 |

(c) Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

(d) Options on Issue

There were no unlisted options on issue as at 30 June 2021.

(e) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that they can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

(e) Capital risk management (continued)

The capital structure of the company includes cash and cash equivalents, equity attributable to equity holders, comprising of contributed equity, reserves and accumulated losses. In order to maintain or adjust the capital structure, the company may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the Group.

The Group monitors capital on the basis of cash flow requirements for operational and finance commitments. The Group's exposure to borrowings as at 30 June 2021 totals \$5,037,352 (2020: \$4,994,228). The Group will continue to use capital market issues to satisfy anticipated funding requirements. The Group's strategy to capital risk management is unchanged from prior years.

| CONSOLIDATED | |
|---------------------|-------------|
| 2021 | 2020 |
| \$ | \$ |

23. Reserves

| | | |
|--------------------------------------|-----------------|----------|
| Foreign currency translation reserve | (80,563) | (80,569) |
|--------------------------------------|-----------------|----------|

Foreign currency translation reserve - The foreign currency translation reserve records exchange differences arising on translation of foreign controlled entities.

| CONSOLIDATED | |
|---------------------|-------------|
| 2021 | 2020 |
| \$ | \$ |

24. Cash Flows Statement Information

(a) Reconciliation of Operating Loss After Income Tax to Net Cash Flows Used in Operations

| | | |
|-----------------------------------------------------------|--------------------|-------------|
| Profit / (loss) from ordinary activities after income tax | (744,452) | (1,459,679) |
| Amortisation and depreciation of non-current assets | 39,898 | 39,434 |
| Change in assets and liabilities | | |
| Decrease/(increase) in trade and other debtors | - | 200,865 |
| Decrease/(increase) in inventories | 25,370 | 7,425 |
| Decrease/(increase) in other assets | (4,613) | 94,297 |
| (Decrease)/increase in trade and other creditors | (1,145,479) | 1,104,029 |
| (Decrease)/increase in provisions | 159 | (20,435) |
| Net cash flow provided by/(used in) operating activities | (1,829,117) | (34,064) |

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

| CONSOLIDATED | |
|--------------|------|
| 2021 | 2020 |
| \$ | \$ |

25. Employee Benefits

Employee Benefits

The aggregate employee entitlement liability is comprised of:

| | | |
|-----------------------|---------|---------|
| - Provision (current) | 285,011 | 284,852 |
|-----------------------|---------|---------|

26. Remuneration of Auditors

Audit and review of financial reports

| | | |
|--|--------|--------|
| | 31,900 | 32,451 |
|--|--------|--------|

27. Commitments and Contingent Liabilities

The Group entered into a Commercial Tenancy Agreement for its headquarters situated at 5B, 243 Edward Street, Brisbane. The term of the Agreement is 3 years commencing on the 1st July 2021. The annual rental is \$53,148 gross + GST and is subject to an annual rent review including an increase of rental of 3% per annum or CPI (whichever is greater).

In 2017, the Group successfully negotiated the settlement of short and long-term liabilities at a discounted rate provided that the Group complied with payment terms outlined in the agreement. The Group renegotiated the payment terms during 2019. Should the Group be unable to comply with the payment terms in the amended agreement, the Group may be liable for the original full liability or a renegotiated amount. The Directors are not able to reliably determine the extent of any additional liability at this point, should non-compliance occur.

In relation to Byte Power (H.K.) Ltd, a tax query about claiming an offshore profit on the trading of wine of approx. HK\$7 million in the 2015 trading year was issued during the year 2018/2019. A tax demand note of HK\$1,142,501 (or equivalent AU\$214,792) (16.5% on offshore profit) was issued on 30th March 2020 and an objection to the amount in dispute has been lodged. As the Company's directors are of the opinion that Company should not be subject to tax on that offshore profit under Hong Kong tax regime, the Company did not make payment to the Inland Revenue Department as required and did not make any provision to these financial statements. The Directors confirm no further update has been received from the Inland revenue Department up to the date of approval of these financial statements.

28. Related Parties and Key Management Compensation

(i) Key Management Personnel

The following persons were key management personnel of Byte Power Group Limited during the year:

| | |
|--------|--------------------------------------------|
| A Phua | Executive Chairman & CEO |
| W Yuen | Non-Executive Director |
| Y Lim | Non Executive Director |
| M Wee | Non Executive Director & Company Secretary |

| CONSOLIDATED | |
|--------------|------|
| 2021 | 2020 |
| \$ | \$ |

(ii) Key Management Personnel Compensation

| | | |
|------------------------------|---------|---------|
| Short term employee benefits | 353,272 | 351,324 |
| Post employment benefits | - | - |
| | 353,272 | 351,324 |

