



# **ENERGY TECHNOLOGIES LIMITED**

**ABN 38 002 679 469**

## **Annual Financial Report**

**for the year ended 30 June 2023**

## Corporate Information

**ABN 38 002 679 469**

### **Directors**

Matthew Driscoll (Chairman, Non-Executive Director)

Alfred J. Chown (Executive Director)

Anthony L Smith (Non-Executive Director)

### **Company Secretary**

Gregory R. Knoke

### **Registered Office**

Unit J, 134-140 Old Pittwater Road

Brookvale NSW 2100

### **Bankers**

National Australia Bank Limited

NAB House, 255 George Street

Sydney NSW 2000

### **Share Register**

Computershare Investor Services Pty Ltd

60 Carrington Street

Sydney NSW 2000

Telephone:- (02) 8234 5000

Facsimile:- (02) 8235 8150

### **Auditors**

Crowe Audit Australia

Level 42, 600 Bourke Street

Melbourne VIC 3000

Telephone:- (03) 9258 6700

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## Chairman's Report

Dear Shareholder,

Before proceeding to the main body of the Chairman's Report I would like to acknowledge the contribution to Energy Technologies Limited (EGY) of its previous Chairman Brian Jamieson, deceased 7 August 2023, and to again express my sincere condolences to Brian's family. Throughout his tenure as Chairman, Brian was a mentor to the Board and his guidance and governance in the role was exemplary. I would also like to thank Mr Ian Campbell for his work, as a director of EGY, through the last couple of years, which have presented us with a number of challenges.

As the Chairman of EGY, including wholly owned subsidiary Bambach Wires and Cables Pty Limited (Bambach), I would like to start by highlighting some key metrics from FY2023 that reflect the journey and progress of our company:

Group revenue reached \$15.5m, marking a 24% increase compared to the previous corresponding period (PCP). This was despite Bambach continuing to experience further issues with utilisation rates at the factory due partly to the lasting effects of COVID, although these reduced greatly in the second half of the year as normal staffing levels resumed, and this provided for an increase in productivity, which allowed Bambach to take advantage of the higher-than-normal order book.

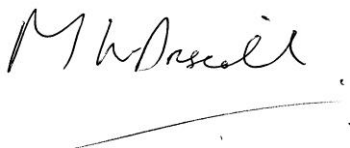
While the Group reported loss for the period was \$15.3m, 76% down on PCP, this included a \$5.2m full impairment of intangible development assets and purchased IP and a \$798K inventory write down following a detailed review of inventory by location and adjustment for slow moving lines. When taking this into account, as well as higher finance costs as interest rates moved higher, the operating result was marginally improved on the FY2022 result.

During the last quarter of FY2023, Bambach entered a restructuring of the factory to move to 24-hour operations which resulted in a restructuring of staffing levels. While largely done, this is still being finalised to ensure that the new work arrangements have the necessary number of staff to support this increase in factory utilisation. Production planning has also been improved and final commissioning of machinery undertaken on the Rosedale site. The second shed housing the new silicone line is also nearing completion. The Board has determined to impair both intangible assets and inventory to prepare the business for its fresh start in operations under the increase in factory utilisation.

EGY also proudly announced recently Bambach's largest contract win, with a value of \$1.14m, further demonstrating growth prospects. Importantly, Bambach current order book remains robust, which reflects the enduring strength of our business.

In conclusion, whilst I acknowledge the hurdles faced during the past year, the Board and I remain resolute in our commitment to growth and prosperity. Our team's dedication, coupled with the enduring support of our stakeholders, positions us for a promising future. We are focused on leveraging our strong order book and optimising our operations to deliver value to our shareholders.

Thank you for your continued trust and support.

A handwritten signature in black ink, appearing to read "Matthew Driscoll".

**Matthew Driscoll**  
Chairman

28 September 2023

## Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Energy Technologies Limited (referred to hereafter as the 'Company') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

### DIRECTORS

The names and details of the Company's Directors in office during the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

#### Names, qualifications, experience and special responsibilities

**Matthew Driscoll**, (Chairman - Non-Executive Director) Appointed 20 December 2016

Mr Driscoll has significant experience across several industries, including online technologies, financial services, fintech, property and resources. He has more than 30 years' experience in capital markets and the financial services industry and is an accomplished company director in roles across listed and private companies. He has significant experience in international business growth, mergers and acquisitions, equity and debt raisings and building strategic alliances, and remains committed to ethical, commercial and consumer-based outcomes.

Other Current Directorships: Chair Carbonxt Group (CGI), Chair Tennant Minerals (TMS), Chair Smoke Alarms Holdings.

Mr Driscoll is a member of the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee.

**Anthony Lloyd Smith** (Non-Executive Director) Appointed 24 December 2020

Mr Smith has over 30 years' experience in finance with a variety of firms concentrating on small to medium sized companies in regard to corporate finance, institutional research sales and private wealth advice. During this time, he was charged with running these businesses along with titles of Head of Securities and Country Director of Austock Group and Phillip Capital. Mr Smith currently handles the investments at Cashel Family Office, a Melbourne based multi-family office company.

Mr Smith is a member of the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee.

**Alfred J Chown**, B.Econ, (Executive Director) Appointed 10 August 2023.

Mr Chown has extensive experience in building businesses across Australasia. He returned to Australia in 2012 after residing in Hong Kong from 1987-2012. In 1987 he co-founded E.L. Consult Ltd an executive search provider that prior to being sold to the Clarius group (ASX:CND) in 2007, had an extensive network of offices throughout Hong Kong, China, Singapore and Malaysia. In the early 1990's Mr Chown co-founded what became the Dulhunty Power Group, under Dulhunty Power Limited (formerly ASX:DUL), a manufacturer of line fittings for the electric power transmission and distribution industry with factories in Australia, China, Malaysia and Thailand and offices in New Zealand and the USA. The Dulhunty Power Group was sold to Maclean Power Systems of the USA in 2012.

Mr Chown is a former Chairman of the Australian Chamber of Commerce in Hong Kong and has extensive commercial experience in both Australia and Asia.

Mr Chown was formerly Chairman and Director of Energy Technologies Limited (EGY), resigning on 24 December 2020 and remaining as CEO of the group and director of subsidiary Bambach Wires and Cables Pty Limited (Bambach). Following his re-appointment as a director of EGY, Mr Chown remains as CEO of the group and director of Bambach.

Mr Chown is a member of the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee.

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## Directors' Report (continued)

**Brian Jamieson** (Chairman – Non-Executive Director) Appointed 24 December 2020. Deceased 7 August 2023.

Mr Jamieson had over 40 years' experience in the advisory, manufacturing, resources and technology industries in Australia and offshore. Mr Jamieson was Chief Executive of Minter Ellison Melbourne from 2002-2005. Prior to joining Minter Ellison, Mr Jamieson was Chief Executive Officer at KPMG Australia from 1998-2000, Managing Partner of KPMG Melbourne and Southern Regions from 1993-1998 and Chairman of KPMG Melbourne from 2001- 2002. Prior to the merger of Touche Ross & Co and Peat Marwick Hungerfords to form KPMG, Mr Jamieson was the Managing Partner for Australia for Touche Ross & Co. He had over 40 years' experience in providing advisory and audit services to a diverse range of public and large private companies. He was also a Fellow of the Institute of Chartered Accountants in Australia and New Zealand and a Fellow of the Australian Institute of Company Directors.

Mr Jamieson was also a Non-Executive Director of IODM Limited and a Non-Executive Director of Highfield Resources Limited. Mr Jamieson was formerly Non-Executive Chairman of Sigma Healthcare Limited (resigned 13 May 2020), Non-Executive Chairman of Mesoblast Limited (resigned 31 March 2019), Non-Executive Director of Oxiana/OZ Minerals Limited from 2005 to 2015 and served as Chairman of Audit Risk and Compliance, Nomination and Remuneration, and Due Diligence Committees. He was a Non-Executive Director of Tatts Group Limited from 2005 to December 2017 and served as the Chairman of Audit and Risk Committee, Chairman of the Due Diligence Committee and member of the Remuneration Committee. He was also a Non-Executive Director of ASX listed Tigers Realm Coal from 2010 to 2015 and chaired various committees.

Mr Jamieson was a member of the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee.

**Ian Alistair Campbell** (Non-Executive Director) Appointed 24 December 2020. Resigned 16 June 2023.

Mr Campbell joined Olex Cables in 1989 as Group General Manager and then as Managing Director of the Pacific Dunlop Cables Group until 1998.

In 1998 Mr Campbell joined ASX-200 listed GUD Holdings Ltd as its Managing Director and CEO until his retirement in mid-2013. GUD managed a stable of consumer, trade and industrial businesses. It was a diverse portfolio of branded manufactured or sourced products selling to the retail, trade wholesale and B-to-B sectors. Companies in the GUD stable during his tenure were Sunbeam appliances, Oates cleaning, Victa Lawncare (divested in 2007), Davey Water Products, Lock Focus, Ryco and Wesfil automotive, and Dexion storage solutions.

Mr Campbell joined the BWX board in 2015 and was appointed Chairman in September 2018.

Mr Campbell has been a non-executive director of Mirrabooka Investments Ltd since 2007. He was formerly a national councillor and Victorian Vice-President of the Australian Industry Group.

Mr Campbell has not held any other listed directorships in addition to those set out above in the past three years.

Mr Campbell was a member of the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee.

### COMPANY SECRETARY

**Gregory R Knoke**, B. Com, CA (Company Secretary and Chief Financial Officer) Appointed 30 April 2003

Director of Cogenic Pty Limited. Mr Knoke was a director of Energy Technologies Limited from May 2000 until 30 April 2003, resigned upon acceptance of the position of CFO and Company Secretary. Born in 1952, educated at University of NSW and graduated in 1973 with major in accountancy, he holds a Bachelor of Commerce degree with merit. Mr Knoke is a Chartered Accountant and Associate member of Chartered Accountants Australia and New Zealand since 1979, and an affiliate member of Chartered Secretaries of Australia. Business consultant and advisor, with extensive work experience throughout Asia and Europe, Mr Knoke spent 13 years in Hong Kong as Asian Group Financial Controller and Director for BIL Asia Holdings Limited and subsidiaries of the Brierley Investments Limited Group.

## Directors' Report (continued)

### PRINCIPAL ACTIVITIES

EGY's principal activities during the year were:

- The manufacture and sale of specialist industrial cables through wholly owned subsidiary Bambach Wires and Cables Pty Limited (BWC);
- Driving organic growth and organisational change in BWC; and
- Seeking other products, businesses and opportunities for the Group.

### REVIEW AND RESULTS OF OPERATIONS

EGY has reported a consolidated loss after tax and minorities for FY2023 of \$15,344,996 (FY2022 loss after tax and minorities \$8,731,756). Wholly owned subsidiary Bambach Wires and Cables Pty Limited (Bambach) reported a loss after tax of \$14,127,919 (FY2022 loss \$7,798,291). This includes a one-off amount of \$5,194,327 to fully impair the FY2023 carrying value of intangible development assets and purchased intellectual property to NIL. In addition, the result includes an inventory write down of \$798,286 (2022: \$484,338) as a result of a detailed review of inventory items by location and including slow moving stock.

