



ENERGY ONE LIMITED

ABN 37 076 583 018

APPENDIX 4E

for the year ended 30 June 2023

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Reporting Period

Previous Reporting Period

for the year ended 30 June 2023

for the year ended 30 June 2022

| Results for announcement to the market | 2023 \$ '000 | 2022 \$ '000 | Change % |
|---|-----------------|-----------------|-------------|
| Revenue and other income | 44,953 | 32,401 | 39% |
| Underlying EBITDA* | 11,978 | 9,376 | 28% |
| EBITDA | 10,885 | 8,530 | 28% |
| Underlying profit before income tax* | 5,358 | 5,427 | (1%) |
| Profit before income tax | 4,265 | 4,581 | (7%) |
| Profit from ordinary activities after tax attributable to owners | 2,951 | 3,583 | (18%) |
| Statutory Earnings Per Share (EPS) non diluted | 10.06 | 13.50 | (25%) |
| Underlying Earnings Per Share (EPS) non diluted | 13.05 | 16.42 | (21%) |
| Net tangible asset backing per ordinary share shown in cents ** | (24.85) | (72.64) | 66% |
| * Adjusted to omit acquisition and related non-recurring costs | | | |
| ** NTA includes software development used to generate income and excludes deferred tax assets | | | |

Commentary

Please refer to the attached Chief Executive Officer's Report and consolidated financial statements for the year ended 30 June 2023

Other information

Control gained over entities having a material effect

N/A

Loss of control over entities having a material effect

N/A

Details of associates and joint venture entities

There are no associates or joint venture entities.

Audit Status

This report is based on accounts that are in the process of being audited.

Attachments

Further disclosure requirements can be found in the notes to the attached 30 June 2023 Consolidated Financial Statements.

Energy One Limited

37 076 583 018

**Appendix 4E (continued)
Preliminary Final Financial Report****Reporting Period**

Previous Reporting Period

for the year ended 30 June 2023

for the year ended 30 June 2022

| Dividends | Amount per ordinary share | Franked Amount per ordinary share |
|---|--------------------------------------|--|
| <i>Dividend (declared, not provided at 30 June 2023)</i> | Nil | 0.00 Cents |
| There is no dividend declared or proposed in respect of the Financial Year ended 30 June 2023. | | |
| <i>Dividend paid during the 2023 financial year</i> | <i>6.00 Cents</i> | <i>0.00 Cents</i> |
| The record date for the dividend was 30 September 2022 . The payment date for the dividend was 20 October 2022. | | |
| <i>Dividend paid during the 2022 financial year</i> | <i>6.00 Cents</i> | <i>0.00 Cents</i> |
| The record date for the dividend was 30 September 2021 . The payment date for the dividend was 18 October 2021. | | |
| There was no other dividend paid or declared for the year ended 30 June 2023. | | |


Shaun Ankers - Chief Executive Officer

28 August 2023

Chief Executive Officer's Report

The FY23 year was a busy year for the Company, rolling out our globalisation program and concentrating on organic growth in a year in which we did not complete any acquisitions, instead, focusing on making our company into a global powerhouse in the energy trading software and services market.

I am pleased to announce FY23 was also another year of profit and growth, with revenues up 39% and underlying EBITDA growing by 28% over FY22 (net of one-off costs but including the costs associated with building out our Global Operations platform). Underlying profit is down on the prior year (\$3.9M FY2023 v \$4.4M FY2022) due largely to our current investment in the globalization program, for which we invested \$1.6M during year (\$0.3mil capitalised). We expect to invest a slightly greater amount in FY24 to support the implementation of the globalization program which commenced in 2023, and is due to be completed in FY25. Taking the investment in globalisation out of the equation would have resulted in a 22% increase in PBT, normalisations excluded. To this end we are committed to making prudent investments to accelerate the long-term growth of the company.

Importantly recurring revenue increased to \$39M from \$29M the previous year, an increase of 33%. Recurring revenues for the business arise from evergreen contracts with customers for licence fees, software support and hosting fees and recurring operational services such as market scheduling, nominating, monitoring etc. Since 2019, the company has consistently grown recurring revenues achieving a CAGR of 50% across this period.

After a couple of trading periods affected by global energy prices, we started seeing customers returning to the market. In so doing, we saw a pleasing increase in Annual Recurring Revenue of 19% for the year (16% FX adjusted) all of which is organic revenue growth. In fact, in the last quarter alone we added over \$1M in Annual Recurring Revenue.

As a result of this strong financial performance Energy One was able to reduce its long-term debt by \$6M or 25% during the year. Net Assets increased by 37% over last year from \$34M to \$47M. This occurred at the same time we managed to invest \$1.6M in an initiative to accelerate future growth. So, from a financial perspective FY23 was about paying down debt, making a substantial investment for future growth while still achieving 28% growth in underlying EBITDA.

Year in review

Energy One provides essential, mission-critical software and services to our customers in the wholesale gas and power (electricity) markets. Our customers are generators, suppliers, users, shippers, retailers and traders of the most vital commodity in the world today. We have solutions for all aspects of the wholesale energy market, including a major ongoing on technology solutions for renewables energy projects like wind, solar and batteries.

During the year, we focused on integrating our newest acquisition CQ Energy (Adelaide, Australia) and working on our investment in the globalization program in order to serve global customers, not tied to discrete geographical markets. Our progress includes:

- implementing ISO27001, which we expect to have in place in early 2025
- appointing key global roles for Technical (CTO), P&C and operations
- building our global technical capability via aligning technical resource under a global model
- developing and rolling out global, follow-the-sun capability. This is underway such that Australia can now service Europe overnight, and next step is to build out the corresponding vice versa capability.

The programs we talked about are on track for completion within the 2-year timeframe we set for ourselves.

We have previously discussed the decentralizing energy market and the rise of renewables and batteries/storage technologies. We have also discussed our aspiration to service truly global accounts and customers. To this end, we were pleased to have signed a framework agreement with Shell Australia. The agreement foreshadows us being able to roll out solutions for Shell as they expand their portfolio of renewable assets both in Australia and elsewhere. We are currently developing similar opportunities with other key, globally focused customers. Notwithstanding our reach to global customers, we remain firmly committed to our regional-based customers, both large and small.

The year ahead

Since my last report we have continued to win accounts with renewables and other participants for our packaged solutions, especially for physical energy players in the form of scheduling software and 24/7 services for solar and wind farms and the like, both in Australia and in UK/Europe.

Further, we have won 2 large accounts in recent months, as well as 4-5 medium accounts and numerous small accounts. Further, we anticipate winning a significant new European-based account in the coming months. This customer is in final contract negotiations with us on what would be a material contract. While there is no guarantee of a signature, we remain confident that our superior technology solution is the best fit for their needs.

We can report that customers are now returning to the market with a distinct uplift in enquiries and trade show attendance. The company has a very strong pipeline of opportunities that we expect to continue working on the year ahead.

As mentioned we are mid-way through our 2-year program of investment in building our global capability in the software and services business, thereby providing follow-the-sun, 24/7 market operations solutions. The program involves additional investments in cybersecurity; legal, contractual and technical standards; technical (systems and software) and key global personnel and expertise to shape our capability and become the leading international supplier of these types of solutions. To our knowledge, we have an early or first-mover advantage globally, as no other vendor offers a similar global solution. Our research shows that the global Total Addressable market for these solutions is likely to be \$2bn per year within 10 years, driven largely by the decentralization of the energy market, caused mainly by renewables.

Given the strength of the existing business this investment is being funded from internally generated cash flows.

Investing for growth will obviously come at the expense of short-term performance. Further, given that we potentially have a major project being signed in the first half (timing not confirmed) the Board have elected to not provide guidance (at this time) for the FY24 year. This will be reviewed at half year.

As a company we are pleased to have reached a point in our journey where we can maintain strong growth in profitability while at the same time making substantial investments to accelerate future growth.

Shareholders will be aware of the recent cyber incident. The incidence of malicious attacks on corporate systems is increasing and EOL unfortunately has not been immune. Such incidents reinforce our decision to move towards increased security in the form of ISO27001 and our investment in that remains a priority, with completion expected in 2024. We will keep the market up to date via announcements.

In closing, I would like to thank the Staff, Management and Directors for another successful year of profit and growth and look forward to a strong and exciting future.