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

28. Related Parties and Key Management Compensation (continued)

(iii) Interests in Controlled Entities

| Name of Entity | Country of incorporation | Class of Shares | Equity holdings | |
|-------------------------------------|--------------------------|-----------------|-----------------|-----------|
| | | | 2021 % | 2020 % |
| Byte Power Pty Ltd* | Australia | Ordinary | 100 | 100 |
| Power Tech Systems Pty Ltd* | Australia | Ordinary | 100 | 100 |
| Byte Power (Hong Kong) Ltd^ ** | Hong Kong | Ordinary | 83.4 | 83.4 |
| Singapore Digital Exchange Pte Ltd^ | Singapore | Ordinary | 88.7 | 100 |
| Wine Power Pty Ltd* | Australia | Ordinary | 100 | 100 |
| Wine Power Pte Ltd^ | Singapore | Ordinary | 100 | 100 |
| Treasure Hive Honey Pty Ltd* | Australia | Ordinary | 100 | 100 |
| Byte Power X Pty Ltd* | Australia | Ordinary | 100 | 100 |

* These companies are classified as small proprietary companies under the *Corporations Act 2001* and therefore are not required to prepare or lodge accounts.

^ These companies are incorporated overseas.

** Due to the passive nature of the non-controlling interest in this subsidiary, and arrangements in place with the other shareholders, the Group accounts for both entities on the basis that it has 100% ownership of the company.

29. Related Party Transactions

Ultimate parent

Byte Power Group Limited is the ultimate Australian parent entity.

Director-Related Entity Transactions

All transactions with related parties were made on normal commercial terms and conditions except where stated, and are as follows:

Current Related Party Liabilities

The current related party payables represent amounts payable to director's related entities within the next 12 months as at 30 June 2021.

Current Non-Interest Bearing Related Party Payables

Related party payables represent the amount payable to director's related entities. These are provided on interest free terms.

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

29. Related Party Transactions (continued)

Non-Current Interest Bearing Related Party Liabilities

The Non-Current Interest Bearing Related Party Liability relates to the unsecured loan owing to Mr Alvin Phua (related party), consisting of both principal and interest components outstanding as at 30 June 2021.

These unsecured loan funds have been provided at a floating interest rate which is 2% above the prime lending rate and interest for the period amounted to \$298,374 (2020: \$266,386). As at 30 June 2021, the outstanding loan balance was \$2,724,672 (2020: \$2,426,298) after repayments during the year of \$0 (2020: \$0). Interest outstanding as at 30 June 2021 totals \$1,764,317 (2020: \$1,466,791).

The Non-Current Interest Bearing Related Party Liability relates to Mr Alvin Phua's principal and interest component of the loan as at 30 June 2021.

Non-Current Non-Interest Bearing Related Party Payables

Related party payables represent the amounts payable to director's related entities. These are provided on interest free terms.

30. Subsequent Events

Subsequent to balance date, a subsidiary within the Group, Singapore Digital Exchange Pte Ltd (formerly named Byte Power X Singapore Pte Ltd ('BPXS')), successfully raised US\$1,000,000 through to June 2022 for the issue of 3,508 shares, representing 1.55% of the company. The capital raise was undertaken to provide working capital to further the development of its cryptocurrency exchange.

Subsequent to balance date, the Group has negotiated discharge of debt agreements with four parties, who have agreed to discharge their debts owed by the Byte Power Group, through the issue of shares in the Group's Singapore subsidiary, Singapore Digital Exchange Pte Ltd. The value of the debts being discharged is \$1,580,798.

Subsequent to balance date, on 28th January 2022, the Group's Singapore subsidiary, Byte Power X Singapore Pte Ltd, changed its name to Singapore Digital Exchange Pte Ltd.

There are no other matters or circumstances that have arisen since 30 June 2021 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

31. Financial Instruments

(a) Credit Risk Exposures

The Group's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount, net of any provision for doubtful debts, of those assets as indicated in the below Statement.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality.

(b) Interest Rate Risk

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and financial liabilities is set out in the following table.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Group intends to hold fixed rate assets and liabilities to maturity.

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

31. Financial Instruments (continued)

| | Non bearing Interest | Floating interest rate | Fixed Interest rate maturing in 1 year or less | Fixed interest rate maturing in 1 to 5 years | Total |
|---------------------------------------|-------------------------|---------------------------|---------------------------------------------------------|-------------------------------------------------------|-----------|
| | \$ | \$ | \$ | \$ | \$ |
| 2021 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | - | 45,899 | - | - | 45,899 |
| Receivables | - | - | - | - | - |
| | - | 45,899 | - | - | 45,899 |
| Weighted average interest rate % | | - | - | - | |
| Financial liabilities | | | | | |
| Trade and other creditors | 2,975,038 | - | - | - | 2,975,038 |
| Converting loans | - | - | 1,263,965 | - | 1,263,965 |
| Loans from director related entity | - | 3,773,387 | - | - | 3,773,387 |
| Related party payables | 782,965 | - | - | - | 782,965 |
| | 3,758,004 | 3,773,387 | 1,263,965 | - | 8,795,356 |
| Weighted average interest rate % | | 10.0% | 8.0% | | |