During the period, Bambach experienced further issues with utilisation rates at the factory due to the lasting effects of COVID. Pleasingly, these reduced greatly in October 2022 as normal staffing levels resumed and from November 2022 provided for an increase in productivity which allowed the company to take advantage of the higher-than-normal order book. This resulted in a 24% increase in sales compared to the previous corresponding period and continues to underpin the opportunities that the company has going forward.

During April 2023, Bambach entered a restructuring of the factory to move to 24-hour operations which resulted in a restructuring of staffing levels. While largely done, they are still being finalised to ensure that the new work arrangements have the necessary number of staff to support this increase in factory utilisation.

The Board has determined to impair both intangible assets and inventory to prepare the business for its fresh start in operations under this increase in utilisation. The FY2023 loss of \$15.3m, when taking in to account the impairment of intangible assets (\$5.2m), the higher impairment of inventory (\$0.3m) and the higher finance cost (\$1m) was largely in line with the FY2022 result (down by \$0.08m) due to the similar utilisation rates, from the prior year, of the factory.

Sales still remain strong, with the company having a healthy order book in place, as underpinned by it announcing its first project win in excess of \$1m, on 28 July 2023.

### STATE OF AFFAIRS

During the financial year, the Group repaid \$8,579,009 (2022: \$5,492,799) of both long and short-term interest bearing debt.

In relation to the Going Concern position of the Group, please refer to the details set out in Note 1(c) to the Financial Statements and the Events After the Reporting Period Note 29.

### DIVIDENDS

No dividends were paid or recommended by the parent company EGY this financial year.

### NON-AUDIT SERVICES

During the year, Grant Thornton Audit Pty Ltd, the Company's previous auditor, performed no other services in addition to their statutory duties. The Company's auditor, Crowe Audit Australia, appointed on 15 May 2023, performed no other services in addition to their statutory duties.

Details of the amounts paid to the auditors and their associates for audit services provided during the year are set out in note 6 to the financial statements. In addition, amounts paid to other auditors for other statutory audit services have been disclosed in that note.

## Directors' Report (continued)

### EVENTS SUBSEQUENT TO REPORTING DATE

The following matters have occurred post reporting date:

- The company has raised \$2,606,500 by way of the issue of convertible notes with funding received in five tranches. These notes have a face value of \$1.00, attract a 10% coupon rate, which is payable on maturity, and are convertible at \$0.08 subject to shareholder approval. These notes mature two years from the date of issue; and
- Convertibles notes of \$1,000,000 which matured on 25 August 2023 have been extended until 27 November 2023. The terms of the notes remain unchanged.

Other than what is noted per above, there have been no other matters that have arisen since the end of the financial period any other matter of circumstance which, in the opinion of the directors of the Company, significantly affects the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Refer Events Subsequent to Reporting Date above.

#### Future Developments and Risks

##### Opportunities

Energy Technologies Limited (EGY) 100% owned subsidiary, Bambach Wires and Cables Pty Limited (Bambach) manufactures Low Voltage electric cables at its 13,000 sqm Rosedale, Victoria facility. Bambach has a substantial range of cable making equipment manufacturing a large range of both specialised and non-specialised low Voltage cables.

The company also has warehouses in Dandenong, Victoria, Brookvale, New South Wales and Perth, Western Australia, as well as Sales Offices in Newcastle and Adelaide.

The recent raising of capital by way of convertible notes, with the prospect of a further convertible note placement, means that the business is adequately capitalised ensuring raw material supply to sustain growth which has been a failing of the company over recent years.

Bambach has a strong order book and indications of further orders for major road and rail projects from major Australian contractors. It is involved with various defence primes and subcontractors in the development and provision of cables for a number of defence projects including defence materiel from ships to security systems as well as defence infrastructure, especially in Northern Australia. It is also heavily involved with nascent projects focused on developing hydrogen and electric vehicles, onshore and offshore wind farms, solar farms and is now progressing with supply to the Australian rolling stock industry, which is currently undergoing a massive resurgence. The company is also continuing its re-stocking program, which began last year, to re-stock its warehouses, which is increasing day to day sales substantially.

Bambach has more new products to launch over the coming twelve months and is also well placed with appropriate approvals to take advantage of the expected infrastructure projects throughout Australia, such as Inland Rail, regional rail upgrades in Victoria, Perth Metronet Projects and projects associated with the Brisbane Olympics.

The fact that Bambach manufactures in Australia, places it at the forefront of local content suppliers for low voltage cable. Recent global strategic considerations and supply chain dislocation due to the pandemic have benefited the company and this is expected to continue as both State and Federal governments become ever more demanding in their quest to support local industry both to ensure jobs and to build sovereign capability. Strategically, the company at all levels is well placed to take advantage of growing interest in Australian manufacturing and regionalisation and has the necessary contacts and skills to build on its capabilities to rival the best specialist cable manufacturers in the region.

## Directors' Report (continued)

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS (continued)

#### Risks

Bambach must continue to develop and upgrade its manufacturing facilities to enable it to meet efficiency and productivity requirements and produce locally a continually expanding range and size of cables. Failure to do so will substantially limit growth and will not allow anticipated margin improvement.

A rise in the AUD against the USD will impact negatively on the competitiveness of the business. At AUD/USD 0.80 the business may be less competitive with imports of like quality. A fall from this level is favourable to the business whilst a rise is unfavourable.

Bambach is a small player in a market where there are several very large competitors and management are very aware that to compete Bambach must maintain a point of difference. To this end it must continue with a very active research and development agenda, developing new cables and continuously upgrading existing cables. It must also continue to develop its manufacturing processes and adopt a continuous upgrade program. It must also continue to excel in the level of service that it provides. Any failure in any of these areas will bring significant risk to the business.

Bambach continues to report a loss and has not been profitable for an extended period. This weakness has been supported financially by significant fund raising and investment, which has been successfully undertaken over the past four years and continued in FY2023. The company must deliver to maintain the support of its shareholders and financiers, and in this respect, it must deliver on the small objectives as well as the larger objective of returning to profitability. Thus, it must continue to deliver on bringing new products to market and on increasing productivity to build a robust sustainable business. Failure to meet accepted milestones on this path will pose a risk to continued financial support.

The Group has based its business plan on the belief that both Federal and State governments will proceed with planned infrastructure, energy and defence spending. Now significant projects are proceeding. Any cancellation of these plans or continued delay will impact negatively on the opportunities that lie ahead for the company.

The Group has developed products some of which still require final testing and approval. Any failure to pass testing in a timely manner or not obtain approval will impact negatively on the company's performance.

Like all businesses globally the threat of further waves of the Covid-19 pandemic pose significant risk to the economy and to the group. Rising geopolitical tensions also pose a significant risk.

### ENVIRONMENTAL REGULATION AND PERFORMANCE

The group operates a factory in Rosedale, Victoria which is required to comply with local planning laws, and with State and Commonwealth Environmental laws. The company considers that the factory operations are currently compliant and is not expecting any adverse impact as a result of the environmental regulation.

### INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

#### Indemnification

The Company has entered into Deeds of Indemnity and Access with persons who are an Officer or Director of the Company or a related body corporate, indemnifying such persons against a liability incurred by them in their capacity as an Officer or Director, including costs and expenses of defending legal proceedings and providing them with access to company records where a claim is made or threatened against such Officer or Director.

#### Insurance Premiums

The Company has not, during or since the end of the financial year, in respect of any person who is or has been an auditor of the Company or a related body corporate paid or agreed to pay a premium in respect of a contract insuring against a liability for costs or expenses of defending legal proceedings.

The Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expense insurance for Directors and Officers of the Company. In accordance with subsection 300(9) of the Corporations Act 2001, further details have not been disclosed due to confidentiality provisions contained in the insurance contract.

## Directors' Report (continued)

### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

### EMPLOYEES

The consolidated entity employed 91 employees as at 30 June 2023 (2022: 74 employees).

### REMUNERATION REPORT

The remuneration report is set out on page 13 and forms part of the Directors' Report for the financial year ended 30 June 2023.

### DIRECTORS' MEETINGS

The numbers of meetings of Directors (including meetings of Committees of Directors) held during the year and the number of meetings attended by each director were as follows:

|                                         | Board of Directors | Remuneration Committee | Audit and Risk Committee | Nomination Committee |
|-----------------------------------------|--------------------|------------------------|--------------------------|----------------------|
| <b>Number of meetings held:</b>         | 15                 | -                      | 7                        | -                    |
| <b>Number of meetings attended:</b>     |                    |                        |                          |                      |
| Brian Jamieson (deceased 7 August 2023) | 15                 | -                      | 7                        | -                    |
| Anthony L Smith                         | 14                 | -                      | 7                        | -                    |
| Ian A Campbell (resigned 16 June 2023)  | 15                 | -                      | 7                        | -                    |
| Matthew Driscoll                        | 15                 | -                      | 7                        | -                    |

### Committee Membership

During the 2023 financial year, the company's committees were comprised as follows:

|                                  |                |                  |                 |                |
|----------------------------------|----------------|------------------|-----------------|----------------|
| <b>Audit and Risk Committee:</b> | Brian Jamieson | Matthew Driscoll | Anthony L Smith | Ian A Campbell |
| <b>Remuneration Committee:</b>   | Brian Jamieson | Matthew Driscoll | Anthony L Smith | Ian A Campbell |
| <b>Nomination Committee:</b>     | Brian Jamieson | Matthew Driscoll | Anthony L Smith | Ian A Campbell |

At the date of this report, the company's committees were comprised as follows:

|                                  |              |                  |                 |  |
|----------------------------------|--------------|------------------|-----------------|--|
| <b>Audit and Risk Committee:</b> | Alfred Chown | Matthew Driscoll | Anthony L Smith |  |
| <b>Remuneration Committee:</b>   | Alfred Chown | Matthew Driscoll | Anthony L Smith |  |
| <b>Nomination Committee:</b>     | Alfred Chown | Matthew Driscoll | Anthony L Smith |  |

## Directors' Report (continued)

### INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

The relevant interest of each director in the shares, and options over such instruments, issued by the companies within the consolidated entity and other related bodies corporate, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

|                                       | Energy Technologies Limited |                |                  | Dulhunty Engineering Limited |
|---------------------------------------|-----------------------------|----------------|------------------|------------------------------|
|                                       | Ordinary Shares             | Listed Options | Unlisted Options | Ordinary Shares              |
| Anthony L Smith                       | 19,843,675                  | 1,848,849      | 3,539,286        | -                            |
| Matthew Driscoll                      | 6,560,277                   | 889,921        | 1,041,667        | -                            |
| Alfred J Chown                        | 8,243,575                   | -              | -                | 59,724                       |
| Gary A Ferguson – director of Bambach | 1,154,044                   | -              | -                | -                            |

### SHARES UNDER OPTION

Unissued ordinary shares of EGY under share option at the date of this report are as follows:

| Grant date       | Expiry date      | Exercise price | Number under option |
|------------------|------------------|----------------|---------------------|
| 18 November 2020 | 1 December 2023  | \$0.112        | 6,000,000           |
| 23 December 2020 | 23 December 2023 | \$0.112        | 800,000             |
| 30 June 2021     | 30 June 2024     | \$0.168        | 2,827,191           |
| 14 October 2021  | 31 October 2024  | \$0.200        | 9,000,000           |

Shares issued under the non-renounceable rights issue 14 October 2021 had 25,000,058 attaching listed share options expiring 31 October 2024. The offer price for these options was \$NIL and the options have an exercise price of \$0.20.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

### Shares issued on the exercise of options

There were no ordinary shares of EGY issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on page 31 of this financial report and forms part of this Directors' Report.