Shaun Ankers
Chief executive Officer
28th August 2023



**Consolidated Financial Statements
for the year ended 30 June 2023**

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2023

| | Note | Consolidated Group | |
|---|------|--------------------|-----------------|
| | | 2023 \$ '000 | 2022 \$ '000 |
| Revenue and other income | | | |
| Revenue | 2 | 44,725 | 32,147 |
| Other income | 2 | 228 | 254 |
| | | <u>44,953</u> | <u>32,401</u> |
| Expenses | | | |
| Direct project costs | | (3,000) | (2,411) |
| Employee benefits expense | 3 | (22,116) | (15,320) |
| Depreciation and amortisation expense | 3 | (5,025) | (3,706) |
| Rental expenses on short term leases | | (104) | (89) |
| Consulting expenses | | (2,686) | (1,946) |
| IT and communication | | (958) | (695) |
| Insurance | | (600) | (495) |
| Accounting fees | | (543) | (408) |
| Finance costs | 3 | (1,595) | (358) |
| Acquisition and related expenses | | (350) | (565) |
| Travel and accommodation | | (852) | (323) |
| Other expenses | | (2,859) | (1,504) |
| | | <u>(40,688)</u> | <u>(27,820)</u> |
| Profit before income tax | | <u>4,265</u> | <u>4,581</u> |
| Income tax expense | 4 | (1,314) | (998) |
| Profit after income tax attributable to owners of the parent entity | | <u>2,951</u> | <u>3,583</u> |
| Other comprehensive income :- | | | |
| Profit after income tax attributable to owners | | 2,951 | 3,583 |
| Exchange differences arising from translation of foreign entities | | 1,731 | (738) |
| Total comprehensive income | | <u>4,682</u> | <u>2,845</u> |
| Total comprehensive income attributable to owners of the parent entity | | <u>4,682</u> | <u>2,845</u> |
| Basic earnings per share (cents per share) | 7 | 10.06 | 13.50 |
| Diluted earnings per share (cents per share) | 7 | 9.97 | 13.29 |

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

Consolidated Statement of Financial Position

as at 30 June 2023

| | Note | Consolidated Group | |
|--------------------------------------|------|--------------------|-----------------|
| | | 2023 \$ '000 | 2022 \$ '000 |
| Current Assets | | | |
| Cash and cash equivalents | 8 | 951 | 3,348 |
| Trade and other receivables | 9 | 7,390 | 4,936 |
| Income tax receivable | | 566 | 259 |
| Other assets | 10 | 1,279 | 1,035 |
| Total Current Assets | | 10,186 | 9,578 |
| Non-Current Assets | | | |
| Property, plant and equipment | 11 | 497 | 397 |
| Lease right-of-use assets | 12 | 3,286 | 3,540 |
| Software development | 13 | 22,437 | 19,214 |
| Intangible assets | 14 | 52,990 | 52,904 |
| Other assets | 10 | 156 | 197 |
| Deferred tax asset | 4 | 1,513 | 1,337 |
| Total Non Current Assets | | 80,879 | 77,589 |
| Total Assets | | 91,065 | 87,167 |
| Current Liabilities | | | |
| Trade and other payables | 15 | 5,936 | 4,540 |
| Lease liabilities | 12 | 1,143 | 975 |
| Borrowings | 16 | 2,500 | 2,500 |
| Deferred consideration | 15 | 0 | 5,100 |
| Contract liabilities | 18 | 5,358 | 4,234 |
| Employee provisions | 17 | 1,365 | 1,509 |
| Total Current Liabilities | | 16,302 | 18,858 |
| Non-Current Liabilities | | | |
| Trade and other payables | | 28 | 39 |
| Lease liabilities | 12 | 2,336 | 2,774 |
| Borrowings | 16 | 18,140 | 24,404 |
| Contract liabilities | 18 | 365 | 518 |
| Deferred tax liability | 4 | 6,022 | 5,985 |
| Employee provisions | 17 | 812 | 350 |
| Total Non Current Liabilities | | 27,703 | 34,070 |
| Total Liabilities | | 44,005 | 52,928 |
| Net Assets | | 47,060 | 34,239 |
| Equity | | | |
| Contributed equity | 19 | 40,051 | 29,773 |
| Reserves | 20 | 1,448 | 101 |
| Accumulated profits | | 5,561 | 4,365 |
| Total Equity | | 47,060 | 34,239 |

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2023

| | Note | Consolidated Group | | | | Total \$ '000 |
|---|------|----------------------------------|---|---|---|------------------|
| | | Contributed Equity \$ '000 | Share Based Payments Reserve \$ '000 | Foreign Exchange Reserve \$ '000 | Accumulated Profits / (Losses) \$ '000 | |
| Balance as at 1 July 2021 | | 19,812 | 952 | 82 | 2,346 | 23,192 |
| Profit after income tax for the year | | 0 | 0 | 0 | 3,583 | 3,583 |
| Other comprehensive income for the year, net of tax | | 0 | 0 | (738) | 0 | (738) |
| Total comprehensive income for the year | | 0 | 0 | (738) | 3,583 | 2,845 |
| Transactions with owners in their capacity as owners: | | | | | | |
| Share issues | 19 | 8,879 | 0 | 0 | 0 | 8,879 |
| Dividends paid | 6 | 0 | 0 | 0 | (1,564) | (1,564) |
| Other transactions: | | | | | | |
| Share based payments | 19 | 90 | 797 | 0 | 0 | 887 |
| Shares vesting | 19 | 992 | (992) | 0 | 0 | 0 |
| Balance at 30 June 2022 | | 29,773 | 757 | (656) | 4,365 | 34,239 |
| Profit after income tax for the year | | 0 | 0 | 0 | 2,951 | 2,951 |
| Other comprehensive income for the year, net of tax | | 0 | 0 | 1,731 | 0 | 1,731 |
| Total comprehensive income for the year | | 0 | 0 | 1,731 | 2,951 | 4,682 |
| Transactions with owners in their capacity as owners: | | | | | | |
| Share issues | 19 | 9,243 | 0 | 0 | 0 | 9,243 |
| Dividends paid | 6 | 0 | 0 | 0 | (1,755) | (1,755) |
| Other transactions: | | | | | | |
| Share based payments | 19 | 121 | 530 | 0 | 0 | 651 |
| Shares vesting | 19 | 914 | (914) | 0 | 0 | 0 |
| Balance at 30 June 2023 | | 40,051 | 373 | 1,075 | 5,561 | 47,060 |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the year ended 30 June 2023

| | Note | Consolidated Group | |
|--|------|--------------------|-----------------|
| | | 2023 \$ '000 | 2022 \$ '000 |
| Cash Flows from Operating Activities | | | |
| Receipts from customers | | 46,824 | 36,189 |
| Payments to suppliers and employees | | (36,709) | (26,961) |
| Finance costs including lease interest | | (1,687) | (244) |
| Interest received | | 0 | 1 |
| Income tax paid | | (1,754) | (2,369) |
| Net cash provided by operating activities | 8 | 6,674 | 6,616 |
| Cash Flows from Investing Activities | | | |
| Payment property, plant and equipment | 11 | (315) | (170) |
| Payment for software development costs | 13 | (5,119) | (4,461) |
| Payment for acquisition of business | 22 | (5,100) | (31,161) |
| Restricted term deposits released | | 0 | 148 |
| Net cash used in investing activities | | (10,534) | (35,644) |
| Cash Flows from Financing Activities | | | |
| Proceeds from borrowings | | 0 | 27,388 |
| Repayment of borrowings | | (6,264) | (625) |
| Receipts from share issues | | 9,858 | 977 |
| Payment of dividend | | (1,336) | (19) |
| Lease payments | | (795) | (767) |
| Net cash provided by financing activities | | 1,463 | 26,954 |
| Net decrease in cash held | | (2,397) | (2,074) |
| Cash and cash equivalents at beginning of financial year | | 3,348 | 5,422 |
| Cash and cash equivalents at end of financial year | 8 | 951 | 3,348 |

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

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Notes to the Financial Statements

for the year ended 30 June 2023

Note 1 Summary of Significant Accounting Policies

The following is a summary of the material accounting policies adopted by the consolidated entity ("the Group") in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation

Energy One Limited is a for-profit entity for the purpose of preparing the financial statements.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

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. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with all International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Material accounting policies adopted in the preparation of this financial report are presented below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant note.

These financial statements have been prepared on an accruals basis under the historical cost convention unless otherwise stated and are presented in Australian dollars, which is Energy One Limited's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on **28 August 2023**. The Directors have the power to amend and reissue the financial statements.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Energy One Limited ("company" or "parent entity") as at 30 June 2023 and the results of the subsidiaries for the year then ended. Energy One Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

A subsidiary is an entity over which the parent entity has control. The parent entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. A subsidiary is fully consolidated from the date on which control is transferred to the parent entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Accounting policies of the subsidiary are consistent with policies adopted by the Group.

(c) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment annually whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount and recognised in the year incurred in the profit and loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(d) Goods and services tax (GST)

Revenues, expenses, liabilities and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(e) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 1 Summary of Significant Accounting Policies (continued)

(f) New and amended standards adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current financial reporting period. There has been no material impact of these changes on the Groups' accounting policies.

