

ASX ANNOUNCEMENT
30 OCTOBER 2020

ANNUAL FINANCIAL REPORT MATERIAL VARIANCES TO PRELIMINARY FINAL REPORT

On 31 August 2020, the Company released its Appendix 4E, Preliminary Final Report, to the market, which included unaudited financial statements for the year ended 30 June 2020. At the time, the Company also announced that it would be relying upon ASIC Relief (ASIC-CI 2020/451) to extend the lodgement date for its audited annual accounts and the other documents required to be lodged with ASIC under section 319 of the *Corporations Act* by one month.

The Company is making this announcement to the market, as a required condition of the ASIC Relief, due to having now become aware of certain material differences between the unaudited financial statements (as presented in the Appendix 4E) and our audited annual financial report.

1. Variance in Statement of Profit or Loss and Other Comprehensive Income

The following table depicts the audited Statement of Profit and Loss, the corresponding unaudited Statement of Profit and Loss disclosed in the Appendix 4E and variance between the two. The reasons for the material variances are described in the accompanying notes.

\$ AUD	Note	Audited	Unaudited	Variance
Revenue	1	1,923,525	1,839,969	83,556
Other income	1,2	1,793,216	2,136,031	(342,815)
Operating Expenses	3	(3,595,973)	(3,516,168)	(79,805)
Employee benefit expense	3	(1,379,936)	(1,401,371)	21,435
Depreciation	4	(1,093,633)	(1,322,592)	228,959
Amortisation of intangibles		(206,250)	(206,250)	-
Impairment expense	5	(5,092,766)	-	(5,092,766)
Finance costs	3	(74,290)	(74,688)	398
Other expenses	3	(2,252,670)	(2,256,288)	3,618
Operating loss		(9,978,777)	(4,801,357)	(5,177,420)
Income tax benefit / (expense)	6	693,811	398,008	295,803
Total comprehensive loss		(9,284,966)	(4,403,349)	(4,881,617)

Notes:

1. Some revenue items had been classified inconsistently with prior years.
2. An estimate of the value of the R&D Claim receivable at balance date was included in the unaudited accounts. This value was revised downwards after the R&D Claim was further assessed and reviewed by the Company's accountants.
3. Some expense items had been classified inconsistently with prior years.
4. Depreciation in the unaudited accounts was calculated using the diminishing value method. Depreciation for financial reporting was recalculated using the straight-line method.

5. No impairment was taken up in the unaudited accounts. It was subsequently determined that goodwill on development assets and other intangible assets were impaired under the testing methodology required under *AASB 136 Impairment of Assets*.
6. The tax benefit has changed reflecting the changes already described, along with an adjustment to prior years expense.

2. Variance in the Balance Sheet

The following table depicts the audited Balance Sheet, the corresponding unaudited Balance Sheet disclosed in the Appendix 4E and variance between the two. The reasons for the material variances are described in the accompanying notes.

\$ AUD	Note	Audited	Unaudited	Variance
ASSETS				
Current Assets				
Cash and cash equivalents	7	1,886,946	2,213,152	(326,206)
Other financial assets	7	326,206	-	326,206
Trade and other receivables	2,8	1,166,551	1,127,617	38,934
Other current assets	8	189,976	158,837	31,139
Total current assets		3,569,679	3,499,606	70,073
Non-Current Assets				
Property, plant & equipment	4, 9	3,492,003	4,623,544	(1,131,541)
Right-to-use asset		2,756,132	2,756,132	-
Development assets	5, 9	-	2,095,642	(2,095,642)
Other intangible assets	5	-	1,404,454	(1,404,454)
Total non-current assets		6,248,135	10,879,722	(4,631,587)
Total assets		9,817,814	14,379,378	(4,561,564)
LIABILITIES				
Current Liabilities				
Trade and other payables	8	1,910,150	1,626,633	283,517
Provisions		266,933	247,748	19,185
Lease liability	8	680,128	136,904	543,224
Total current liabilities		2,857,211	2,011,285	845,926
Non-Current Liabilities				
Deferred tax	6	453,044	757,765	(304,721)
Financial liability	10	35,379	-	35,379
Lease liability		2,728,074	2,728,074	-
Total non-current liabilities		3,216,497	3,485,839	(269,342)
Total liabilities		5,530,484	5,497,124	33,360
Net assets		4,287,330	8,882,253	(4,594,923)

EQUITY

Issued Capital		23,276,181	23,276,181	-
Options reserve	11	4,626,886	4,609,986	16,900
Accumulated losses		(23,615,739)	(19,003,915)	(4,611,824)
Total equity		4,287,330	8,882,253	(4,594,923)

Notes:

7. Term deposits with long maturities have been reclassified as Other Financial Assets.
8. Some balance sheet items had been classified inconsistently with prior years.
9. The purchase costs associated with TDU03 (\$1.36 million) have been reclassified from Property, Plant and Equipment to Development Asset, since the technology had not been commercially deployed as at balance date.
10. A loan was incorrectly classified as a payable.
11. The value of issued options had not been recognised.

Authorised by:
The Board

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About Pearl Global Limited

Pearl Global Limited (Pearl) (ASX: PG1) is a revolutionary tyre processing company that applies unique, next-generation thermal desorption technology to cleanly convert tyres into valuable secondary products including waste to energy opportunities. Pearl holds Australia's first environmental approvals for the thermal treatment of rubber and is in commercial production at its facility in Stapylton, Queensland.

Pearl's technology is a significant advancement on other methods of processing waste tyres because it has low emissions, no hazardous by-products, requires no chemical intervention and is the only process that meets the standard emissions criteria set by the Australian regulators for this type of technology.