## Directors' Report (continued)

### CORPORATE GOVERNANCE STATEMENT

Energy Technologies Limited and the Board of Directors are committed to achieving and demonstrating the highest standards of corporate governance. Energy Technologies Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th Edition) published by the ASX Corporate Governance Council. Details of the corporate governance report is available on the Group website at <https://www.energytechnologies.com.au>

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'Alfred Chown'.

**Alfred Chown**  
**Director**

28 September 2023

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## Remuneration Report (audited)

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors and the executive team. Remuneration levels are set to attract and retain appropriately qualified and experienced Directors and senior executives. The Remuneration Committee obtains independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. The Remuneration Committee also assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

Executive remuneration packages include a mix of fixed remuneration and performance based remuneration

### Fixed Remuneration

Fixed remuneration consists of base remuneration as well as employer contributions to superannuation funds. Remuneration levels are reviewed annually by the Remuneration Committee through a process that considers individual, segment and overall performance of the consolidated and operating entity. A senior executive's remuneration is also reviewed on promotion.

### Performance – linked Remuneration

The Remuneration Committee links the nature and amounts of executives' emoluments to the company's financial and operational performance. All senior executives have the opportunity to qualify for participation in the Employee Bonus Plan, which currently provides incentives where specified criteria are met including criteria relating to profitability.

Performance linked remuneration includes both short term and long term incentives and is designed to reward executive directors and senior executives for meeting or exceeding financial and personal objectives. The short-term incentive is an at-risk bonus provided in the form of cash, and is based on the relevant operating subsidiaries' results and on achieving a pre-set target. The long-term incentive is provided as ordinary shares of Energy Technologies Limited or options over ordinary shares of Energy Technologies Limited under the rules of the Energy Technologies Limited Share Option Plan.

The remuneration structures result in and take into account:

- The overall level of remuneration for each director and executive;
- The executive's ability to control performance; and
- The amounts of incentives within each executive's remuneration.

### Short term incentive

Each year the remuneration committee sets the key performance indicators, which generally include measures relating to the operating group, the relevant segment and the individual, and are based on financial, customer and strategy measures. The measures directly align the reward to the key performance indicators and the operating group performance. The financial performance objectives are operating group turnover and EBIT to working capital ratio analyses compared to budgeted amounts on a regional and consolidated basis. The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, safety and business development.

The remuneration committee approves the cash incentive to be paid to the individuals.

### Long term incentive

Options are available to be issued under the Energy Technologies Limited Share Option Plan (made in accordance with thresholds set in plans approved by shareholders at the 2021 AGM), and it provides for directors, executives and employees to receive options in total limited to 15% of the issued ordinary capital and exercisable strictly under the terms of the Plan.

## Remuneration Report (audited)

The Board considers that the above remuneration structure is adequate given the major restructuring of the operations required under the Business Plan, and secondly, the performance linked element appears to be appropriate because the executives strive to achieve a level of performance which qualifies them for bonuses.

The remuneration for all non-executive directors, last voted upon by shareholders at the 2007 AGM, is not to exceed \$500,000 per annum. During the 2023 financial year Director's fees were \$50,000 per annum for Mr Anthony L Smith, Mr Ian A Campbell, Mr Matthew Driscoll and \$70,000 for Mr Brian Jamieson as Chairman. Director's fees are presently \$50,000 per annum for Mr Anthony L Smith and Mr Matthew Driscoll. Mr Alfred Chown is remunerated under the terms of his contract as CEO of the group.

Names and positions held of consolidated entity key management personnel in office at any time during the financial year are:

| Key Management Person | Position (s) Held during the Year                                |
|-----------------------|------------------------------------------------------------------|
| Brian Jamieson        | Chairman - Non-Executive Director of EGY. Deceased 7 August 2023 |
| Anthony L Smith       | Director – Non-Executive of EGY                                  |
| Ian A Campbell        | Director – Non-Executive of EGY. Resigned 16 June 2023.          |
| Matthew Driscoll      | Director – Non-Executive of EGY                                  |
| Gary A Ferguson       | Director – Non-Executive of Bambach                              |
| Alfred J Chown        | CEO of EGY and of Bambach. Director of Bambach.                  |
| Gregory. R Knoke      | CFO/Company Secretary of EGY and Bambach                         |
| Nicholas Cousins      | Chief Operating Officer of Bambach                               |

| Ordinary Shares                                   |                      |                          |           |           |                      |
|---------------------------------------------------|----------------------|--------------------------|-----------|-----------|----------------------|
| Number of Shares held by Key Management Personnel | Balance 30 June 2022 | Received as Remuneration | Purchases | Disposals | Balance 30 June 2023 |
| <b>Specified directors</b>                        |                      |                          |           |           |                      |
| Matthew Driscoll                                  | 6,560,277            | -                        | -         | -         | 6,560,277            |
| Brian Jamieson                                    | 987,740              | -                        | -         | -         | 987,740              |
| Anthony L Smith                                   | 19,843,675           | -                        | -         | -         | 19,843,675           |
| Ian A Campbell                                    | 1,975,479            | -                        | -         | -         | 1,975,479            |
| <b>Specified executives</b>                       |                      |                          |           |           |                      |
| Alfred J Chown                                    | 8,243,575            | -                        | -         | -         | 8,243,575            |
| Gregory R Knoke                                   | 207,887              | -                        | -         | -         | 207,887              |
| Nicholas Cousins                                  | 95,238               | -                        | -         | -         | 95,238               |
|                                                   | 37,913,871           | -                        | -         | -         | 37,913,871           |

## Remuneration Report (audited)

| Unlisted Options<br>Number of Options held by<br>Key Management Personnel | Balance<br>30 June 2022 | Received as<br>Remuneration | Acquired | Forfeited | Balance<br>30 June 2023 |
|---------------------------------------------------------------------------|-------------------------|-----------------------------|----------|-----------|-------------------------|
| <b>Specified directors</b>                                                |                         |                             |          |           |                         |
| Matthew Driscoll                                                          | 1,041,667               | -                           | -        | -         | <b>1,041,667</b>        |
| Brian Jamieson                                                            | 446,238                 | -                           | -        | -         | <b>446,238</b>          |
| Anthony L Smith                                                           | 3,539,286               | -                           | -        | -         | <b>3,539,286</b>        |
| Ian A Campbell                                                            | 595,238                 | -                           | -        | 595,238   | -                       |
| <b>Specified executives</b>                                               |                         |                             |          |           |                         |
| Alfred J Chown                                                            | -                       | -                           | -        | -         | -                       |
| Gregory R Knoke                                                           | -                       | -                           | -        | -         | -                       |
| Nicholas Cousins                                                          | -                       | -                           | -        | -         | -                       |
|                                                                           | 5,622,429               | -                           | -        | 595,238   | <b>5,027,191</b>        |

The unlisted options issued under the Share Option Plan vest in accordance with the vesting dates shown below and are exercisable on the vesting date. The options are subject to a service condition being continuous employment until vesting date. Refer below:

| Name             | Number of<br>options<br>granted | Grant date   | Vesting date | Expiry date  | Exercise price | Fair value per<br>option at grant<br>date |
|------------------|---------------------------------|--------------|--------------|--------------|----------------|-------------------------------------------|
| Brian Jamieson   | 148,746                         | 30 June 2021 | 30 June 2022 | 30 June 2024 | \$0.168        | \$0.0346                                  |
|                  | 148,746                         | 30 June 2021 | 30 June 2023 | 30 June 2024 | \$0.168        | \$0.0790                                  |
|                  | 148,746                         | 30 June 2021 | 30 June 2024 | 30 June 2024 | \$0.168        | \$0.0596                                  |
|                  | <b>446,238</b>                  |              |              |              |                |                                           |
| Matthew Driscoll | 347,222                         | 30 June 2021 | 30 June 2022 | 30 June 2024 | \$0.168        | \$0.0346                                  |
|                  | 347,222                         | 30 June 2021 | 30 June 2023 | 30 June 2024 | \$0.168        | \$0.0790                                  |
|                  | 347,223                         | 30 June 2021 | 30 June 2024 | 30 June 2024 | \$0.168        | \$0.0596                                  |
|                  | <b>1,041,667</b>                |              |              |              |                |                                           |
| Anthony L Smith  | 446,429                         | 30 June 2021 | 30 June 2022 | 30 June 2024 | \$0.168        | \$0.0346                                  |
|                  | 446,429                         | 30 June 2021 | 30 June 2023 | 30 June 2024 | \$0.168        | \$0.0790                                  |
|                  | 446,428                         | 30 June 2021 | 30 June 2024 | 30 June 2024 | \$0.168        | \$0.0596                                  |
|                  | <b>1,339,286</b>                |              |              |              |                |                                           |

In addition to the above, Anthony L Smith holds an additional 2,200,000 unlisted options through a nominee entity.

## Remuneration Report (audited)

| Listed Options<br>Number of Options held by<br>Key Management Personnel | Balance<br>30 June 2022 | Received as<br>Remuneration | Acquired | Disposals | Balance<br>30 June 2023 |
|-------------------------------------------------------------------------|-------------------------|-----------------------------|----------|-----------|-------------------------|
| <b>Specified directors</b>                                              |                         |                             |          |           |                         |
| Matthew Driscoll                                                        | 889,921                 | -                           | -        | -         | 889,921                 |
| Brian Jamieson                                                          | 90,685                  | -                           | -        | -         | 90,685                  |
| Anthony L Smith                                                         | 1,848,849               | -                           | -        | -         | 1,848,849               |
| Ian A Campbell                                                          | 181,370                 | -                           | -        | -         | 181,370                 |
| <b>Specified executives</b>                                             |                         |                             |          |           |                         |
| Gregory R Knoke                                                         | 14,760                  | -                           | -        | -         | 14,760                  |
|                                                                         | 3,025,585               | -                           | -        | -         | 3,025,585               |

Shares issued under the non-renounceable rights issue 14 October 2021 had 25,000,058 attaching listed options expiring 31 October 2024. The offer price for these options was \$NIL and the options have an exercise price of \$0.20.

### Voting and comments made at the Company's last Annual General Meeting

Energy Technologies Limited received 100% of 'yes' votes on its Remuneration Report for the financial year ending 30 June 2022. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

### Use of remuneration consultants

Energy Technologies Limited did not employ the services of any remuneration consultants in FY2023.

### Employment agreements

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in an employment agreement. The major provisions of the agreements relating to remuneration as set out below:

| Employee         | Base Salary (per annum) | Term of Agreement | Notice Period |
|------------------|-------------------------|-------------------|---------------|
| Alfred J Chown   | \$287,671               | Unspecified       | 3 months      |
| Gregory R Knoke  | \$192,877               | Unspecified       | 1 month       |
| Nicholas Cousins | \$180,000               | Unspecified       | 3 months      |

### Other transactions with key management personnel

- During the period to 30 June 2022 a loan was made from Director and CEO Alfred Chown of \$200,000. An amount of \$10,000 was repaid during the current period, and the loan principal is currently \$190,000. The loan matures on 11 April 2024, or as mutually agreed. The interest rate is 10% and during the period \$21,110 of interest was paid.
- A loan from Director Matthew Driscoll of principal \$500,000 as at 30 June 2022 was repaid during the period. The repayment included accrued interest of \$31,506.
- Included in Sundry payables and accrued expenses are unpaid Directors fees of \$143,056.