(g) New accounting standards for application in future periods

There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(h) Rounding of amounts

Amounts in this report have been rounded off, in accordance with Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission relating to 'rounding-off', to the nearest thousand dollars, unless otherwise stated.

| Note 2 | Revenue and Other Income | Consolidated Group | |
|--|---|--------------------|---------------|
| | | 2023 | 2022 |
| | | \$ '000 | \$ '000 |
| <i>Revenue from contracts with customers</i> | | | |
| | Licences | 24,322 | 21,679 |
| | Support, hosting and other services | 8,792 | 6,787 |
| | Project implementation | 5,573 | 2,667 |
| | Operations support and advisory | 6,038 | 1,014 |
| | | <u>44,725</u> | <u>32,147</u> |
| | Recurring revenue included in above | <u>39,152</u> | <u>29,480</u> |
| <i>Other income</i> | | | |
| | Interest income | 0 | 1 |
| | Government grant and other income | 63 | 39 |
| | Research and development incentive income | 165 | 214 |
| | | <u>228</u> | <u>254</u> |
| | Total Revenue and Other income | <u>44,953</u> | <u>32,401</u> |

FY2022 licence revenue with respect to Egssis NV amounting to \$3,089,000, was reallocated to licences from support and hosting fees, due to there being a greater proportion of service for licence fees.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2 Revenue and Other Income (continued)

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

The license fee portion of contract revenue is recognised over time as the performance obligation is satisfied over the term of the license agreement with the customer, unless the customer purchases software that is deemed “plug and play”, where revenue is recognised at a point in time on go-live of the system implementation. Support, hosting and other services revenue is recognised over time as the performance obligation is satisfied over the term of the support agreement.

Project implementation and consulting revenue is recognised over time with reference to the stage of completion of the transaction at reporting date and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed for the implementation. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable. The timing of invoicing may differ to revenue recognition due to contract milestones included within the contract with a customer, which will result in the recognition of contract liabilities or contract assets.

Brokerage revenue relating to the provision of advisory services with respect to weather, outage and other energy based risk instruments is recognised based on the effective date of the underlying risk based instrument and contract. Revenue is typically determined based on the premium payable by the customer to the provider of the risk instrument. In the current financial year brokerage revenue was receivable both on contract finalisation as well as through trailing commission. Trailing commission is payable whilst the relevant instrument remains in place and would not be payable if the contract was cancelled. Trailing commission is brought to account in the year the contract is effective on a discounted basis that allows for the risk of contract cancellation as well as other factors leading to non payment. EOL consider that based on previous transactions and experience the likelihood of a contract being cancelled is low and on this basis has recognised the trailing commission. EOL acts in a purely advisory capacity and as such revenue outcomes and obligations are not determinant on any additional factors or contract performance obligations. Note 23 contains further details of CQ Energy revenue within this segment note. The majority of revenue for CQ Energy project implementation relates to brokerage contracts.

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

Key Estimates & Judgements

Revenue Recognition

There are four key judgements associated with License and related services revenue as noted above. These are as follows:

- (a) Revenue is recognised at the fair value of consideration received or receivable and there is judgement associated with the expected revenue to be received over the life of a contract with a customer. Management recognise revenue based on the best estimate of expected revenue to be received for individual contracts.
- (b) Project implementation and consulting services provided to customers typically involves the configuration of software solutions and may also involve minor enhancements or development of client specific functionality. Consulting services revenue also includes advisory services in relation to energy trading and revenue is recognised in the same manner as for software related consulting activities. Revenue from client specific projects is determined with reference to the stage of completion of the project at reporting date. There is judgement associated with determining the stage of completion of each individual customer project as noted in the accounting policy above.
- (c) License fee revenue is recognised at a point in time or over time depending on the nature of the performance obligations and activities required under the contract. This determination involves judgement by management in determining the most appropriate revenue recognition model in line with relevant accounting standards.
- (d) Brokerage revenue is recognised at the effective date of the underlying risk based instrument.

Interest Income

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2 Revenue and Other Income (continued)

Research and development incentive income

The Group, through the continued development of its Software has invested funds in research and development. Under the Research and Development Tax Incentive scheme jointly administered by AusIndustry and the ATO, the Australian Government offers rebates for funds invested in research and development. The United Kingdom have a similar scheme whereby businesses are incentivised to undertake innovative projects and receive government assistance in the form of tax credits.

For the year ended 30 June 2023, the Group opted not to receive tax incentives associated with the R&D activities in Australia or United Kingdom as in management's opinion, estimated costs to be incurred in obtaining any Grants will exceed the estimated benefit received.

For government grants received in relation to R&D in the periods prior to and including 30 June 2019 where Group revenue was less than \$20 million, those grants that relate to development costs capitalised are deferred and recognised in the profit and loss as research and development incentive income over the period necessary to match them with the costs that they are intended to compensate in line with AASB120.

Key Estimates - Research and development tax incentive

In previous years, The Group has recognised R&D Tax Incentive based on guidelines from the ATO and AusIndustry. Eligible overheads are apportioned to Research and Development based on R&D hours as a percentage of total hours.

| | Note | Consolidated Group | |
|--|------|--------------------|-----------------|
| | | 2023 \$ '000 | 2022 \$ '000 |
| Note 3 Expenses | | | |
| The consolidated income statement includes the following specific expenses : | | | |
| Depreciation and amortisation | | | |
| Depreciation - Plant and equipment | 11 | 232 | 169 |
| Amortisation - Lease right-of-use | 12 | 1,103 | 851 |
| Amortisation - Software development | 13 | 3,045 | 2,497 |
| Amortisation - Customer lists | 14 | 769 | 132 |
| Amortisation - Patents | 14 | 2 | 3 |
| Foreign currency translation | | (126) | 54 |
| | | <u>5,025</u> | <u>3,706</u> |
| Finance costs | | | |
| Interest and finance charges on borrowings | | 1,485 | 265 |
| Interest and finance charges on lease liabilities | | 110 | 93 |
| | | <u>1,595</u> | <u>358</u> |
| Employee benefit expenses | | | |
| Superannuation expense | | 1,932 | 1,402 |
| Employee share plan benefits | 29 | 651 | 887 |
| Other employee benefits | 3(a) | 19,533 | 13,031 |
| | | <u>22,116</u> | <u>15,320</u> |

(a) Of the total employee benefit expense, nil represents expenditure related to research and development activities (2022: \$2,480,000). The expenditures in relation to the UK R&D claim were incurred in FY2020 to FY2022.

Notes to the Financial Statements

for the year ended 30 June 2023

| Note 4 | Income Tax Expenses | Note | Consolidated Group | |
|--------|--|------|--------------------|-----------------|
| | | | 2023 \$ '000 | 2022 \$ '000 |
| (a) | The components of tax expense comprise: | | | |
| | Current tax | | 1,527 | 1,236 |
| | Prior year tax adjustment | | 179 | 64 |
| | Foreign exchange variance | | (24) | 38 |
| | Deferred tax | | (298) | 94 |
| | R&D claim offset | | (70) | (434) |
| | Income tax expense | | <u>1,314</u> | <u>998</u> |
| (b) | The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows: | | | |
| | Prima facie tax payable on profit from ordinary activities before income tax at 25.0% (2022: 25%) | | 1,121 | 1,141 |
| | Tax effect of differing overseas tax rates | | (27) | 33 |
| | Add tax effect of non-deductible expenses (excluding R&D) | | 209 | 260 |
| | Income tax expense before effect of R&D Incentive and prior period tax adjustments :- | | <u>1,303</u> | <u>1,434</u> |
| | Tax effect of R&D incentive | | 66 | 159 |
| | R&D claim offset | | (70) | (434) |
| | Deferred tax rate change | | 0 | 56 |
| | Prior year tax adjustment | | 15 | (217) |
| | Income tax attributable to entity | | <u>1,314</u> | <u>998</u> |
| (c) | Net deferred tax :- | | | |
| | Opening balance | | (4,648) | (825) |
| | Charged to income | | (330) | (328) |
| | Prior year acquired customer lists and software deferred tax liability | | 0 | (3,620) |
| | Deferred tax liability on prior years acquisitions | | 391 | 165 |
| | Foreign exchange variance | | 37 | 80 |
| | Prior year tax adjustment | | 41 | (120) |
| | Closing balance net deferred tax asset / (liability) | (4d) | <u>(4,509)</u> | <u>(4,648)</u> |
| (d) | Deferred tax comprises temporary differences attributable to: | | | |
| | Amounts recognised in profit or loss: | | | |
| | Contract assets | | (285) | (230) |
| | Prepayments | | (70) | (2) |
| | Software | | (1,199) | (888) |
| | Contract liabilities | | 813 | 671 |
| | Accrued expenses | | 175 | 182 |
| | Provision & Employee Benefits | | 497 | 484 |
| | Other temporary differences | | 28 | (142) |
| | Deferred tax liability on acquisition of customer lists CQ Energy | | (2,823) | (2,990) |
| | Deferred tax liability on acquisition of software and customer lists Egssis | | (598) | (611) |
| | Deferred tax liability on acquisition of software of eZ-nergy | | (465) | (508) |
| | Deferred tax liability on acquisition of Contigo Software Limited | | (582) | (614) |
| | | | <u>(4,509)</u> | <u>(4,648)</u> |
| (e) | The Group has no unrecognised accrued tax losses at 30 June 2023 (2022: \$0). | | | |

The income tax expense for the year is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 4 Income Tax Expenses (continued)

The net deferred tax above is comprised of deferred tax asset \$1,513,000 and deferred tax liability \$6,022,000 (2022: deferred tax asset \$1,337,000 and deferred tax liability \$5,985,000). Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Where the company is aware of future changes in taxation rates deferred tax balances are revalued accordingly.

Current and deferred tax balances attributable to amounts recognised directly in other comprehensive income or directly in equity are also recognised directly in other comprehensive income or directly in equity, respectively.