| | Non bearing Interest | Floating interest rate | Fixed Interest rate maturing in 1 year or less | Fixed interest rate maturing in 1 to 5 years | Total |
|---------------------------------------|-------------------------|---------------------------|---------------------------------------------------------|-------------------------------------------------------|-----------|
| | \$ | \$ | \$ | \$ | \$ |
| 2020 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | - | 7,859 | - | - | 7,859 |
| Receivables | - | - | - | - | - |
| | - | 7,859 | - | - | 7,859 |
| Weighted average interest rate % | | | - | - | - |
| Financial liabilities | | | | | |
| Trade and other creditors | 1,391,788 | - | - | - | 1,391,788 |
| Converting loans | - | - | - | 1,166,205 | 1,166,205 |
| Loans from director related entity | - | 3,838,023 | - | - | 3,838,023 |
| Related party payables | 1,318,302 | - | - | - | 1,318,302 |
| | 2,710,090 | 3,838,023 | - | 1,166,205 | 7,714,318 |
| Weighted average interest rate % | | 10.0% | | 10.0% | |

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

31. Financial Instruments (continued)

(c) Sensitivity analysis

The following table illustrates sensitivities to the Group's exposure to changes in interest rates. The table indicates the impact on how profit reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

| | 2021 | 2020 |
|----------------------------------------------------------------------|---------------|-----------|
| | \$ | \$ |
| +100 bps in interest rate – increase / (decrease) in reported profit | 50,372 | 38,380 |
| -100 bps in interest rate – increase / (decrease) in reported profit | 50,372 | 38,380 |

BYTE POWER GROUP LIMITED
And its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

32. Company Details

| | |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Registered office address | 5B, 243 Edward Street, Brisbane QLD 4000 Australia |
| Principal place of business | Byte Power Group Limited Byte Power Pty Ltd Byte Power X Pty Ltd Power Tech Systems Pty Ltd Wine Power Pty Ltd Treasure Hive Honey Pty Ltd 5B, 243 Edward Street, Brisbane QLD 4000 Australia Byte Power (Hong Kong) Ltd Room 2402, 24th Floor, Wing On House No. 71 Des Voeux Road Central Central, Hong Kong Singapore Digital Exchange Pte Ltd Wine Power Pte Ltd 149 Rochor Road #05-01 Fu Lu Shou Complex Singapore 188425 |

BYTE POWER GROUP LIMITED
And its controlled entities

BYTE POWER GROUP LIMITED
And its controlled entities
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Byte Power Group Limited, in the opinion of the directors of the company:

1. the financial statements and notes, as set out on pages 6 to 34, are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the consolidated Group;

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



Alvin Phua
Executive Chairman & CEO

Brisbane, 1 August 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BYTE POWER GROUP LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Byte Power Group Limited (“the Company”), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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.

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

- a) Giving a true and fair view of the Company’s financial position as at 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 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to the following matter. As outlined in Note 1, the consolidated group as at 30 June 2021 has recorded a net current asset deficiency of \$4,580,874 and net asset deficiency position of \$8,417,497. This, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity’s ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

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 Company’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 Company 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.

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.

PKF

PKF BRISBANE AUDIT



SHAUN LINDEMANN
PARTNER

1 AUGUST 2022
BRISBANE

BYTE POWER GROUP LIMITED
And its controlled entities

Byte Power Group Offices

Australia

Corporate

5B, 243 Edward Street
Brisbane QLD 4000
Australia
Ph: +61 7 3620 1688
Email: info@bytepowergroup.com
www.bytepowergroup.com

Byte Power Pty Ltd

5B, 243 Edward Street
Brisbane QLD 4000
Australia
Ph: +61 7 3620 1688
Email: info@bytepowergroup.com
www.bytepower.com.au

Power Tech Systems Pty Ltd

5B, 243 Edward Street
Brisbane QLD 4000
Australia
Ph: +61 7 3620 1688
Email: info@ptech.com.au
www.bytepowergroup.com

Wine Power Pty Ltd

5B, 243 Edward Street
Brisbane QLD 4000
Australia
Ph: +61 7 3620 1688
Email: info@bytepowergroup.com
www.winepower.com.au

Treasure Hive Honey Pty Ltd

5B, 243 Edward Street
Brisbane QLD 4000
Australia
Ph: +61 7 3620 1688
Email: info@bytepowergroup.com
www.bytepowergroup.com

Byte Power X Pty Ltd

5B, 243 Edward Street
Brisbane QLD 4010
Australia
Ph: +61 7 3620 1688
Email: info@bytepowerx.com
www.bytepowerx.com

Overseas

Byte Power (Hong Kong) Limited

Room 2402, 24th Floor, Wing On House
No. 71 Des Voeux Road Central
Central, Hong Kong
Ph: +852 2868 2082
Email: info@bytepowergroup.com
www.bytepowergroup.com

Singapore Digital Exchange Pte Ltd

149 Rochor Road #05-01
Fu Lu Shou Complex
Singapore 188425
Ph: +65 6334 3427

Wine Power Pte Ltd

149 Rochor Road #05-01
Fu Lu Shou Complex
Singapore 188425
Ph: +65 6334 3427