Details of the nature and amount of each element of the remuneration of key management personnel including each director of the company and each of the specified executive officers of the company and the consolidated entity for the financial year are disclosed in the table on next page.

## Remuneration Report (audited)

The following table provides the details of all directors of the Company ("specified directors") and the executives of the consolidated entity with the greatest authority ("specified executives"), and the nature and amount of the elements of their remuneration for the year ended 30 June 2023. Short-term benefits and post-employment benefits received relates to fixed contracted amounts, and no short-term incentives were paid during the year. The current share option plan is subject to participants meeting service conditions at the vesting date, and there were no performance conditions linked to the share option plan.

|                      |                                                                                       | Short-term benefits              |            |        | Post Employment Benefits | Share-based payment |          | Total     |
|----------------------|---------------------------------------------------------------------------------------|----------------------------------|------------|--------|--------------------------|---------------------|----------|-----------|
| 2023                 |                                                                                       | Cash, salary, fees & commissions | Cash Bonus | Other  | Superannuation           | Shares              | Options  |           |
| Specified Directors  | Position (s) Held                                                                     | \$                               | \$         | \$     | \$                       | \$                  | \$       | \$        |
| Brian Jamieson       | Chairman/ Non-Executive Director of EGY. Deceased 7 August 2023                       | 70,000                           | -          | -      | 7,350                    | -                   | 8,865    | 86,215    |
| Anthony L Smith      | Non-Executive Director of EGY                                                         | 50,000                           | -          | -      | -                        | -                   | 26,604   | 76,604    |
| Ian A Campbell       | Non-Executive Director of EGY. Resigned 16 June 2023                                  | 50,000                           | -          | -      | 5,250                    | -                   | (20,045) | 35,205    |
| Matthew Driscoll     | Non-Executive Director of EGY                                                         | 50,000                           | -          | -      | -                        | -                   | 20,692   | 70,692    |
| Gary A Ferguson      | Director of Bambach                                                                   | 12,000                           | -          | -      | -                        | -                   | -        | 12,000    |
| Alfred J Chown       | CEO of EGY Group, Director of EGY (appointed 10 August 2023) and Director of Bambach. | 309,893                          | -          | -      | 25,292                   | -                   | -        | 335,185   |
| Specified executives |                                                                                       |                                  |            |        |                          |                     |          |           |
| Gregory R Knoke      | CFO/Company Secretary of EGY and Bambach                                              | 192,877                          | -          | 8,670  | 20,253                   | -                   | -        | 221,800   |
| Nicholas Cousins     | COO of Bambach                                                                        | 178,363                          | -          | 18,000 | 18,728                   | -                   | -        | 215,091   |
|                      |                                                                                       | 913,133                          | -          | 26,670 | 76,873                   | -                   | 36,116   | 1,052,792 |

## Remuneration Report (audited)

The following table provides the details of all directors of the Company ("specified directors") and the executives of the consolidated entity with the greatest authority ("specified executives"), and the nature and amount of the elements of their remuneration for the year ended 30 June 2022. Short-term benefits and post-employment benefits received relates to fixed contracted amounts, and no short-term incentives were paid during the year. The current share option plan is subject to participants meeting service conditions at the vesting date, and there were no performance conditions linked to the share option plan.

|                             |                                                         | Short-term benefits              |            |               | Post Employment Benefits | Share-based payment |               | Total            |
|-----------------------------|---------------------------------------------------------|----------------------------------|------------|---------------|--------------------------|---------------------|---------------|------------------|
| 2022                        |                                                         | Cash, salary, fees & commissions | Cash Bonus | Other         | Superannuation           | Shares              | Options       |                  |
| Specified Directors         | Position (s) Held                                       | \$                               | \$         | \$            | \$                       | \$                  | \$            | \$               |
| Brian Jamieson              | Chairman/ Non-Executive Director of EGY                 | 70,000                           | -          | -             | 7,000                    | -                   | 8,865         | 85,865           |
| Anthony L Smith             | Non-Executive Director of EGY                           | 50,000                           | -          | -             | -                        | -                   | 26,604        | 76,604           |
| Ian A Campbell              | Non-Executive Director of EGY                           | 50,000                           | -          | -             | 5,000                    | -                   | 11,824        | 66,824           |
| Matthew Driscoll            | Non-Executive Director of EGY                           | 50,000                           | -          | -             | -                        | -                   | 20,692        | 70,692           |
| Yulin Hu                    | Non-Executive Director of EGY. Resigned 4 October 2021. | 12,500                           | -          | -             | -                        | -                   | -             | 12,500           |
| Gary A Ferguson             | Director of Bambach                                     | 12,000                           | -          | -             | -                        | -                   | -             | 12,000           |
| <b>Specified executives</b> |                                                         |                                  |            |               |                          |                     |               |                  |
| Alfred J Chown              | CEO of EGY Group and Director of Bambach                | 283,714                          | -          | -             | 23,568                   | -                   | -             | 307,282          |
| Gregory R Knoke             | CFO/Company Secretary of EGY and Bambach                | 192,819                          | -          | 8,670         | 19,256                   | -                   | -             | 220,745          |
| Nicholas Cousins            | COO of Bambach                                          | 162,470                          | -          | 18,000        | 16,247                   | -                   | -             | 196,717          |
|                             |                                                         | <b>883,503</b>                   | <b>-</b>   | <b>26,670</b> | <b>71,071</b>            | <b>-</b>            | <b>67,985</b> | <b>1,049,229</b> |

End of the audited Remuneration Report.

## Corporate Governance Statement

The Company's corporate governance practices are discussed below. Energy Technologies Limited and the Board of Directors are committed to achieving and demonstrating the highest standards of corporate governance. Energy Technologies Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th Edition) published by the ASX Corporate Governance Council. Details of the corporate governance report is available on the Group website at <https://www.energytechnologies.com.au>

The Board of Directors guides and monitors the business and affairs of Energy Technologies Limited and its subsidiaries ("the Group") on behalf of the shareholders, by whom they are elected and to whom they are accountable. The Board is responsible for the overall corporate governance of the Group. To assist the Board in discharging its responsibilities the Board has adopted principles of corporate governance that are considered appropriate for the present size of the Group. Where it is not appropriate, cost effective or practical to comply fully with the Corporate Governance Principles and Recommendations, this fact has been disclosed together with reasons for the departure.

Consistent with the ASX recommendations, the Group's corporate governance practices are regularly reviewed. This statement has been approved by the Board and the information in this statement is current as at 28 September 2023.

### Principle 1: Lay solid foundations for management and oversight

#### Recommendation 1.1: Board and Management Responsibilities

A listed entity should disclose:

- the respective roles and responsibilities of its board and management; and
- those matters expressly reserved to the board and those delegated to management.

The Board is responsible for, and has the authority to determine, all matters relating to the running of the Company including the policies, operational practices, management and objectives of the Company. In carrying out its responsibilities, the Board undertakes to serve the interest of shareholders diligently and fairly. It is the role of management to manage the Company in accordance with the directives of the Board.

Accordingly, certain functions and roles are reserved to the Board under the Board Charter, and certain others are delegated to the senior executives of the Group.

The responsibilities of the Board include:

- Appointment of senior executives and the determination of their terms and conditions including remuneration and termination;
- Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- Approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- Approving the annual, half yearly and quarterly accounts;
- Approving significant changes to the organisational structure;
- Approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with ASX Listing Rules);
- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules); and
- Meeting with the external auditor, at their request, without management being present.

A schedule of directors' meetings and attendances is detailed in the directors' report.

#### Delegation to the CEO

The Board has delegated responsibility for implementing EGY strategic direction and for the operation and day to day administration of the company to the CEO and executive management.

## Corporate Governance Statement (continued)

### Recommendation 1.2: Appointment of Directors and election

A listed entity should disclose:

- a) undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a director; and
- b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The experience, qualification and background of each Director is thoroughly assessed before appointment. This information is provided to shareholders through announcement to the market.

Information on each Director's background and qualification can be found on pages 5 to 6 of the Annual Report. The Company issues written notice of appointment for new Directors or senior executives setting out the terms and conditions relevant to that appointment and the expectations of the role of the director. The Company also provides an induction process which provides key information on the nature of the business and its operations.

When considering the appointment of a new Director, the Board may engage the services of an executive recruitment firm to assist in identifying suitable candidates to be shortlisted for consideration for appointment to the Board and to carry out appropriate reference checks before the Board makes an offer to a preferred candidate.

Newly appointed directors must stand for reappointment at the next subsequent AGM. The Notice of Meeting for the AGM provides shareholders with information about each Director standing for election or re-election including details of relevant skills and experience.

### Recommendation 1.3:

A listed entity should have a written agreement with each director and executive setting out the terms of their appointment.

New Directors consent to act as a director and receive a formal letter of appointment which sets out duties and responsibilities, rights, and remuneration entitlements.

### Recommendation 1.4: Company Secretary

The company secretary of a listed entity should be accountable directly to the chair, on all matters to do with the proper functioning of the board.

EGY's Company Secretary fulfils a broad range of management responsibilities in addition to company secretarial duties. As a result, the formal reporting line of the Company Secretary is to the CEO. For any matter relevant to the company secretarial duties or conduct of the Board, the Company Secretary has an indirect reporting line, and is accountable, to the Chair of the Board.

The responsibilities of the Company Secretary include:

- advising the board and committee on governance issues;
- monitoring adherence to company policies;
- communicating with the ASX as required;
- co-ordinating and timing despatching of Board and committee papers; and
- ensuring that the business at Board and committee meetings are accurately captured in the minutes.

### Recommendation 1.5: Diversity

A listed entity should:

- a) have a diversity policy which includes requirements for the board to or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- b) disclose that policy or a summary of it; and
- c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:
  1. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
  2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

## Corporate Governance Statement (continued)

### Recommendation 1.5: Diversity (continued)

The Company has adopted policies in relation to employment and recruitment which require the introduction of new staff and management of the Group's employees on a non-discriminatory basis. Hiring policies are backed by policies in relation to Sexual Harassment and Grievance and Dispute Handling. However, the Group has not disclosed its policy concerning diversity, its measurable objectives for achieving gender diversity and its progress towards achieving those objectives.

The Board continues to monitor diversity across the organisation. Due to the size of the Group, the Board does not consider it appropriate at this time to formally set measurable objectives for gender diversity. The Company's policies are intended to ensure that equal opportunity is given to all potential employees, and that increasing gender diversity at all levels will be encouraged. The Board will keep the gender composition of its workforce under review.

In accordance with this policy, the Board provides the following information pertaining to the proportion of women across the organisation at the date of this report:

Nineteen per cent (19%) of all the Group's employees are women.

### Recommendations 1.6: Board Review

A listed entity should:

- a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board of EGY conducts its performance review of itself on an ongoing basis throughout the year. The small size of the Group and hands on management style requires an increased level of interaction between Directors throughout the year. Board members meet amongst themselves both formally and informally. The Chairman in his role speaks with each director individually regarding board performance. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Group given its size.

### Recommendations 1.7: Senior Executive Reviews

A listed entity should:

- a) have and disclose a process for periodically evaluating the performance of its senior executives; and
- b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Remuneration Committee and the Board undertake a performance review of the CEO and senior executive performance on an ongoing basis throughout the year, including setting targets. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Group given its size.