For the year ended 30 June 2022, the Company recognised incentives associated with the R&D activities in the United Kingdom relating to the FY2020, 2021 and 2022 years. In the prior year, in line with applicable tax legislation and ATO guidance, any incentive received was immediately recognised as a credit within the income tax expense.

Note 5 Auditor Remuneration

The Auditor of Energy One Limited is BDO Audit Pty Ltd and related network firms.

Fees paid or payable for audit services :-

Auditing and reviewing the financial reports -

Group

Subsidiaries

Fees paid or payable for other services -

Taxation services

Other services

Consolidated Group

| | 2023 | 2022 |
|--|----------------|----------------|
| | \$ '000 | \$ '000 |
| | <u>197</u> | <u>181</u> |
| | <u>158</u> | <u>89</u> |
| | <u>86</u> | <u>48</u> |
| | <u>102</u> | <u>90</u> |
| | <u>543</u> | <u>408</u> |
| | | |
| | <u>2023</u> | <u>2022</u> |
| | <u>\$ '000</u> | <u>\$ '000</u> |

Note 6 Dividends

Dividends declared and paid during the year

Franking account balance

| | | |
|--|--------------|--------------|
| | <u>1,755</u> | <u>1,564</u> |
| | <u>391</u> | <u>0</u> |

On 22 August 2022 the Company declared an unfranked dividend of 6.00 cents per ordinary share. The record date for the dividend was 30 September 2022 and the payment date for the dividend was 20 October 2022.

No dividend has been declared or is payable in respect of the 2023 financial year.

Notes to the Financial Statements

for the year ended 30 June 2023

| | Consolidated Group | |
|---|--------------------|----------------|
| | 2023 | 2022 |
| Note | \$ '000 | \$ '000 |
| Note 7 Earnings per Share | | |
| Basic EPS (cents per share) | <u>10.06</u> | <u>13.50</u> |
| Diluted EPS (cents per share) | <u>9.97</u> | <u>13.29</u> |
| Earnings used in calculating basic and diluted earnings per share (\$ '000) | <u>2,951</u> | <u>3,583</u> |
| Weighted avg. number of ordinary shares used in calculating basic earnings per share ('000) | <u>29,320</u> | <u>26,548</u> |
| Weighted avg. number of share rights outstanding ('000) | <u>292</u> | <u>403</u> |
| Weighted avg. number of ordinary shares used in calculating diluted earnings per share ('000) | <u>29,612</u> | <u>26,951</u> |

Basic earnings per share is determined by dividing the operating profit after income tax attributable to members of the Company by the weighted average number of ordinary shares (in '000's) outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account any change in earnings per share that may arise from the conversion of share rights (in '000's) on issue at financial year end, into shares in the Company at a subsequent date.

There were 477,204 (2022: 506,880) share rights outstanding at 30 June 2023. 113,574 (2022: 283,003) share rights issued subject to performance provisions being met are excluded in the calculation of diluted earnings per share as the performance conditions are unlikely to be satisfied (refer Note 29).

Note 8 Cash and Cash Equivalents

| | | |
|--|------------|--------------|
| Cash and cash equivalents at end of financial year | <u>951</u> | <u>3,348</u> |
|--|------------|--------------|

The Parent Company has a finance facility with National Australia Bank (NAB) since 11 April 2022. The Group's exposure to interest rate risk is discussed in Note 27.

Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax

| | | |
|---|---------------------|--------------|
| Profit from ordinary activities after income tax | 2,951 | 3,583 |
| Non-cash flows in profit from ordinary activities : | | |
| Depreciation and amortisation | 5,025 | 3,706 |
| Foreign exchange | (88) | (17) |
| Changes in assets and liabilities, net of the effects of purchase of subsidiaries : | | |
| (Increase)/decrease in trade and other receivables | (2,454) | 866 |
| (Increase)/decrease in other assets | (203) | (249) |
| (Increase)/decrease in deferred tax assets | (140) | 198 |
| Increase/(decrease) in trade and other payables | 688 | 81 |
| Increase/(decrease) in income tax payable | (300) | (1,569) |
| Increase/(decrease) in provisions | 222 | 51 |
| Increase/(decrease) in contract liabilities | 973 | (34) |
| Net cash provided by operating activities | <u>6,674</u> | <u>6,616</u> |

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments that are readily convertible to known amounts of cash with a maturity of three months or less and are subject to an insignificant risk of changes in value.

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

Cash and Cash Equivalents & Restrictive Cash Deposits

| | | |
|--|------------|--------------|
| Cash and cash equivalents at end of financial year | 951 | 3,348 |
|--|------------|--------------|

Notes to the Financial Statements

for the year ended 30 June 2023

| | | Consolidated Group | |
|----------------|--------------------------------------|--------------------|--------------|
| | | 2023 | 2022 |
| | | \$ '000 | \$ '000 |
| Note 9 | Trade and Other Receivables | | |
| <i>Current</i> | Trade receivables | 5,641 | 3,657 |
| | Provision for expected credit losses | (11) | (104) |
| | Contract assets (a) | 1,574 | 1,141 |
| | R&D tax incentive (b) | 0 | 164 |
| | Other receivables | 186 | 78 |
| | | 7,390 | 4,936 |

(a) Contract assets

Amounts recorded as contract assets represents revenues recorded on projects not invoiced to customers at year end. These amounts have met the revenue recognition criteria but have not reached the payment milestones contracted with customers. Revenue is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed.

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

| | | |
|---|--------------|--------------|
| <i>Opening balance</i> | 1,141 | 1,086 |
| <i>Amounts invoiced during the year</i> | (1,804) | (2,425) |
| <i>Amounts accrued during the year</i> | 2,237 | 2,480 |
| <i>Closing balance</i> | 1,574 | 1,141 |

(b) R&D Tax Incentive

The Company is expecting a research and development tax incentive (refer Note 2) in the United Kingdom Tax that was recognised in FY22 for the R&D costs incurred in the 2020, 2021 and 2022 financial years.

Fair Value, Credit and Interest Rate Risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. EOL further manages credit risk by billing the majority of recurring service revenue on a monthly or quarterly basis and for project engagements billing typically occurs through the life of the project on a milestone basis. Refer to Note 27 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables, along with interest risk.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of 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 amount | initial trade terms | 31-60 days | 61-90 days | >90 days |
|-------------|---------------------------------------|-----------------|------------------------|------------|------------|------------|
| 2023 | in \$'000 | | | | | |
| | Trade receivables and contract assets | 7,215 | 6,704 | 123 | 146 | 242 |
| | Other receivables | 186 | 186 | 0 | 0 | 0 |
| | Expected credit losses | (11) | 0 | 0 | 0 | (11) |
| | Total | 7,390 | 6,890 | 123 | 146 | 231 |
| 2022 | in \$'000 | | | | | |
| | Trade receivables and contract assets | 4,799 | 4,114 | 470 | 71 | 144 |
| | Other receivables | 241 | 241 | 0 | 0 | 0 |
| | Expected credit losses | (104) | 0 | 0 | 0 | (104) |
| | Total | 4,936 | 4,355 | 470 | 71 | 40 |

Trade receivables and contract assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. The expected credit loss determined using the simplified approach is \$11,000 (2022: \$104,000). Contract assets are included within initial trade terms as they are subject to 30 days credit terms on billing.

Notes to the Financial Statements

for the year ended 30 June 2023

| | | Consolidated Group | |
|--------------------------------------|---------------------------------------|--------------------|----------------|
| | | 2023 | 2022 |
| | | \$ '000 | \$ '000 |
| Note 10 | Other Assets | Note | |
| <i>Current</i> | Prepayments and deposits | <u>1,279</u> | <u>1,035</u> |
| <i>Non current</i> | Prepayments and deposits | <u>156</u> | <u>197</u> |
| Note 11 | Property, Plant and Equipment | | |
| | Plant and equipment at cost | 2,055 | 1,652 |
| | Accumulated depreciation | <u>(1,565)</u> | <u>(1,266)</u> |
| | | <u>490</u> | <u>386</u> |
| | Leasehold improvements at cost | 511 | 476 |
| | Accumulated depreciation | <u>(504)</u> | <u>(465)</u> |
| | | <u>7</u> | <u>11</u> |
| | Total property, plant and equipment | <u>497</u> | <u>397</u> |
| <i>Movements in Carrying Amounts</i> | | | |
| | Opening balance | 397 | 245 |
| | Additions - at cost | 315 | 170 |
| | Additions - acquisition | 0 | 158 |
| | Disposals | 3 0 | (2) |
| | Depreciation and amortisation expense | 3 (232) | (169) |
| | Foreign exchange currency translation | 17 | (5) |
| | Closing balance | <u>497</u> | <u>397</u> |

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs, maintenance and minor renewals are charged to the profit and loss statement during the financial period in which they are incurred.

The carrying amount of property, 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 assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation of plant and equipment is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives at 20%-40% pa.

