



PROVARIS ENERGY LTD

APPENDIX 4E - PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

ASX Release

31 August 2023

DETAILS OF THE REPORTING PERIOD

This report details the consolidated results of Provaris Energy Ltd, ABN: 53 109 213 470 ("Provaris" or "the Company") and its controlled entities ("the Group") for the year ended 30 June 2023. Comparatives are for the year ended 30 June 2022.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				2023	2022
				\$'000	\$'000
2.1	Revenue from ordinary activities	—	—	—	—
2.2	Profit/(Loss) from ordinary activities after tax attributable to members	Up	84%	(12,407)	(6,758)
2.3	Net profit/(loss) for the year attributable to members	Up	84%	(12,407)	(6,758)
				Cents	Cents
2.4	Net Tangible assets per security – at the end of the year			0.79	2.03

DIVIDENDS

No dividends have been paid or declared since the start of the financial year by the Company. The directors have recommended that no dividend be paid by the Company in respect of the year ended 30 June 2023. The Company does not have a dividend reinvestment plan.

DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE YEAR

The Group incorporated a 100% owned Norwegian subsidiary Provaris Norway AS during the financial year. The Group did not gain or lose control over any other entities during the year.

DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

The Group did not have any associates or joint venture entities during the year.

COMMENTARY ON THE RESULTS

The operating loss for the Consolidated Entity, after income tax, amounted to \$12,407,340 (2022: loss of \$6,757,611). The operating loss for the year includes direct project development costs of \$3,234,836 (2022: \$2,381,135) with the increase in recognition of the hydrogen development activities underway in Australia and more recently Norway, and derecognition of an intangible asset of \$5,179,025 related to the acquisition of 100% of Sea NG Corporation and patent portfolio for a compressed natural gas carrier (CNG Optimum) in 2019 (2022: \$nil), in addition to staff costs and operational overheads of \$3,993,479 (2022: \$4,376,476).

At 30 June 2023, the Consolidated Entity had cash and cash equivalents of \$5,069,836 (2022: \$11,616,888) and no debt (2021: Nil). The Company has not raised additional capital during the period.

Provaris' business model is focused on the development and investment in profitable projects across the green hydrogen value chain to commercialise the Company's innovative compressed gaseous hydrogen carriers and storage solutions (H2Neo and H2Leo) that benefit from the simplicity and efficiency of compression to store and transport hydrogen in gaseous form.



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A portfolio of development projects are advancing into detailed feasibility studies, including:

- In Norway, the established of Provaris Norway AS and location of key management has resulted in two collaborations agreements being announced for the development of green hydrogen supply chains to supply the high demand market of continental Europe. Prefeasibility level studies are now underway and further collaboration opportunities are being assessed for this region.
- In Australia, the Tiwi H2 project, located on the Tiwi Islands, has completed a Design Concept Study and detail design of the solar farm and transmission line to the proposed hydrogen production precinct; and
- Discussions remain ongoing for collaboration with renewable hydrogen project developers in Europe and Asia to move hydrogen to regional demand locations which are highly suitable and commercial to the application of our compressed hydrogen storage and shipping solutions.

AUDIT OF FINANCIAL STATEMENTS

This report is based on Accounts which are in the process of being audited.

PRELIMINARY FINANCIAL STATEMENTS

The attached financial statements are based on preliminary unaudited results for the year-ended 30 June 2023. Please refer to pages 3 to 9 of this report, where the following statements are provided:

- Consolidated Statement of Profit or Loss and Other Comprehensive Income
- Consolidated Statement of Financial Position
- Consolidated Statement of Cash Flows
- Consolidated Statement of Changes in Equity
- Abbreviated Notes to the Consolidated Financial Statements

Martin Carolan

Managing Director



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FOR THE YEAR ENDED 30 JUNE 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Consolidated Entity 2023 \$	2022 \$
Income	1	586,104	367,057
Corporate and administrative		(4,138,158)	(3,215,697)
Project development		(3,234,836)	(2,381,135)
Amortisation of intangible asset	4	(207,161)	(414,322)
Derecognition of intangible asset	4	(5,179,025)	—
Share based payments		(234,264)	(1,113,514)
LOSS BEFORE INCOME TAX EXPENSE		(12,407,340)	(6,757,611)
Income tax expense		—	—
LOSS AFTER RELATED INCOME TAX EXPENSE		(12,407,340)	(6,757,611)
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax)</i>			
Exchange differences on translating foreign operations		(9,073)	(425)
Income tax relating to components of other comprehensive income			—
OTHER COMPREHENSIVE LOSS AFTER INCOME TAX		(9,073)	(425)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(12,416,413)	(6,758,036)
BASIC (LOSS) PER SHARE (CENTS PER SHARE)	2	(2.26)	(1.32)
DILUTED (LOSS) PER SHARE (CENTS PER SHARE)	2	(2.26)	(1.32)

The accompanying abbreviated notes form part of these financial statements.