## Principle 2: Structure the board to add value

The composition of the Board is structured to efficiently discharge its responsibilities and duties. EGY's Constitution provides for a minimum of three directors and a maximum of twenty.

### Recommendation 2.1: Nomination Committee

The Board of a listed entity should:

- a) have a nomination committee which:
  1. has at least three members, a majority of whom are independent directors; and
  2. is chaired by an independent director;
and disclose:
  3. the charter of the committee;
  4. the members of the committee; and
  5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable to discharge its duties and responsibilities effectively.

## Corporate Governance Statement (continued)

### Recommendation 2.1: Nomination Committee (continued)

During the 2023 financial year EGY had a formally elected Nomination Committee consisting of the board members and made up of non-executive directors, with an independent non-executive chairman. EGY formally elected a reconstructed Nomination Committee in August 2023 following the death of Chairman Brian Jamieson and the resignation of non-executive independent director Ian Campbell. This committee consists of the Board members and accordingly is currently made up of two non-executive directors and executive director Alfred Chown.

The Chairman Matthew Driscoll is an independent non-executive director. Although formally constituted the board as a whole continues to fulfil this function. Board members meet both formally and informally and maintain a strong interaction between directors and senior management, enabling the board to assess that the appropriate balance of skills, knowledge, experience, independence and diversity is in place to enable the board to discharge its duties and responsibilities effectively.

For Directors retiring by rotation, the Board assesses that director in his/her absence before recommending re-election.

### Recommendation 2.2: Board skills matrix

*The listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.*

The Board of Directors is currently comprised of a Chairman, together with one non-executive Director and one interim executive Director. The Board considers that a diversity of skills, knowledge, experience, backgrounds and gender is in place to effectively govern the business. The current Board profile addresses this with the following experience, skills and qualifications represented on the Board:

- an extensive range of business and senior executive experience;
- experience on listed and unlisted company and boards as executive and non-executives and committee members;
- understanding the sectors in which the Company operates in including the energy sector, resources industry, infrastructure, construction;
- relevant operational experience in strategic planning, executive management; mergers and acquisitions, risk management, financial markets, contract negotiation and people management;
- financial and corporate governance acumen with finance sector and audit committee roles experience; and
- an understanding of the health and safety challenges of the business.

### Recommendations 2.3, 2.4, 2.5: Board Composition, Independence of Directors and Chairman

#### Recommendation 2.3:

*A listed entity should disclose:*

- a) *the names of the directors considered by the board to be independent directors;*
- b) *if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and*
- c) *the length of service of each director.*

The composition of the Board is determined in compliance with the Company's constitution. The names of the directors of the company in office at the date of this report, their term of office and their skills, experience and relevant expertise are detailed in the directors' report. The position and term in office of each Director at the date of this report is as follows:

| Name of Director    | Position                        | Term in Office |        |
|---------------------|---------------------------------|----------------|--------|
|                     |                                 | Years          | Months |
| Matthew Driscoll    | Chairman/Non-Executive Director | 6              | 9      |
| Anthony Lloyd Smith | Non-Executive Director          | 2              | 9      |
| Alfred John Chown   | Executive Director              | -              | 2      |

## Corporate Governance Statement (continued)

### Recommendation 2.3: (continued)

During the 2023 financial year the Company had a majority of independent directors on the board and an independent non-executive chairman. Non-executive director Anthony Lloyd Smith was not independent. As a result of the recent death of Chairman Brian Jamieson and the resignation of independent director Ian Campbell, together with the appointment of executive director Alfred Chown, the Company currently does not have a majority of independent directors on the board. Non-executive director Anthony Lloyd Smith and Executive director Alfred John Chown are not independent.

The non-executive directors are materially independent in complying as a director who is not a member of management, is a Non-Executive Director and who:

- is not a substantial shareholder (under the meaning of Corporations Act 2001) of the Group or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Group;
- has not within the last three years been employed in an executive capacity by the Group or another Group member, or been a Director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Group or another Group member;
- is not a significant consultant, supplier or customer of the Group or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with the Group or another Group member other than as a Director of the Group; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Group.

### Recommendation 2.4:

*The majority of the Board of a listed entity should be independent Directors.*

During the 2023 financial year, in accordance with the definition of independence above, three directors were considered independent. As of the date of this report and in accordance with the definition of independence above, only one director is currently considered independent. Following the death of chairman Brian Jamieson and the resignation of non-executive director Ian Campbell, executive director Alfred Chown has been re-appointed to the board as an interim managing director. The board will continue to review this position and appoint further non-executive independent directors as appropriate to the size and requirements of the company. There are procedures in place, as agreed by the board, to enable Directors to seek independent professional advice on issues arising in the course of their duties at the Group's expense.

### Recommendation 2.5:

*The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.*

Under EGY's Constitution, the Board elects a Chairman from amongst the non-executive Directors. If a Chairman ceases to be an independent Director then the Board will consider appointing a lead independent Director. EGY's current Chairman, Matthew Driscoll, is considered an independent director. The Directors consider that the current Chairman of the Board is appropriate for the size and nature of operations of the Group.

### Recommendation 2.6: Professional Development

*The listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.*

The formal letter of appointment and an induction pack provided to Directors contain sufficient information to allow the new Director to gain an understanding of:

- The rights, duties and responsibilities of Directors;
- The role of Board Committees;
- The roles and responsibilities of the Chairman; and
- EGY's financial, strategic, and operational risk management position.

Each Director has the right of access to all relevant Company information and to the Company's executives. The Directors also have access to external resources as required to fully discharge their obligations as Directors of the Company. The use of this resource is coordinated through the Chairman of the Board.

The Company has processes in place to review the performance of the Board and its committees and individual Directors, give consideration to corporate governance matters, including the relevance of existing committees and to review its own and individual Directors' performance. The Chairman is responsible for monitoring the contribution of individual Directors and consulting with them in any areas of improvement.

## Corporate Governance Statement (continued)

### Principle 3: Instil a culture of Acting lawfully, ethically and responsibly

#### Recommendations 3.1 and 3.2: Code of Conduct

*A listed entity should articulate and disclose its values and:*

- a) *have a code of conduct for its directors, senior executives and employees; and*
- b) *disclose that code or a summary of it.*

The Board acknowledges the need for continued maintenance of the highest standards of Corporate Governance Practices and ethical conduct by all Directors and employees of the Group.

The Company has developed a Code of Conduct, an Employee Handbook and a comprehensive suite of policies which have been approved by the Board and apply to all employees, officers and Directors. This set of policies is reviewed and may be amended as necessary to ensure it continues to reflect the best practices necessary to consider legal obligations, maintain the Company's integrity and comply with the reasonable expectations of the Company's shareholders.

The Code of Conduct, Employee Handbook and Policy Statements set out a number of overarching principles of ethical behaviour which include:

- Personal and Professional Behaviour;
- Conflict of Interest;
- Public and Media Comment;
- Use of Company Resources;
- Security of Information;
- Intellectual Property/Copyright
- Discrimination and Harassment;
- Corrupt Conduct;
- Occupational Health and Safety;
- Legislation;
- Fair Dealing;
- Insider Trading;
- Responsibilities to Investors;
- Breaches of the Code of Conduct; and
- Reporting Matters of Concern.

Training about the Code of Conduct is part of the induction process for new EGY employees.

#### Recommendation 3.3:

*A listed entity should:*

- a) *have and disclose a whistleblower policy; and*
- b) *ensure that the board or a committee of the board is informed of any material incidents reported under that policy.*

The Company's Whistleblower Policy is disclosed in the Company's Corporate Governance documents and on the EGY website. The policy identifies the types of concerns that may be reported under the policy and how and to whom reports should be made. It also explains how the confidentiality of the whistleblower is safeguarded and outlines the processes for follow up investigation.

#### Recommendation 3.4:

*A listed entity should:*

- a) *have and disclose an anti-bribery and corruption policy; and*
- b) *ensure that the board or a committee of the board is informed of any material breaches of that policy.*

The Company's Anti-bribery Policy is disclosed in the Company's Corporate Governance documents and on the EGY website. The policy acknowledges the criminal and civil penalties that may be incurred if the company is involved in bribery or corruption and prohibits the giving of bribes or other improper payments or commissions. The policy identifies the types of concerns that may be reported under the policy and how and to whom reports should be made.

## Corporate Governance Statement (continued)

### Principle 4: Safeguard the integrity of corporate reports

The following structure is set up to independently verify and safeguard the integrity of financial reporting.

#### Recommendation 4.1: Audit Committee

A board of a listed entity should:

- a) have an audit committee which:
  1. has at least three members, all of whom are non-executive directors and a majority of whom are independent; and
  2. is chaired by an independent director, who is not the chair of the board, and disclose:
    3. the charter of the committee;
    4. the relevant qualifications and experience of the members of the committee; and
    5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard that integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Board has established an Audit and Risk Committee. The names and qualifications of those appointed to the audit committee for the year ended 30 June 2023 and their attendance at meetings of the committee are included in the directors' report. During the 2023 financial year the audit committee consisted of a majority of independent directors, refer 2.3 Board Composition, and included four members, with independent director Matthew Driscoll as Chairman of the Audit Committee. Following the death of chairman Brian Jamieson and the resignation of non-executive director Ian Campbell, and the appointment of executive director Alfred Chown to the board, the re-constituted audit committee currently includes three members, two of whom are not independent. Independent director Matthew Driscoll remains as Chairman of the audit committee. The Chief Financial Officer is invited to audit committee meetings at the discretion of the committee. The external auditor meets with members of the committee at least twice during the year.

It is the audit and risk Committee's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non- financial information. It is the committee's responsibility for the establishment and maintenance of a framework of internal control of the Group.

The responsibilities of the audit committee include:

- Assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review; and
- Providing advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001.

The Company does not have an internal audit function due to the size and lack of complexity of the Company. The Company's Board and Management oversee the key areas of the business including the risk management and internal control processes of the Company and evaluate and look for opportunities to continually improve the effectiveness of these processes.

#### Recommendation 4.2:

*The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*

To assist the Board in approving the Company's financial statements, the CEO and the CFO are required to present a declaration with regard to the integrity of the financial statements to confirm to the Board that the Company's financial statements present a true and fair view in all material respects of the Company's financial condition and that operational results are in accordance with applicable accounting standards and the Corporations Act.

## Corporate Governance Statement (continued)

### Recommendation 4.3:

*A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.*

As outlined in Recommendation 4.1 above, the audit and risk committee responsibilities include ensuring the reliability of financial and non-financial information. In addition all market releases are reviewed by the board of EGY and require a resolution from the board approving the release.

### Principle 5: Make timely and balanced disclosure

#### Recommendation 5.1: Disclosure

*A listed entity should:*

- a) *have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*
- b) *disclose that policy or a summary of it.*

The Company has a Continuous Disclosure policy to ensure compliance with ASX Listing Rules and Corporations Act obligations to keep the market fully informed of any information which may have material effect on the price or value of its securities. The policy is reviewed regularly and disclosed in the Company's Corporate Governance documents on its web site.

#### Recommendation 5.2:

*A listed entity should ensure that its board receives copies of all material announcements promptly after they have been made.*

The Company Secretary in consultation with the CEO and Directors is responsible for communications with the ASX. The Company Secretary reports to the Board on matters that were either notified or not notified to the ASX. Directors receive copies of all announcements immediately after notification to the ASX. All ASX announcements are available on the EGY website.