The cost of improvements to or on leasehold properties are amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Group, whichever is shorter. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. Gains and losses are included in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Financial Statements

for the year ended 30 June 2023

| | Consolidated Group | |
|---|--------------------|--------------|
| | 2023 | 2022 |
| | \$ '000 | \$ '000 |
| Note 12 Lease right-of-use-asset and Lease liabilities | | |
| Non-Current Asset | | |
| Lease right-of-use cost | 3,540 | 2,734 |
| Additions | 740 | 0 |
| Additions - acquisition | 0 | 1,699 |
| Disposals | (33) | 0 |
| Modifications | 0 | 0 |
| Lease right-of-use accumulated amortisation | (1,103) | (851) |
| Foreign exchange currency translation | 142 | (42) |
| | 3,286 | 3,540 |
| Lease liabilities - current | 1,143 | 975 |
| Lease liabilities - non current | 2,336 | 2,774 |

Leased assets

Leased assets relate to office tenancies and are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any incentives received. The Group amortises the right-of-use assets on a straight line basis from the adoption date to end of the lease or break term where it is reasonably certain the break will be exercised. The Group also assess the right-of-use assets for impairment annually.

Lease liabilities

The lease liability is measured at the present value of the fixed and variable lease payments net of cash lease incentives that are not paid at the balance date. Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability. Lease payments for building exclude variable service fees for cleaning and other costs.

Note 13 Software Development

| | | |
|---------------------------------------|---------------|---------------|
| Software development - at cost | 35,196 | 28,683 |
| Accumulated amortisation | (12,759) | (9,469) |
| | 22,437 | 19,214 |
| <i>Movements in Carrying Amounts</i> | | |
| Opening balance | 19,214 | 15,725 |
| Additions - at cost | 5,119 | 4,461 |
| Additions - acquisition | 0 | 1,894 |
| Amortisation | (3,045) | (2,497) |
| Foreign exchange currency translation | 1,149 | (369) |
| Balance as at 30 June 2023 | 22,437 | 19,214 |

Software development costs are a combination of acquired software and internally generated assets and are carried at cost less accumulated amortisation and are amortised over a ten year period. Amortisation has been recognised in the statement of profit or loss in the line item "Depreciation and amortisation expense". If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised.

Costs incurred in the development of software are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be reliably measured. Development costs have a finite estimated life of ten years and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project. Costs capitalised include external direct costs of materials and services, direct payroll and payroll related.

Please refer to note 1(c) intangibles assets for impairment evaluation and key estimates and judgements in Note 14.

Notes to the Financial Statements

for the year ended 30 June 2023

| | Consolidated Group | |
|---|--------------------|---------------|
| | 2023 | 2022 |
| | \$ '000 | \$ '000 |
| Note 14 Intangible Assets | | |
| Patents and trademarks - at cost | 14 | 14 |
| Patents and trademarks - Accumulated amortisation | (12) | (10) |
| | <u>2</u> | <u>4</u> |
| Customer lists - at cost | 12,846 | 12,787 |
| Customer lists - Accumulated amortisation | (901) | (132) |
| | <u>11,945</u> | <u>12,655</u> |
| Brands | 1,851 | 1,851 |
| Goodwill | 39,192 | 38,394 |
| Total Intangible Assets | <u>52,990</u> | <u>52,904</u> |

Movements in Carrying Amounts

| | Brands | Customer Lists | Patents | Goodwill | Total |
|---------------------------------------|--------------|----------------|----------|---------------|---------------|
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Balance as at 1 July 2021 | 0 | 0 | 6 | 8,867 | 8,873 |
| Additions \ (Disposals) | 1,851 | 12,787 | 1 | 29,880 | 44,519 |
| Amortisation | 0 | (132) | (3) | 0 | (135) |
| Foreign exchange currency translation | 0 | 0 | 0 | (353) | (353) |
| Balance as at 30 June 2022 | 1,851 | 12,655 | 4 | 38,394 | 52,904 |
| Amortisation | 0 | (763) | (2) | 0 | (765) |
| Foreign exchange currency translation | 0 | 53 | 0 | 798 | 851 |
| Balance as at 30 June 2023 | <u>1,851</u> | <u>11,945</u> | <u>2</u> | <u>39,192</u> | <u>52,990</u> |

Goodwill and Software Development allocated to the CGU's identified is reflected below:

| | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
|----------------------------|---------------|---------------|---------------|---------------|
| | CQ Energy | Energy One | Europe | Total |
| Goodwill | 25,148 | 3,443 | 10,601 | 39,192 |
| Software Development | 272 | 8,936 | 13,229 | 22,437 |
| Balance as at 30 June 2023 | <u>25,420</u> | <u>12,379</u> | <u>23,830</u> | <u>61,629</u> |
| Customer lists | 11,284 | 0 | 661 | 11,945 |
| Brands | 1,851 | 0 | 0 | 1,851 |
| Balance as at 30 June 2023 | <u>13,135</u> | <u>0</u> | <u>661</u> | <u>13,796</u> |

Goodwill

Goodwill is tested for impairment at least once a year, or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. Where required, impairment losses are recognised in the profit or loss in the reporting period when the carrying amount exceeds recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). Goodwill is allocated to cash generating units (CGUs), or groups of CGUs, expected to benefit from synergies of the business combination. The Group's management structure reflects a regional model aligned to its current product offerings (software and services as well as CQ Energy operational trading services) which are offered independently in Australia and Europe. The Group has therefore identified three separate CGU's that align to the manner in which the Group goes to market and generates cash flows. In reviewing financial performance for management purposes an aggregation of Australia, CQ Energy and Europe is utilised and this is the basis on which the Group reports segmented results.

Key judgements and estimates - Recoverability of Intangible Assets and Software Development

When testing for impairment, the carrying amount of each group of CGUs is compared with its recoverable amount. The recoverable amount is determined based on a value-in-use calculation for each group of CGUs to which goodwill has been allocated. The value-in-use calculation uses the discounted cash flow methodology for each CGU typically based upon five years of cash flow projections plus a terminal value. No impairment charge has been recognised for the financial year ended 30 June 2023.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 14 Intangible Assets (continued)

Key judgements and estimates - Recoverability of Intangible Assets and Software Development (continued)

Five-year post-tax cash flow projections are based on Board approved budgets covering a one-year period with the three following years based on a Board approved longer term forecast. The final forecast year is based on an increase in EBITDA of 5%. The forecasts are based on growth excluding the impact of possible future acquisitions, business improvement and restructuring with the exception of benefits resulting from the Global Operations Project. The Global Operations project has been forecast to deliver EBITDA of \$0.2mil over the five year period with costs in the 2024 financial year offset by future period earnings of a similar level in years 2025 to 2027. The major assumptions with respect to impairment testing are shown below:

| | Australasia | CQ | Europe |
|----------------------------------|-------------|--------|--------|
| Average Revenue Growth Years 1-5 | 4% | 15% | 7% |
| EBITDA Growth Average Years 1-5 | 1% | 3% | 9% |
| Discount Rate (WACC) | | 10.68% | |
| Terminal Growth Rate | | 3.00% | |

Impact of reasonably possible changes in key assumptions

As impairment testing is based on assumptions and judgements, the Group has considered sensitivity of the impairment test results to changes in key assumptions. For all CGU's, the recoverable amount exceeds the carrying amount when testing for reasonably possible changes in key assumptions. Reasonably possible changes include changes to the post-tax discount rate, customer acquisition / churn and expenditure growth rates.

Patents and Trademarks

Patents and trademark costs are costs associated with the lodging, renewal, and maintenance of patents and trademarks and are carried at cost less accumulated amortisation. These intangible assets are amortised over a period of five years. The amortisation has been recognised in the statement of profit or loss in the line item "Depreciation and amortisation expense". If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Customer lists and Brand

Customer lists that are acquired have a finite life and are amortised over their expected useful life. This useful life is based on historical rates of customer loss as well as EOL's judgment in terms of future retention and loss. Customer lists are measured at cost less accumulated amortisation and adjusted for any impairment losses. Brand assets recognised on the acquisition of CQ Energy are considered to have an infinite life and as such have not been amortised.

| | | Consolidated Group | |
|----------------|------------------------------------|--------------------|--------------|
| | | 2023 | 2022 |
| | | \$ '000 | \$ '000 |
| Note 15 | Trade and Other Payables | Note | |
| <i>Current</i> | Trade payables | | 1,927 |
| | GST payable | | 710 |
| | Sundry creditors and accruals | | 708 |
| | Deferred acquisition consideration | 22 | 3,255 |
| | | | 0 |
| | | | 5,100 |
| | | | <u>5,936</u> |
| | | | <u>9,640</u> |

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which had not been settled at balance date. Trade and other payables are unsecured, non-interest bearing and are normally settled within 60 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Notes to the Financial Statements

for the year ended 30 June 2023

| | | Consolidated Group | |
|--------------------|-------------------|--------------------|---------------|
| | | 2023 | 2022 |
| | | \$ '000 | \$ '000 |
| Note 16 | Borrowings | | |
| <i>Current</i> | Term Loan | <u>2,500</u> | <u>2,500</u> |
| <i>Non Current</i> | Term Loan | <u>18,140</u> | <u>24,404</u> |

The Parent Company executed a finance facility with National Australia Bank on 11 April 2022. The finance facility has two components being an amortising loan of \$20mil with repayments of \$625k due on a quarterly basis and a second loan for \$10mil that is interest only. At 30 June 2023 the facility limit was \$28.875mil after five \$625k repayments. Interest is based on the 3,4 or 6 month bank bill rate as chosen by the company with both a margin and facility fee payable. During FY2023 an average interest rate (including the facility fee) of 6.19% was charged on these facilities. The facilities are fully secured by a fixed and floating charge over the assets and operations of all group entities and have market standard positive and negative covenants, undertakings and events of default typical for the nature of facility. At the date of this report EOL is in compliance with all requirements of the facility.

| | | | |
|--------------------|----------------------------|--------------|--------------|
| Note 17 | Employee Provisions | | |
| <i>Current</i> | Employee benefits | <u>1,365</u> | <u>1,509</u> |
| <i>Non-Current</i> | Employee benefits | <u>812</u> | <u>350</u> |

Provision for annual leave is presented as current since the Group does not have an unconditional right to defer settlement. However based on historical experience, the Group does not expect all employees to take the full entitlement of leave within the next twelve months. The amount not expected to be taken with the next twelve months is \$812,000 (2022 : \$350,000).