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	Consolidated Entity 2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	3	5,069,836	11,616,888
Other assets		158,785	342,615
TOTAL CURRENT ASSETS		5,228,621	11,959,503
NON-CURRENT ASSETS			
Plant and equipment		—	1,110
Intangible asset	4	—	5,386,186
TOTAL NON-CURRENT ASSETS		—	5,387,296
TOTAL ASSETS		5,228,621	17,346,799
CURRENT LIABILITIES			
Trade and other payables		782,327	771,453
Provisions		114,609	61,522
TOTAL CURRENT LIABILITIES		896,936	832,975
TOTAL LIABILITIES		896,936	832,975
NET ASSETS		4,331,685	16,513,824
EQUITY			
Issued capital		85,901,440	85,811,930
Reserves		3,856,401	3,720,710
Accumulated losses		(85,426,156)	(73,018,816)
TOTAL EQUITY		4,331,685	16,513,824

The accompanying abbreviated notes form part of these financial statements.



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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Consolidated Entity 2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(3,907,196)	(3,110,378)
Project development		(3,341,470)	(1,910,413)
Interest received		154,760	22,634
Research and development tax concession rebate		374,766	45,775
WA Renewable Hydrogen Fund grant		154,500	145,500
NET CASH OUTFLOW USED IN OPERATING ACTIVITIES	3	(6,564,640)	(4,806,882)
CASH FLOWS FROM INVESTING ACTIVITIES			
		-	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity issues		-	10,538,750
Exercise of loyalty options		10	72
Capital raising costs		-	(716,416)
NET CASH INFLOW FROM FINANCING ACTIVITIES		10	9,822,406
NET (DECREASE)/INCREASE IN CASH HELD		(6,564,630)	5,015,524
Net foreign exchange differences		17,578	37,648
Cash and cash equivalents at beginning of year		11,616,888	6,563,716
CASH AND CASH EQUIVALENTS AT END OF YEAR	3	5,069,836	11,616,888

The accompanying abbreviated notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

CONSOLIDATED ENTITY

ATTRIBUTABLE TO MEMBERS
OF THE COMPANY

	Issued Capital \$	Share Based Payments Reserve \$	Currency Translation Reserve \$	Fair Value Reserve	Accumulated Losses \$	Total Equity \$
AT 1 JULY 2022	85,811,930	3,726,806	(6,096)	—	(73,018,816)	16,513,824
COMPREHENSIVE LOSS						
Currency translation	—	—	(9,073)	—	—	(9,073)
Loss for year	—	—	—	—	(12,407,340)	(12,407,340)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	—	—	(9,073)	—	(12,407,340)	(12,416,413)
TRANSACTIONS WITH OWNERS, IN THEIR CAPACITY AS OWNERS						
Issue of shares under ESOP	89,500	—	—	—	—	89,500
Issue of options – consultants	—	80,000	—	—	—	80,000
Expense of performance rights	—	64,764	—	—	—	64,764
Loyalty options exercised	10	—	—	—	—	10
AT 30 JUNE 2023	85,901,440	3,871,570	(15,169)	—	(85,426,156)	4,331,685
At 1 July 2021	75,727,744	2,791,992	(5,671)	(2,639,591)	(63,621,614)	12,252,860
Comprehensive loss						
Currency translation	—	—	(425)	—	—	(425)
Loss for year	—	—	—	—	(6,757,611)	(6,757,611)
Total comprehensive loss for the year	—	—	(425)	—	(6,757,611)	(6,758,036)
TRANSACTIONS WITH OWNERS, IN THEIR CAPACITY AS OWNERS						
Share placement	10,000,000	—	—	—	—	10,000,000
Share Purchase Plan	538,750	—	—	—	—	538,750
Capital raising costs - cash	(716,416)	—	—	—	—	(716,416)
Capital raising costs – non-cash	(661,800)	661,800	—	—	—	—
Issue of shares - ESOP	840,500	—	—	—	—	840,500
Issue of shares - consultant	83,080	—	—	—	—	83,080
Issue of performance rights	—	273,014	—	—	—	273,014
Loyalty options exercised	72	—	—	—	—	72
Transfer to accumulated losses	—	—	—	2,639,591	(2,639,591)	—
AT 30 JUNE 2022	85,811,930	3,726,806	(6,096)	—	(73,018,816)	16,513,824

The accompanying abbreviated notes form part of these financial statements.