#### Recommendation 5.3:

*A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.*

The Board of Directors approves all substantive presentations prior to release, including those required to be disclosed under listing Rule 3.1. Presentations in this category including those to be released at the Annual General Meetings are released on the ASX Market Announcements Platform ahead of the presentation.

### Principle 6: Respect the rights of shareholders

#### Recommendation 6.1: Information on website

*A listed entity should provide information about itself and its governance to investors via its website.*

EGY's website at [www.energytechnologies.com.au](http://www.energytechnologies.com.au) provides detailed information about its business and operations. Details of EGY's Board Members can be found here.

The Company's, and subsidiary Bambach Wires and Cables Pty Limited, website contains extensive information about the board and management and provides helpful information to shareholders. It allows shareholders to view ASX and media releases; various investor presentations; a copy of the most recent Annual Report and Annual Reports for at least the two previous financial years; and the notice of meeting and accompanying explanatory material for the most recent Annual General Meeting.

Shareholders can find information about EGY's corporate governance on its website. This includes EGY's Constitution, Board and Board Charters, and an extensive list of other Policies that support corporate governance.

Documents published on the EGY website include:

- Constitution;
- Corporate Governance Statement;
- Board Charter;
- Audit Committee Charter;
- Whistle-Blower Policy;
- Securities Trading Policy; and
- Anti-Bribery Policy.

## Corporate Governance Statement (continued)

### Recommendation 6.2: Investor relations

*A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*

EGY is committed to communicating effectively with its shareholders and making it easier for shareholders to communicate with the Group.

EGY promotes effective communication with shareholders and encourages effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX;
- Through the Annual Report, half yearly report and quarterly reports;
- Through the distribution of the annual report and notices of annual general meeting;
- Through shareholder meetings and investor relations presentations;
- The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report; and
- Informal meetings and factory site visits with shareholders are also held from time to time. A regular newsletter is produced which is available on request.

### Recommendation 6.3: Participation at meetings

*A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

Notices of meeting sent to EGY's shareholders comply with the "Guidelines for notices of meeting" issued by the ASX in August 2007. Shareholders are invited to submit questions before the meeting and, at the meeting, the Chairman attempts to answer as many of these as is practical.

The Chairman also encourages full participation of attending shareholders at the Annual General Meeting to maintain a high level of accountability and allow shareholders to identify the Company's strategies and goals. The Chairman may respond directly to questions or, at his discretion, may refer a question to another Director or senior management.

New Directors or Directors seeking re-election are given the opportunity to address the meeting and to answer questions from shareholders.

### Recommendation 6.4:

*A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by poll rather than by a show of hands.*

EGY recognises the principle of "one security one vote" in deciding the votes of shareholders at general meeting. Proxy results are calculated prior to the meeting and are reported to all shareholders present by the Chairman. A show of hands by shareholders present is supported by a poll based on the proxy vote and shareholders present on all substantive resolutions.

### Recommendation 6.5:

*A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

The Company encourages electronic communication directly via email with shareholders at all times. Shareholders have the option of electing to receive all shareholder communications by e-mail. EGY provides a printed copy of the Annual Report to only those shareholders who have specifically elected to receive a printed copy.

## Corporate Governance Statement (continued)

### Principle 7: Recognise and manage risk

#### Recommendation 7.1: Risk Committee

A board of a listed entity should:

- a) have a committee or committees to oversee risk, each of which:
  1. has at least three members, all of whom are non-executive directors and a majority of whom are independent; and
  2. is chaired by an independent director, who is not the chair of the board, and disclose:
    3. the charter of the committee;
    4. the members of the committee; and
    5. as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Audit and Risk Committee meets at least 2 times a year and completes a Risk and Compliance checklist to recognise and manage risk. Details of the structure and Charter of the Audit and Risk Management Committee are set out in Recommendation 4.1.

The Group also takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

#### Recommendation 7.2: Risk Review

The board or a committee of the board should:

- a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- b) disclose, in relation to each reporting period, whether such a review has taken place.

The Audit and Risk Committee is responsible for reviewing risk management policies and for satisfying itself that EGY has a sound system of risk management and internal control that is operating effectively. The Audit and Risk Committee also reviews and approves EGY's main identified risk exposures and the actions being taken to mitigate those risks and reports to the board on material matters.

The Board identifies potential areas of business risk arising from changes in the financial and economic circumstances of its operating environment. It regularly assesses the Company performance in light of risks identified.

The Board has several mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic business plan, which encompasses the entity's vision, mission and strategy statements, designed to meet stakeholder's needs and manage business risk;
- Implementation of Board-approved operating plans and budgets and board monitoring of progress against these, including the establishment and monitoring of key performance indicators (KPI's) of both a financial and non-financial nature;
- The establishment of committees to report on specific business risks, including for example, such matters as occupational health and safety;
- Regular management meetings involving executive directors, specified executives, and staff during which reports are given on production, sales, financial, compliance and strategic issues and decisions taken on operating matters, or referred to the Board;
- Regular report from the CFO which assist in discharging the Board's responsibility to manage the Group's financial risks; and
- The Board holds discussion of issues raised in the shareholder open days, in addition to the AGM, as well as other shareholder communications, to ensure that the Board is cognizant of the diverse needs of various stakeholders and assist in identifying the risks the business may face if those needs are not met, as well as specifically review and update the corporate strategy as necessary.

## Corporate Governance Statement (continued)

### Recommendation 7.3: Internal Audit

A listed entity should disclose:

- a) *If it has an internal audit function, how the function is structured and what role it performs; or*
- b) *If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.*

The Board does not have an established internal audit function, given the size of its operation, although as part of the Company's strategy to implement an integrated framework of control, the Board requests the external auditors review internal control procedures. Recommendations once presented are considered by the Board through that Audit and Risk Committee.

The risk management functions of the board are summarised under recommendations 7.1 and 7.2.

### Recommendation 7.4: Sustainability Risks

A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.

The Audit and Risk Committee informally monitors and manages the Groups exposure to economic, environment and social responsibility risks. The Board considers that the current approach that it has adopted with regard to the sustainability risk management process is appropriate to the size and nature of operations of the Group.

## Principle 8: Remunerate fairly and responsibly

### Recommendation 8.1: Remuneration Committee

A board of a listed entity should:

- a) *have a remuneration committee which:*
  1. *has at least three members, all of whom are non-executive directors and a majority of whom are independent; and*
  2. *is chaired by an independent director,**and disclose:*
  3. *the charter of the committee;*
  4. *the members of the committee; and*
  5. *as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

The Board has established a remuneration committee. The Remuneration Committee is responsible for determining and reviewing compensation arrangements for executive directors and key management personnel and reporting its recommendations to the Board of EGY. It is also responsible for share option schemes, incentive performance packages, and compliance with superannuation requirements, termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies as applicable.

The names of the members of the remuneration committee and their attendance at meetings of the committee are detailed in the directors' report. During the 2023 financial year the remuneration committee consisted of four directors, with a majority of independent directors. Following the death of chairman Brian Jamieson and the resignation of non-executive director Ian Campbell, and the appointment of executive director Alfred Chown to the board, the re-constituted remuneration committee currently includes three members, two of whom are not independent. Independent director Matthew Driscoll is Chairman of the audit committee. The CEO and CFO are invited to remuneration committee meetings, as required, to discuss senior executives and staff performance and remuneration packages.

The charter in relation to the remuneration committee is disclosed in the Company's Corporate Governance documents.

There are no schemes for retirement benefits other than statutory superannuation for non-executive directors.

## Corporate Governance Statement (continued)

### Recommendation 8.2: Executive and Directors Remuneration Policies

*A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.*

A Remuneration Report required under Section 300A(1) of the Corporations Act is provided in the Directors' Report which forms part of the Annual Report.

Remuneration levels are set to attract and retain appropriately qualified and experienced directors, senior executives and staff to run the consolidated entity. The board considers that the remuneration structure will be able to attract and retain the best executives with the necessary incentives to work to grow long-term shareholder value.

The remuneration committee obtains independent advice as necessary on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. The remuneration committee reviews executive packages by reference to company performance, executive performance, comparative industry information and relevant independent advice. The performance of executives is measured against criteria agreed which includes the forecast growth of the Company's turnover and production targets and shareholders' value.

The Company's non-executive directors are paid directors' fees for their normal performance of duties as a director.

The amount of remuneration for all directors and the highest paid executives, including all monetary and non-monetary components, are detailed in the Directors' Report.

### Recommendation 8.3: Equity based Remuneration Scheme

*A listed entity which has an equity-based remuneration scheme should:*

- a) *have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- b) *disclose that policy or a summary of it.*

A revised Directors Equity Plan was established in 2017 and approved by shareholders at the 2020 Annual General Meeting.

Executives and employees are also entitled to participate in the EGY Share Option Plan, approved by shareholders at the 2021 Annual General Meeting. The Employee Share Option Plan is part of the remuneration package of the Group's directors, senior management and sales personnel. Options under this plan will vest if the participant remains employed for the agreed vesting period.

The decision on whether to exercise the options is up to the participant has thereby limiting the economic risk of participating in the scheme.

### Recommendation 9.1:

*A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.*

The current board of directors speak the language in which board and security holder meetings are held or corporate documents written.

**Auditor's Independence Declaration**  
**Under Section 307c of the *Corporations Act 2001***  
**To the Directors of Energy Technologies Limited and its Controlled Entities**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been:

- (i) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Energy Technologies Limited and the entities it controlled during the period.

Yours sincerely,



**Crowe Audit Australia**



**Antony Barnett**

Partner

28 September 2023

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*The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately-owned organisation and/or its subsidiaries.*

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# Statement of Profit or Loss

for the year ended 30 June 2023

|                                                          | Note | Consolidated        |                    |
|----------------------------------------------------------|------|---------------------|--------------------|
|                                                          |      | 2023                | 2022               |
|                                                          |      | \$                  | \$                 |
| Revenue                                                  | 2(a) | 15,534,577          | 12,518,718         |
| Cost of Sales                                            | 3    | (15,766,002)        | (11,447,119)       |
| Gross Margin                                             |      | (231,425)           | 1,071,599          |
| Other Income                                             | 2(b) | 65,329              | 341,419            |
| Marketing expenses                                       |      | (7,717)             | (22,120)           |
| Occupancy expenses                                       |      | (103,579)           | (138,294)          |
| Administrative expenses                                  |      | (5,107,685)         | (4,990,605)        |
| Finance costs                                            | 3    | (2,093,679)         | (1,069,489)        |
| Depreciation and amortisation expenses                   | 3    | (2,482,436)         | (2,795,337)        |
| Impairment of property, plant and equipment              | 3,13 | -                   | (315,900)          |
| Impairment of intangible assets                          | 3,14 | (5,194,327)         | (600,000)          |
| Other expenses                                           |      | (231,005)           | (153,047)          |
| <b>Loss before income tax</b>                            |      | <b>(15,386,524)</b> | <b>(8,671,774)</b> |
| Income tax benefits (expense)                            | 4    | 42,840              | (54,421)           |
| <b>Loss after income tax</b>                             |      | <b>(15,343,684)</b> | <b>(8,726,195)</b> |
| Result attributable to non-controlling interest          |      | (1,312)             | (5,561)            |
| <b>Loss attributable to members of the parent entity</b> |      | <b>(15,344,996)</b> | <b>(8,731,756)</b> |
| <b>Earnings per share</b>                                |      |                     |                    |
| Basic loss per share (cents per share)                   | 8    | (5.2)               | (3.6)              |
| Diluted loss per share (cents per share)                 | 8    | (5.2)               | (3.6)              |

The accompanying notes form part of these financial statements.