Wages, salaries and annual leave

Liabilities for wages, salaries, superannuation benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables and provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are expected to be settled, including appropriate on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Long service leave

A provision for long service leave is taken up for a range of employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

| | | | |
|--------------------|--|--------------|--------------|
| Note 18 | Contract Liabilities | | |
| <i>Current</i> | Licences received in advance | <u>5,189</u> | <u>4,035</u> |
| | Unearned R&D tax incentive | <u>169</u> | <u>199</u> |
| | | <u>5,358</u> | <u>4,234</u> |
| <i>Non-Current</i> | Unearned R&D tax incentive | <u>365</u> | <u>518</u> |
| | <i>Unearned R&D tax incentive</i> | | |
| | Balance at beginning of the period | <u>717</u> | <u>917</u> |
| | Less recognised as grant income in the profit and loss | <u>(183)</u> | <u>(200)</u> |
| | Balance at the end of the period | <u>534</u> | <u>717</u> |

Licences received in advance

The contract liability represents amounts billed in advance where the service obligation is yet to be performed. Project and implementation revenue is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. There was no significant liability change within the period and no amounts received in advance were or are impaired.

Unearned R&D tax incentive

Research and development tax incentive costs relating to capitalised development costs are deferred and recognised in the profit or loss over the period necessary to match them with the expenses that they are intended to compensate.

Notes to the Financial Statements

for the year ended 30 June 2023

| Note 19 | Contributed Equity | 2023 | 2022 | 2023 | 2022 |
|---------|--|---------|---------|---------|---------|
| | | No '000 | No '000 | \$ '000 | \$ '000 |
| | Issued capital at beginning of the financial year | 27,536 | 25,818 | 29,773 | 19,812 |
| | Shares issued or under issue during the year :- | | | | |
| | Shares issued to employees | 19 | 11 | 84 | 70 |
| | Shares issued as a result of the vesting of share rights | 198 | 272 | 911 | 1,001 |
| | Shares issued on dividend reinvestment plan | 81 | 240 | 417 | 1,543 |
| | Shares issued on capital raising | 2,113 | 0 | 9,510 | 0 |
| | Shares issued on acquisition of Egssis NV | 0 | 213 | 0 | 1,351 |
| | Shares issued on acquisition of CQ Energy Group | 0 | 982 | 0 | 6,088 |
| | Costs of issuing shares | 0 | 0 | (644) | (92) |
| | Balance at the end of the financial year | 29,947 | 27,536 | 40,051 | 29,773 |

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, are shown in equity as a deduction, net of tax, from the proceeds. The amount of transaction costs accounted for as a deduction from equity is \$644,000 (2022 : \$92,000)

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital. There is no current on-market buy-back.

Capital Management

The Group's objectives when managing capital is to safeguard the ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Directors effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

If the Company reacquires its own equity instruments, (e.g. as the result of a share buy-back), those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

| Note 20 | Reserves | Consolidated Group | |
|---------|---|--------------------|---------|
| | | 2023 | 2022 |
| | | \$ '000 | \$ '000 |
| | Share based payment reserve | | |
| | Balance at the beginning of the financial year | 757 | 952 |
| | Movement in share based payments | (384) | (195) |
| | | 373 | 757 |
| | Foreign exchange reserve | | |
| | Balance at the beginning of the financial year | (656) | 82 |
| | Retranslation of overseas subsidiaries to functional currency | 1,731 | (738) |
| | | 1,075 | (656) |
| | Balance at the end of the financial year | 1,448 | 101 |

The company holds reserves with respect to share based payments with the reserve value based on share rights issued and the share price at the time of issue, the probability of the right meeting service and performance based conditions as well as the period the rights vest over. Further detail with respect to share based payments is included at note 29.

The company holds a foreign currency reserve that reflects the impact of foreign currency impacts on assets and liabilities held in currencies other than AUD. Foreign currency gains or losses held within this reserve are unrealised with any realised currency gains or losses included in profit and loss.

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a volume weight average share price five days prior to the date the instruments were granted. The accounting estimates and assumptions relating to equity-settled payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 21 Contingent Assets and Liabilities

The Group had no contingent liabilities or contingent assets as at 30 June 2023 or in the comparative year.

Note 22 Business combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in Consolidated Statement of Comprehensive Profit and Loss and Other Comprehensive Income.

Note 23 Segment information

The Group is managed primarily on the basis of product and service offerings and operates in two segments, being the Energy software industry and operational trading services as well as two geographical segments, being Australasia and Europe. The Directors assesses the performance of the operating segment based on the accounting profit and loss in that segment.

There was no intersegment revenue for the year.

The Directors have determined the Group is organised into the segments for profit and loss purposes as represented in the following table :-

| | Australasia | CQ | Europe | Australasia | CQ | Europe |
|---|-------------|---------|----------|-------------|---------|----------|
| | 2023 | 2023 | 2023 | 2022 | 2022 | 2022 |
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Licences | 9,444 | 0 | 14,878 | 8,464 | 0 | 13,215 |
| Support, hosting and other services | 4,007 | 0 | 4,785 | 3,972 | 0 | 2,815 |
| Project implementation | 1,122 | 1,493 | 2,958 | 1,111 | 223 | 1,333 |
| Operations support and advisory | 0 | 6,038 | 0 | 0 | 1,014 | 0 |
| Other income | 183 | 10 | 35 | 216 | 0 | 38 |
| Expenses | (11,497) | (3,980) | (18,241) | (8,799) | (599) | (13,513) |
| Earnings before interest, tax, depreciation and | 3,259 | 3,561 | 4,415 | 4,964 | 638 | 3,888 |
| Depreciation and amortisation | (1,941) | (801) | (2,283) | (1,761) | (159) | (1,786) |
| Earnings before interest, tax and acquisition costs | 1,318 | 2,760 | 2,132 | 3,203 | 479 | 2,102 |
| | Australasia | CQ | Europe | Australasia | CQ | Europe |
| | 2023 | 2023 | 2023 | 2022 | 2022 | 2022 |
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Current Assets | 2,360 | 1,561 | 6,265 | 2,506 | 1,012 | 6,060 |
| Non-Current Assets | 46,375 | 19,780 | 14,724 | 46,749 | 17,702 | 13,138 |
| Total Assets | 48,735 | 21,341 | 20,989 | 49,255 | 18,714 | 19,198 |
| Current Liabilities | 10,819 | 627 | 4,856 | 13,851 | 253 | 4,754 |
| Non-Current Liabilities | 20,632 | 3,338 | 3,733 | 26,591 | 3,510 | 3,969 |
| Total Liabilities | 31,451 | 3,965 | 8,589 | 40,442 | 3,763 | 8,723 |
| Net Assets | 17,284 | 17,376 | 12,400 | 8,813 | 14,951 | 10,475 |
| Contributed equity | 39,728 | 0 | 323 | 29,470 | 0 | 303 |
| Reserves and accumulated profit and losses | (22,444) | 17,376 | 12,077 | (20,657) | 14,951 | 10,172 |
| Total Equity | 17,284 | 17,376 | 12,400 | 8,813 | 14,951 | 10,475 |

Notes to the Financial Statements

for the year ended 30 June 2023

| | Consolidated Group | |
|--|--------------------|---------|
| | 2023 | 2022 |
| | \$ '000 | \$ '000 |
| Note 23 Segment information (continued) | | |
| Reconciliation of unallocated amounts to profit after tax :- | | |
| Earnings before interest, tax and acquisition costs | 6,210 | 5,784 |
| Interest paid | (1,595) | (358) |
| Interest received | 0 | 1 |
| Acquisition and related costs | (350) | (846) |
| Profit before income tax | 4,265 | 4,581 |

Segment revenue excludes interest received. Expenses exclude interest paid, depreciation, amortisation and acquisition costs.

During the financial year ended 30 June 2023, the Australasian segment derived 26% (2022: 31%) of revenue from the top three customers and the UK/Europe segment derived 13% (2022: 13%) from the top three customers.