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PROVARIS ENERGY LTD
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ABBREVIATED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

Basis of Preparation

The preliminary financial statements relate to Provaris Energy Ltd and its controlled entities (“the Group”) for the year-ended 30 June 2023, and has been prepared based on the requirements of Rule 4.3A of the ASX Listing Rules (Appendix 4E).

The accounting policies applied in these preliminary consolidated financial reports are the same as those applied in the Group consolidated financial statements as at, and for the year-ended, 30 June 2022.

NOTE 1. INCOME

Consolidated Entity
2023 **2022**
\$ **\$**

The loss before income tax includes the following income where disclosure is relevant in explaining the performance of the Group:

Interest received	154,760	22,634
Unrealised exchange gains	17,578	37,648
Research and development tax concession rebate	374,766	45,775
Other income – WA State Government Renewable Hydrogen Fund	39,000	261,000
TOTAL INCOME	586,104	367,057

NOTE 2. EARNINGS PER SHARE

Basic loss per share (cents per share)	(2.26)	(1.32)
Diluted loss per share (cents per share)	(2.26)	(1.32)
(Loss) used in the calculation of basic EPS	(12,407,340)	(6,757,611)

2023 **2022**
Shares **Shares**

Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	548,659,924	512,860,714
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NOTE 3. CASH FLOW INFORMATION

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position:

Cash	2,069,836	1,316,888
Term deposits	3,000,000	10,300,000

CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	5,069,836	11,616,888
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Consolidated Entity
2023 2022
\$ \$

NOTE 3. CASH FLOW INFORMATION (CONTINUED)

RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS AFTER INCOME TAX

Loss after tax	(12,407,340)	(6,757,611)
<i>Non-cash items in loss</i>		
Cost of share-based payments	234,264	1,113,514
Foreign exchange loss/(profit)	(26,651)	(38,073)
Depreciation of plant and equipment	1,110	1,539
Derecognition of intellectual property	5,179,025	-
Amortisation of intellectual property	207,161	414,322
Shares issued - consultant	-	83,080
<i>Changes in assets and liabilities</i>		
Decrease/(increase) in receivables	183,830	(237,192)
Increase in creditors and accruals	10,874	580,654
Increase in provisions	53,087	32,885
NET CASH USED IN OPERATING ACTIVITIES	(6,564,640)	(4,806,882)

Cash at banks earns interest at floating rates based on daily bank deposit rates.

NOTE 4. INTANGIBLE ASSET

Gross carrying amount at cost	-	6,214,830
Less: Accumulated amortisation	-	(828,644)
	-	5,386,186
<i>Reconciliation of movement</i>		
Carrying amount at beginning of year	5,386,186	5,800,508
Less: Amortisation	(207,161)	(414,322)
Less: Derecognition of intangible asset	(5,179,025)	-
Carrying amount at end of year	-	5,386,186



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NOTE 4. INTANGIBLE ASSET (CONTINUED)

Intellectual property comprised compressed natural gas (CNG) marine transport design technology and associated patents, derived from the acquisition on 7 December 2017 of 100% of Sea NG Corporation (SeaNG), a Calgary based company (now GEV Canada Corporation).

At 1 July 2020, a decision was made to begin to amortise the Intellectual Property as it satisfied the criteria of being available for use at that date. The Intellectual Property was being amortised on a straight-line basis over a period of 15 years, being the estimated useful life of the asset. The amortisation expense for the period was \$207,161 (2022: \$414,322).

At present, Provaris is focused on progression of its hydrogen projects, including new IP ("H2-IP") for the storage and marine transportation of hydrogen in compressed form (including the H2Neo & H2Max carriers and H2Leo barge). Although some high-level enquiries have been received from external parties with potential for CNG projects that would have once contemplated the use of the CNG Optimum IP, given the move to the new H2-IP, it is likely that any commercialisation event involving CNG would be delivered via the new H2-IP compressed gas tank and carrier design, with modifications to meet the certification and safety approvals to store and transport natural gas (instead of hydrogen). Therefore, it is uncertain whether the CNG Optimum IP will ever be commercialised, and as such the intangible asset has been derecognised as no future economic benefits are expected to be realised.

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