## Consolidated Statement of Comprehensive Income

for the year ended 30 June 2023

|                                                                                                                                                                    | Consolidated        |                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------|
|                                                                                                                                                                    | 2023<br>\$          | 2022<br>\$         |
| <b>LOSS AFTER INCOME TAX</b>                                                                                                                                       | <b>(15,343,684)</b> | <b>(8,726,195)</b> |
| <b>OTHER COMPREHENSIVE LOSS FOR THE YEAR AFTER TAX:</b><br><b>Items that will be reclassified subsequently to profit or loss when specific conditions are met:</b> |                     |                    |
| Movement in foreign exchange relating to translation of controlled foreign entities                                                                                | (3,680)             | (8,170)            |
| Exchange differences on foreign exchange relating to non-controlling interest                                                                                      | (3,680)             | (8,170)            |
| <b>TOTAL OTHER COMPREHENSIVE LOSS FOR THE YEAR</b>                                                                                                                 | <b>(7,360)</b>      | <b>(16,340)</b>    |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>                                                                                                                       | <b>(15,351,044)</b> | <b>(8,742,535)</b> |
| <b>TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:</b>                                                                                                                   |                     |                    |
| Members of the parent entity                                                                                                                                       | (15,348,676)        | (8,739,926)        |
| Non-controlling interest                                                                                                                                           | (2,368)             | (2,609)            |
|                                                                                                                                                                    | <b>(15,351,044)</b> | <b>(8,742,535)</b> |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Financial Position

as at 30 June 2023

|                                      | Note  | Consolidated      |                   |
|--------------------------------------|-------|-------------------|-------------------|
|                                      |       | 2023              | 2022              |
|                                      |       | \$                | \$                |
| <b>CURRENT ASSETS</b>                |       |                   |                   |
| Cash and cash equivalents            | 9     | 49,440            | 82,066            |
| Trade and other receivables          | 10    | 2,790,633         | 3,229,866         |
| Inventories                          | 11    | 5,279,393         | 5,095,840         |
| Other current assets                 | 16    | 252,295           | 405,615           |
| <b>TOTAL CURRENT ASSETS</b>          |       | <b>8,371,761</b>  | <b>8,813,387</b>  |
| <b>NON-CURRENT ASSETS</b>            |       |                   |                   |
| Property, plant and equipment        | 13    | 9,804,681         | 10,152,259        |
| Intangible assets                    | 14    | 12,498            | 5,977,837         |
| Right of use assets                  | 15    | 2,782,211         | 3,248,714         |
| Deferred tax assets                  | 19(a) | 205,515           | 162,675           |
| Other non-current assets             | 16    | 100,665           | 130,624           |
| <b>TOTAL NON-CURRENT ASSETS</b>      |       | <b>12,905,570</b> | <b>19,672,109</b> |
| <b>TOTAL ASSETS</b>                  |       | <b>21,277,331</b> | <b>28,485,496</b> |
| <b>CURRENT LIABILITIES</b>           |       |                   |                   |
| Trade and other payables             | 17    | 2,325,469         | 2,261,798         |
| Lease liabilities                    | 15    | 820,484           | 691,605           |
| Borrowings                           | 18    | 10,228,240        | 6,739,995         |
| Short-term provisions                | 20    | 859,071           | 824,284           |
| <b>TOTAL CURRENT LIABILITIES</b>     |       | <b>14,233,264</b> | <b>10,517,682</b> |
| <b>NON-CURRENT LIABILITIES</b>       |       |                   |                   |
| Borrowings                           | 18    | 1,469,124         | -                 |
| Lease liabilities                    | 15    | 1,823,648         | 2,154,356         |
| Long-term provisions                 | 20    | 25,014            | 22,166            |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |       | <b>3,317,786</b>  | <b>2,176,522</b>  |
| <b>TOTAL LIABILITIES</b>             |       | <b>17,551,050</b> | <b>12,694,204</b> |
| <b>NET ASSETS</b>                    |       | <b>3,726,281</b>  | <b>15,791,292</b> |
| <b>EQUITY</b>                        |       |                   |                   |
| Issued capital                       | 21    | 45,239,038        | 41,768,876        |
| Reserves                             | 22    | 5,778,093         | 5,781,773         |
| Share-based payment reserve          | 23    | 496,136           | 680,264           |
| Accumulated losses                   |       | (47,163,402)      | (31,818,405)      |
| Parent interest                      |       | 4,349,865         | 16,412,508        |
| Non-controlling interest             |       | (623,584)         | (621,216)         |
| <b>TOTAL EQUITY</b>                  |       | <b>3,726,281</b>  | <b>15,791,292</b> |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Changes in Equity

for the year ended 30 June 2023

|                                                                                         | Issued<br>Capital<br>\$ | Reserves<br>\$ | Share-based<br>payment<br>Reserve<br>\$ | Accumulated<br>losses<br>\$ | Non-<br>Controlling<br>Interest<br>\$ | Total<br>\$  |
|-----------------------------------------------------------------------------------------|-------------------------|----------------|-----------------------------------------|-----------------------------|---------------------------------------|--------------|
| <b>Consolidated</b>                                                                     |                         |                |                                         |                             |                                       |              |
| <b>Balance at 01 July 2021</b>                                                          | 31,483,891              | 5,789,943      | 365,932                                 | (23,086,649)                | (618,607)                             | 13,934,510   |
| <b>Comprehensive income</b>                                                             |                         |                |                                         |                             |                                       |              |
| Loss for the year                                                                       | -                       | -              | -                                       | (8,731,756)                 | 5,561                                 | (8,726,195)  |
| Other comprehensive loss for the year                                                   | -                       | (8,170)        | -                                       | -                           | (8,170)                               | (16,340)     |
| <b>Total comprehensive loss for the year</b>                                            | -                       | (8,170)        | -                                       | (8,731,756)                 | (2,609)                               | (8,742,535)  |
| <b>Transactions with owners, in their capacity as owners, and other transfers</b>       |                         |                |                                         |                             |                                       |              |
| Contributions of equity – net of capital raising cost                                   | 10,484,380              | -              | -                                       | -                           | -                                     | 10,484,380   |
| Unlisted share options                                                                  | -                       | -              | 114,937                                 | -                           | -                                     | 114,937      |
| Share-based payment – issue costs                                                       | (199,395)               | -              | 199,395                                 | -                           | -                                     | -            |
| <b>Total transactions with owners, in their capacity as owners, and other transfers</b> | 10,284,985              | -              | 314,332                                 | -                           | -                                     | 10,599,317   |
| <b>Balance at 30 June 2022</b>                                                          | 41,768,876              | 5,781,773      | 680,264                                 | (31,818,405)                | (621,216)                             | 15,791,292   |
| <b>Balance at 01 July 2022</b>                                                          | 41,768,876              | 5,781,773      | 680,264                                 | (31,818,405)                | (621,216)                             | 15,791,292   |
| <b>Comprehensive income</b>                                                             |                         |                |                                         |                             |                                       |              |
| Loss for the year                                                                       | -                       | -              | -                                       | (15,344,996)                | 1,312                                 | (15,343,684) |
| Other comprehensive loss for the year                                                   | -                       | (3,680)        | -                                       | -                           | (3,680)                               | (7,360)      |
| <b>Total comprehensive loss for the year</b>                                            | -                       | (3,680)        | -                                       | (15,344,996)                | (2,368)                               | (15,351,044) |
| <b>Transactions with owners, in their capacity as owners, and other transfers</b>       |                         |                |                                         |                             |                                       |              |
| Contributions of equity – net of capital raising cost                                   | 3,249,918               | -              | -                                       | -                           | -                                     | 3,249,918    |
| Unlisted share options                                                                  | -                       | -              | 36,116                                  | -                           | -                                     | 36,116       |
| Unlisted share options - expired                                                        | 220,244                 | -              | (220,244)                               | -                           | -                                     | -            |
| <b>Total transactions with owners, in their capacity as owners, and other transfers</b> | 3,470,162               | -              | (184,128)                               | -                           | -                                     | 3,286,034    |
| <b>Balance at 30 June 2023</b>                                                          | 45,239,038              | 5,778,093      | 496,136                                 | (47,163,402)                | (623,584)                             | 3,726,281    |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Cash Flows

for the year ended 30 June 2023

|                                                                 | Note     | Consolidated<br>2023<br>\$ | 2022<br>\$      |
|-----------------------------------------------------------------|----------|----------------------------|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |          |                            |                 |
| Receipts from customers                                         |          | 16,590,433                 | 14,412,018      |
| Receipts from government subsidies - R&D grant                  |          | 1,122,055                  | 1,800,800       |
| Receipts from government subsidies – others                     |          | 20,891                     | -               |
| Interest received                                               |          | 1,151                      | 2,216           |
| Payments to suppliers and employees                             |          | (22,783,018)               | (21,067,507)    |
| Finance costs                                                   |          | (1,947,953)                | (785,615)       |
| Net cash outflow from operating activities                      | 28(a)    | (6,996,441)                | (5,638,088)     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |          |                            |                 |
| Proceeds from sale of property, plant and equipment             |          | -                          | 21,364          |
| Purchases of property, plant and equipment                      |          | (1,093,615)                | (1,286,704)     |
| Purchases of intangible development assets                      |          | -                          | (2,107,278)     |
| Proceeds from government grant - Silicon Project                | 13       | 432,337                    | 384,443         |
| Net cash outflow from investing activities                      |          | (661,278)                  | (2,988,175)     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |          |                            |                 |
| Proceeds from issue of shares                                   |          | 3,400,000                  | 11,000,000      |
| Less outflows of raising capital                                |          | (150,081)                  | (515,620)       |
| Proceeds from convertible notes                                 |          | 4,600,000                  | -               |
| Proceeds from borrowings                                        |          | 8,354,183                  | 3,093,651       |
| Repayment of borrowings                                         |          | (7,268,080)                | (3,898,785)     |
| Repayment of lease liabilities                                  | 15       | (795,449)                  | (1,019,014)     |
| Repayment of loan from director                                 | 30       | (515,480)                  | (575,000)       |
| Loan from director                                              | 30       | -                          | 500,000         |
| Net cash inflow from financing activities                       |          | 7,625,093                  | 8,585,232       |
| <b>Net (decrease) / increase in cash held</b>                   |          | <b>(32,626)</b>            | <b>(41,031)</b> |
| Cash at beginning of financial year                             |          | 82,066                     | 123,097         |
| Effect of exchange rates on cash holdings in foreign currencies |          | -                          | -               |
| <b>Cash at end of financial year</b>                            | <b>9</b> | <b>49,440</b>              | <b>82,066</b>   |

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

## for the year ended 30 June 2023

### Note 1 Summary of Significant Accounting Policies

The financial statements are presented in Australian dollars unless otherwise stated.

The financial statements were authorised for issue on 28 September 2023 by the directors of Energy Technologies Limited.

Energy Technologies Limited is a listed public company, incorporated and domiciled in Australia.