Note 24 Subsequent Events

On Friday, 18 August 2023, Energy One Limited established that certain corporate systems in Australia and the United Kingdom had been affected by a cyber-attack. In response, EOL took immediate steps to limit the impact of the incident, engaged cyber security specialists, CyberCX, and alerted the Australian Cyber Security Centre and certain UK authorities. EOL further published an announcement on the Australian Stock Exchange in accordance with Continuous Disclosure requirements.

Analysis of systems post 18 August is ongoing however at this point continues to identify that the malicious access is limited to corporate systems and that customer systems have not been impacted. No malicious activity has been identified within EOL systems since the incident was established with investigations ongoing to further determine that this is the case.

Disruption to Energy One's business has been minimal with impacted corporate systems being restored, and links between corporate systems and customer-facing systems being re-enabled. The expenditure incurred and expected to be incurred in relation to this incident has not been fully determined at this point, however is not expected to be material to the FY2024 results.

No other matter or circumstance has arisen since 30 June 2023 which is not otherwise dealt with in this report, that has significantly affected or may significantly affect the operations of the Group, the results of its operations or the state of affairs of the Group.

| Note 25 Controlled Entities | Country of Incorporation | % Equity | | Investment \$ '000 | |
|--|--------------------------|----------|------|--------------------|--------|
| | | 2023 | 2022 | 2023 | 2022 |
| <i>Ultimate Parent Company</i> | | | | | |
| Energy One Limited | Australia | | | | |
| <i>Controlled Entities</i> | | | | | |
| Energy One Employee Option Plan Managers Pty Limited | Australia | 100% | 100% | 2 | 2 |
| Creative Analytics Pty Limited | Australia | 100% | 100% | 3,000 | 3,000 |
| Contigo Software Limited | UK | 100% | 100% | 2,049 | 2,049 |
| eZ-nergy SAS | France | 100% | 100% | 6,980 | 6,980 |
| Egssis | Belgium | 100% | 100% | 7,354 | 7,354 |
| CQ Energy Pty Ltd | Australia | 100% | 100% | 36,605 | 36,605 |
| CQ Energy Unit Trust | Australia | 100% | 100% | NA | NA |
| CQ Risk Pty Ltd | Australia | 100% | 100% | NA | NA |
| CQ Risk Unit Trust | Australia | 100% | 100% | NA | NA |
| CQP Capital Pty Ltd | Australia | 100% | 100% | NA | NA |
| Coorong Energy Pty Ltd | Australia | 100% | 100% | NA | NA |

Notes to the Financial Statements

for the year ended 30 June 2023

Note 26 Related Party Transactions

Key management personnel

Details regarding key management personnel, their positions, shares, rights, and options holdings are details in the remuneration report within the Directors' Report contained in the 2023 Annual Report.

| | Consolidated Group | |
|--|--------------------|------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Remuneration of key management personnel : | | |
| Short term employee benefits | 2,217,909 | 1,784,722 |
| Post employment benefits | 119,468 | 94,366 |
| Long term benefits | 44,921 | 66,583 |
| Share based payments | 188,116 | 475,253 |
| | 2,570,414 | 2,420,924 |

Mr Vaughan Busby - Director

Mr Busby is a non-executive Director of Energy One Limited and Energy Queensland Limited. Ergon Energy Queensland Pty Ltd is a wholly owned subsidiary of Energy Queensland Limited and is a customer of the Group. Transactions between the company and Ergon Energy Queensland Pty Limited are on commercial terms and conditions and are completed at an arms length. The agreement generating transactions between the Group and Ergon Energy Queensland Pty Limited commenced prior to Mr Busby being inducted to Energy Queensland's Board and have continued to operate under the terms and conditions of that agreement.

Note 27 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and aging analysis for credit risk.

Financial risk management is carried out by the Chief Financial Officer (CFO) under policies approved by the Board of Directors and the Risk Committee. The CFO identifies, evaluates the financial risks in close co-operation with the Group's Management and the Board.

The Group holds the following financial instruments measured in accordance with AASB 9 Financial Instruments, as detailed in the accounting policies to these financial statements:

| | Note | Consolidated Group | |
|--|------|--------------------|----------|
| | | 2023 | 2022 |
| | | \$ '000 | \$ '000 |
| <i>Financial assets</i> | | | |
| Cash and cash equivalents | 8 | 951 | 3,348 |
| Trade and other receivables - due within 12 months | 9 | 7,390 | 4,936 |
| Due within 12 months | | 8,341 | 8,284 |
| <i>Financial liabilities</i> | | | |
| Trade and other payables - due within 12 months | 15 | (5,936) | (9,640) |
| Lease liabilities - due within 12 months | 12 | (1,143) | (975) |
| Borrowings - due with 12 months | 16 | (2,500) | (2,500) |
| Due within 12 months | | (9,579) | (13,115) |
| Trade and other payables - due after 12 months | 15 | (28) | (39) |
| Lease liabilities - due after 12 months | 12 | (2,336) | (2,774) |
| Borrowings - due after 12 months | 16 | (18,140) | (24,404) |
| Due after 12 months | | (20,504) | (27,217) |
| Net financial assets / (liabilities) | | (21,742) | (32,048) |
| <i>Cash flow and fair value interest rate risk</i> | | | |

Notes to the Financial Statements

for the year ended 30 June 2023

Note 27 Financial Risk Management (continued)

The interest rate risk is managed using a mix of fixed and floating short-term deposits. At 30 June 2023 0% (2022: 0%) of cash and cash equivalents are fixed short term deposits. Short-term deposits are used to ensure that the best interest rate is received. Interest rates are reviewed prior to deposits maturing and re-invested at the best rate, over a number of banking institutions. The interest rate risk is detailed in the tables below.

Exposure to interest rate risk arises on financial assets and liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows. The Group is exposed to earnings volatility on floating rate instruments.

The group's exposure to foreign currency risk at the end of the reporting period was as follows:

| <i>Consolidated entity 30 June 2023</i> | Effective | Rate | Interest Rate | Bearing | Total |
|--|-----------|---------|---------------|---------|---------|
| | | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Financial Assets : | | | | | |
| Cash and cash equivalents | 0.00% | 0 | 951 | 0 | 951 |
| Receivables | 0.00% | 0 | 0 | 7,390 | 7,390 |
| Total financial assets | | 0 | 951 | 7,390 | 8,341 |
| Financial Liabilities : | | | | | |
| Borrowings and payables - due within 12 months | 6.19% | 0 | 2,500 | 5,936 | 8,436 |
| Borrowings and payables - due after 12 months | 6.19% | 0 | 18,140 | 28 | 18,168 |
| Total financial liabilities | | 0 | 20,640 | 5,964 | 26,604 |
| <i>Consolidated entity 30 June 2022</i> | | | | | |
| Financial Assets : | | | | | |
| Cash and cash equivalents | 0.02% | 0 | 3,348 | 0 | 3,348 |
| Receivables | 0.00% | 0 | 0 | 4,936 | 4,936 |
| Total financial assets | | 0 | 3,348 | 4,936 | 8,284 |
| Financial Liabilities : | | | | | |
| Borrowings and payables - due within 12 months | 3.17% | 0 | 2,500 | 9,640 | 12,140 |
| Borrowings and payables - due after 12 months | 3.17% | 0 | 24,404 | 39 | 24,443 |
| Total financial liabilities | | 0 | 26,904 | 9,679 | 36,583 |

| <i>Consolidated entity 30 June 2023</i> | GBP | EUR |
|--|---------|---------|
| | \$ '000 | \$ '000 |
| Financial Assets : | | |
| Cash and cash equivalents | 408 | 2,027 |
| Receivables | 1,440 | 626 |
| Deposit for bank guarantee | 116 | 0 |
| Total financial assets | 1,964 | 2,653 |
| Financial Liabilities : | | |
| Borrowings and payables - due within 12 months | 0 | 1,500 |
| Total financial liabilities | 0 | 1,500 |
| | | |
| Financial Assets : | | |
| Cash and cash equivalents | 328 | 283 |
| Receivables | 571 | 395 |
| Deposit for bank guarantee | 115 | 0 |
| Total financial assets | 1,014 | 678 |
| Financial Liabilities : | | |
| Borrowings and payables - due within 12 months | 871 | 0 |
| Borrowings and payables - due after 12 months | 529 | 0 |
| Total financial liabilities | 1,400 | 0 |

Notes to the Financial Statements

for the year ended 30 June 2023

Note 27 Financial Risk Management (continued)

Sensitivity Analysis

The Group has performed sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk. At 30 June 2023, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

| | | Consolidated Group | |
|------------------|---------------------------------|--------------------|---------|
| | | 2023 | 2022 |
| | | \$ '000 | \$ '000 |
| Change in profit | Increase in interest rate by 2% | (500) | (88) |
| | Decrease in interest rate by 2% | 500 | 88 |
| Change in equity | Increase in interest rate by 2% | (375) | (88) |
| | Decrease in interest rate by 2% | 375 | 88 |

The above and below interest rate risk sensitivity analysis has been performed on the assumption that all other variables remain unchanged. The NAB facility was put in place in April 2022 as part of the acquisition of CQ Energy and is a variable rate facility. The average balance of the NAB facility was \$22.8mil and the full year impact of a 2% increase in the facility interest rate would result in an increase in interest payments of \$0.5mil.

The Group has performed sensitivity analysis relating to its exposure to foreign exchange risk at reporting date. This sensitivity

| | | | |
|------------------|---|-------|-------|
| Change in profit | Increase in foreign exchange rate by 5% | (32) | (78) |
| | Decrease in foreign exchange rate by 5% | 32 | 78 |
| Change in equity | Increase in foreign exchange rate by 5% | (539) | (423) |
| | Decrease in foreign exchange rate by 5% | 539 | 423 |

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to trading customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. Banks without a rating of 'A', but included in the government guarantee will be considered with a maximum \$1M deposit. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with limits set by the CFO. The compliance with credit limits is monitored by the CFO.

The maximum exposure to credit risk by class of recognised financial assets at reporting date is equivalent to the carrying value and classification of those financial assets as presented in the balance sheet. Details with respect to credit risk of trade and other receivables are provided in Note 9. No single deposit was larger than \$1M. The Group does not hold any security or guarantees for the financial assets.

Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through adequate amounts of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradable in highly liquid markets, for instance cash.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value or amortised cost using the effective interest rate method.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial

Notes to the Financial Statements

for the year ended 30 June 2023

Note 27 Financial Risk Management (continued)

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Note 28 Commitments

The Group has no commitments as at 30 June 2023.

Note 29 Share Based Payments

The Company operates a number of share-based compensation plans. These include a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. Fair value of the options at the grant date is expensed over the vesting period.

The fair value of shares, and rights granted under all plans is recognised as an employee benefit expense with corresponding increase in equity. The fair value of shares is measured at grant date. The fair value of share rights is determined by using a volume weight average share price five days prior to the date the instruments were granted.

The following share-based payment arrangements existed at 30 June 2023:

Equity Incentive Plan

The Australian Equity Incentive Plan (EIP) was established on 31 October 2014 and ratified at the Annual General Meeting on 22 October 2020. Further equity incentive plans have been created to ensure staff in acquired business also participate in the ownership of the company. These plans are further detailed in EOL's Notice of AGM and it is proposed that all employee incentive plans ("EIP") will be ratified by shareholders at the FY2023 AGM. The EIP allows the Company to offer employees, and directors different share scheme interests, either as exempt shares or share schemes subject to satisfying performance and service conditions set down at the time of offer.

| | Consolidated Group | |
|--|--------------------|--------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Total expense arising from EIP share based payments for the financial year | 651 | 887 |

| | 2023 | | 2022 | |
|--|---------------|-------------|---------------|-------------|
| | No. of rights | \$ value of | No. of rights | \$ value of |
| Movements in share rights under the EIP for the financial year : | | | | |
| Balance at the being of the financial year | 506,880 | 757 | 420,796 | 952 |
| Rights granted | 436,976 | 430 | 358,493 | 797 |
| Rights lapsing | (268,759) | (15) | (338) | 0 |
| Rights vested and issued as ordinary shares | (197,893) | (799) | (272,071) | (992) |
| Balance at the end of the financial year | 477,204 | 373 | 506,880 | 757 |

Notes to the Financial Statements

for the year ended 30 June 2023

Note 29 Share Based Payments (continued)

The following table summarises the balance of share rights on hand at 30 June 2023:

| Rights Holder | Performance Conditions | Year of Issue | Rights Issued No. | Rights Issued Value \$ |
|-----------------|---|---------------|-------------------|------------------------|
| Group CEO | EPS Growth of 20% on an undiluted basis | 2023 | 87,210 | 450,003 |
| Group CFO | EPS Growth of 20% on an undiluted basis | 2023 | 58,140 | 300,003 |
| CEO Australasia | EPS Growth of 20% on an undiluted basis and profit before tax | 2021&2023 | 61,602 | 313,782 |
| CEO Europe | EPS Growth of 20% on an undiluted basis and profit before tax | 2021&2023 | 62,397 | 316,946 |
| NED's | No performance criteria & service based only | 2023 | 20,349 | 105,000 |
| Management | Profit before tax and strategic objectives | 2021&2023 | 187,506 | 934,889 |
| | | | 477,204 | 2,420,623 |

All service rights are subject to the holder maintaining continuous employment from issue to vesting date unless the Board are of the view that the circumstances warrant a holder retaining their right. The Board exercised this discretion with respect to the previous Group CFO Mr Richard Standen. Rights issued value represents the number of rights issued by the EOL share price at the time of issue adjusted for any dividends accrued. The rights valuation reflected in the share based payments reserve at year end is based on issue value, the Boards' estimate in terms of performance conditions being met i.e. probability of vesting and the life the right vests over.

The 261,630 share rights issued to the executive in respect of FY 2023 (CEO, CFO, CEO Australia and CEO Europe) will vest in full on a change in control event subject to Board discretion.

| Rights Holder | Performance Conditions | Year of Issue | Rights Vested No. | Rights Vested Value \$ |
|-----------------|---|---------------|-------------------|------------------------|
| Group CEO | Share price and strategic objectives | 2020 & 2022 | 75,498 | 216,372 |
| Group CFO | Strategic objectives | 2022 | 6,415 | 39,709 |
| CEO Australasia | Profit before tax and strategic objectives | 2021 & 2022 | 6,961 | 36,818 |
| CEO Europe | Profit before tax and strategic objectives | 2021 & 2022 | 18,145 | 103,986 |
| NED's | No performance criteria & service based only | 2021 & 2022 | 20,607 | 133,739 |
| Management | Profit before tax, strategic objectives and service based | 2021 & 2022 | 70,267 | 381,273 |
| | | | 197,893 | 911,897 |

Where rights have met their vesting conditions however have a vesting date after year end these rights are treated as unvested as the holder must still meet the service conditions.

| | Consolidated Group | |
|-----------------------------|--------------------|-------------------|
| | 2023 | 2022 |
| Average issue price (in \$) | \$ <u>5.16</u> | \$ <u>6.43</u> |

197,893 share rights vested during the year ended 30 June 2023 (2022: 272,071) and 268,759 share rights lapsed (2022: 338). 436,976 share rights were issued during the year ended 30 June 2023. The average share price at the date of issue was \$5.16 (2022 \$6.43). The exercise price is \$nil (2022 : \$nil). The average share price during the financial year was \$4.27 (2022 : \$6.16).

The weighted average remaining contractual life of the share rights under the EIP outstanding at the end of the financial year was 1.15 years (2022: 0.37 years).

Subsequent to 30 June 2023 the Board have approved the vesting of 40,228 share rights issued prior to FY2023 and 41,423 share rights issued in FY2023. 113,574 rights issued in FY2023 will lapse and 281,979 rights issued in FY2023, will carry forward including those issued to the non-executive directors that are subject to service conditions only.

The rights issued to executive staff have an initial testing date as shown in the table below however can be re-tested 12 months later and if vesting conditions are satisfied will vest at that time. 87,210 share rights failed their vesting criteria at 31 August 2023 and will be tested again at 31 August 2024.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 29 Share Based Payments (continued)

The 477,204 rights on issue at 30 June 2023 are due to vest at the following dates:

Share Rights Vesting Schedule:

| | No. of Rights | Approved to | Lapsed | Service |
|--------------|---------------|-------------|---------|---------|
| 31 Aug 2023 | 115,944 | 78,086 | 37,858 | 0 |
| 31 Oct 2023 | 20,349 | 0 | 0 | 20,349 |
| 13 Jan 2024 | 3,565 | 3,565 | 0 | 0 |
| 31 Aug 2024 | 212,278 | 0 | 37,858 | 174,420 |
| 31 Aug 2025 | 125,068 | 0 | 37,858 | 87,210 |
| Total Rights | 477,204 | 81,651 | 113,574 | 281,979 |

Key Estimates - Share based payment

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a volume weight average share price five days prior to the date the instruments were granted. The accounting estimates and assumptions relating to equity-settled payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Note 30 Parent Entity Disclosures

The following information has been extracted from the books and records of the parent, Energy One Limited and has been prepared in accordance with Accounting Standards.

| | 2023 | 2022 |
|---|---------------|---------------|
| | \$ '000 | \$ '000 |
| Current assets | 2,386 | 2,414 |
| Non current assets | 78,034 | 63,480 |
| Total Assets | 80,420 | 65,894 |
| Current liabilities | 7,410 | 11,877 |
| Non current liabilities | 29,207 | 27,076 |
| Total Liabilities | 36,617 | 38,953 |
| Net Assets | 43,803 | 26,941 |
| Issued capital | 40,051 | 29,773 |
| Reserves | 284 | 599 |
| Accumulated profits / losses | 3,468 | (3,431) |
| Total Equity | 43,803 | 26,941 |
| Profit before income tax | 9,178 | 1,688 |
| Income Tax Expense | (523) | (329) |
| Profit for the year of the parent entity | 8,655 | 1,359 |
| Total comprehensive income for the parent entity | 8,655 | 1,359 |

Accounting policies are consistent to the Group except for investments held at cost.

The Parent has no contingent liabilities or contractual commitments for the acquisition of property, plant or equipment.

The financial information for the parent entity, Energy One Limited has been prepared on the same basis as the consolidated financial statements.