#### (a) Basis of Preparation

The financial statements are a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001 as appropriate for for-profit orientated entities. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

#### (b) Statement of compliance

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements 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 International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

#### (c) Material Uncertainty Relating to a Going Concern

The Group made a consolidated loss after tax attributable to members of \$15,344,996 (2022: loss of \$8,731,756). During the period, the group incurred negative cash flows from operations of \$6,996,441 for the year ended 30 June 2023 (2022: negative cash flows of \$5,638,088). This loss includes a \$5,194,327 impairment of intangible assets (2022: impairment write down of \$600,000) and an inventory write down of \$798,286 (2022: inventory write down of \$484,338). At 30 June 2023, the group had consolidated net assets of \$3,726,281 (June 2022: \$15,791,292) which includes a deferred tax asset of \$205,515 (2022: \$162,675) and \$12,498 of intangible assets (2022: \$5,977,837).

At 30 June 2023, the group's current liabilities exceed its current assets by \$5,861,503 (2022: \$1,704,295). Included in current liabilities are employee entitlements of \$859,071 which are not expected to be settled in cash in full within the next twelve months. In addition, included in current liabilities are convertible notes of \$4,600,000, the terms of which is that these mature twelve months from the issue date or such later date as is agreed in writing between the parties. Furthermore, current liabilities include an amount of \$190,000 owing to a director, the terms of which is that the amount matures on 11 April 2024 or such later date as is agreed in writing between the parties.

The Directors believe this result, along with the funding raised post the reporting date (refer to note 29 on subsequent events), as well as its track record of raising capital is not a cause of concern considering the results for the year ended 30 June 2023 were:

- in part affected by the impact of Covid-19 as the Group has begun to exit the issues that impacted it for the past two years;
- impacted by continuing transitional issues in the relocation, expansion and then fully commissioning of the new manufacturing facility in Rosedale, Victoria;
- impacted by delays in the construction of the new silicone line shed, which is expected to be completed during the 2024 financial year;
- impacted by the factory not operating at full capacity, albeit that it is now close to being fully operational; and
- cash constraints which impacted the supply of raw material.

The Directors' are of the view that once capacity levels are reached at Rosedale, positive cash flows from operations will occur.

# Notes to the Financial Statements

## for the year ended 30 June 2023

### Note 1 Summary of Significant Accounting Policies (continued)

#### (c) Material Uncertainty Relating to a Going Concern (continued)

*The Director's also note the following:*

- Revenue for the 2023 financial year grew by 24% over the previous financial year;
- The current sales order book at year end is materially higher than the prior year;
- \$3,400,000 of capital was raised via a placement of new shares on 8 March 2023 (refer note 21);
- The Group has completed a review of the operational structure of the business and has identified and is implementing significant operating cost savings;
- The directors continue to manage the working capital and capital expenditure requirements in the best interests of shareholders. This includes the preparation, and review of cash flow forecasts and other longer term projections which in the view of the Directors align with the strategy of the Group to achieve growth predominantly through the Rosedale facility operating at higher production capacity levels. The levels of achieved growth in sales have been factored into the cash flow projections prepared, including the determination of annual growth rates and terminal growth rates. Assumptions used in the cash flow statements are supported by data sourced from finance, purchasing, manufacturing and production teams. Management have also stress tested the financial information provided.
- As part of their assessment of impairment to assets, management have reviewed the carrying values of all underlying assets and have allocated the impairment write down to intellectual property assets and development assets, on the basis that all other assets are stated at either fair value or at their recoverable amounts. The most material asset being plant and equipment will be revalued in 2024, and is currently recorded at \$9,259,446, which is \$1,307,297 less than it was valued at in 2019. Despite increases in interest rates, the Directors' are of the opinion that the value of these assets are not impaired and are expected to be supported by independent external valuation scheduled to be performed in 2024.

Notwithstanding the loss for the year and the consolidated entity's deficiency in net current assets, the financial report has been prepared on the going concern basis. The Directors' reach this conclusion on the following basis:

*Matters already occurred post the reporting date:*

- Further capital in the amount of \$ 2,606,500 has been raised by way of the issue of convertible notes. Funds from these notes were received in five tranches on 14 August 2023, 28 August 2023, 8 September 2023 and 21 September 2023 (two tranches). These amounts bear interest at 10% per annum and mature two years from date of issue (refer note 29);
- As stated in note 18, \$4.6m of convertible notes mature 12 months from date of issue or such later date as is agreed in writing between the parties. Of these, \$1.0m of these convertible notes have been extended to 27 November 2023. These convertible notes bear interest at 10% per annum and interest is payable on maturity (refer note 29); and
- On 5 October 2022 the directors agreed to extend the maturity date of a loan from CEO Alfred Chown to April 2024 (at the date of this report Alfred Chown has been appointed as an interim director). The remaining principal amount of the loan remains at \$190,000 at the date of signing this report.

*Matters expected to occur in the view of the Directors:*

- The Group has maintained ongoing support from its financiers and shareholders throughout 2023 and in the period subsequent to the date of this report;
- The potential to renegotiate and or extend debt facilities, including the remaining \$3.6m convertible notes expiring October 2023;
- The potential to draw down on the remaining debt facilities of \$2,264,021 (refer note 18);
- The potential to raise additional capital, including the issue of further additional convertible notes (as and when required); and
- The Rosedale factory operational output will increase to an estimated 11 million metres, or in excess of an average of 60 tonnes output per month, during FY2024.

# Notes to the Financial Statements

## for the year ended 30 June 2023

### Note 1 Summary of Significant Accounting Policies (continued)

#### (c) Material Uncertainty Relating to a Going Concern (continued)

Management have prepared a cash flow projection for the period to 30 September 2024 that supports the ability of the Group to continue as a going concern, which includes assumptions pertinent to the above matters. Accordingly, these financial statements have been prepared on the basis of a going concern as the Directors believe the Group will be able to pay its debts as and when the fall due.

Notwithstanding the above if the continued financial performance is not sustained and one or more of the planned measures do not eventuate or are not able to be resolved in the Group's favour, then in the opinion of the Directors, there will be a significant uncertainty regarding the ability of the Group to continue as a going concern and pay its debts and obligations as and when they become due and payable.

If the Group is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business at amounts different from those stated in the financial report.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or to the amounts and classifications of liabilities that might be necessary should the Group not continue as a going concern.

#### (d) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Energy Technologies Limited (EGY) at the end of the reporting period. The parent controls an entity when it 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 over the entity.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is included in Note 12 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in the subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statements showing profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (ie. transactions with owners in their capacity as owners).

#### (e) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

Where measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in the profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are expensed.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase. A gain from a bargain purchase is accounted for in the income statement at the acquisition date.

# Notes to the Financial Statements

## for the year ended 30 June 2023

### Note 1 Summary of Significant Accounting Policies (continued)

#### (f) Foreign currencies

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars (A\$), which is the parent entity's functional currency.

Foreign currency transactions are translated into functional currency at the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are retranslated at the year-end exchange rate. Non-monetary items measured at fair value are reported at the exchange rate as at the date when fair value was determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- (i) Assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- (ii) Income and expenses are translated at average exchange rates for the period; and
- (iii) Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

The functional currencies of the overseas subsidiaries are:

Dulhunty Engineering Limited (formerly D Power International Limited) – Hong Kong Dollars

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

#### (g) Property, plant and equipment

Each class of Plant and equipment is stated at fair value as indicated, less accumulated depreciation and any impairment in value.

Increases in the carrying amount arising on revaluation of plant and equipment are credited to an asset revaluation reserve. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset as follows:

|                        |             |
|------------------------|-------------|
| Leasehold Improvements | 2.5% to 25% |
| Plant and equipment    | 5% to 25%   |

#### Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the revaluation surplus or in the income statement, as set out above.

# Notes to the Financial Statements

## for the year ended 30 June 2023

### Note 1 Summary of Significant Accounting Policies (continued)

#### (h) Intangibles

##### Intangible assets

Intangible assets acquired separately are capitalised at cost as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of Patents, Computer Software, Licenses and Intellectual Property are assessed and amortised over their useful lives and amortisation charged is taken to the income statement. Patents and licenses are amortised over 10 years, Intellectual Property is amortised over 10 years and Computer Software over 4 years.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profit or loss in the year in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles, at each reporting date, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

This note is to be read in conjunction with Note 1(x), Critical Accounting Estimates and Judgements, which provides relevant information in relation to accounting for the provision for impairment.

##### Research and development costs

Expenditure on research activities is recognised as an expense when incurred.

Expenditure on development activities is capitalised only when it is probable that future benefits will exceed deferred costs and these benefits can be reliably measured. Capitalised development expenditure is stated at cost less accumulated amortisation.

Development expenditure is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Capitalised development expenditure is measured at cost less any accumulated amortisation and impairment losses.

Amortisation is calculated using a straight-line method to allocate the costs over an estimated useful life of 10 years during which the related benefits are expected to be realised.

#### (i) Inventories

##### Manufacturing

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials — valued on a weighted average cost;
- Finished goods and work-in-progress — cost of raw materials and standard cost of labour and a proportion of manufacturing overheads based on estimated machine man minute. Standard cost approximates actual cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion.

#### (j) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

# Notes to the Financial Statements

## for the year ended 30 June 2023

### Note 1 Summary of Significant Accounting Policies (continued)

#### (j) Impairment of non-financial assets (continued)

During the financial year under review, application of this accounting policy resulted in an increase in the provision for impairment against intangible assets of \$5,194,327 (2022: \$600,000). At balance date the carrying value of intangible assets, after impairment adjustments, is \$12,498.

#### (k) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to an asset, it is recognised against the asset released to profit or loss over the expected useful life of the related asset as a reduced depreciation charge.

#### (l) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

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

#### (m) Investments in Associates

At the date of this report there are no investments in associates.

#### (n) Financial Instruments

##### **Recognition and de-recognition**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### **Trade and other receivables**

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

##### **Impairment of financial assets**

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of this standard's requirement include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

# Notes to the Financial Statements

## for the year ended 30 June 2023

### Note 1 Summary of Significant Accounting Policies (continued)

#### (n) Financial Instruments (continued)

##### *Classification and measurement of financial liabilities*

The Group's financial liabilities include borrowings and trade & other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Trade payables are measured at amortised cost using the effective interest rate method.

#### (o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

#### (p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying consolidated benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### (q) Leases

##### **Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

##### **Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

# Notes to the Financial Statements

## for the year ended 30 June 2023

### Note 1 Summary of Significant Accounting Policies (continued)

#### (r) Revenue recognition

Revenue is recognised using the 5-step process:

- 1 Identifying the contract with a customer;
- 2 Identifying the performance obligations;
- 3 Determining the transaction price;
- 4 Allocating the transaction price to the performance obligations; and
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

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.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

#### *Sale of goods*

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

#### *Other income*

Other income is recognised when it is received or when the right to receive payment is established.

#### *Interest*

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

#### *Dividends*

Revenue is recognised when the shareholders' right to receive the payment is established.

#### (s) Income tax

The income tax benefit/(expense) for the year comprises deferred tax benefit/(expense). Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except for deferred tax liability on revaluation of plant and equipment not recognised due to the existence of unrecognised tax losses available for offset.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

# Notes to the Financial Statements

## for the year ended 30 June 2023

### Note 1 Summary of Significant Accounting Policies (continued)

#### (t) Other taxes

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

#### (u) Contributed equity and other contributed equity

##### *Contributed equity*

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

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

##### *Other contributed equity*

Capital contribution received in advance of share allotment is recognised at the fair value of the consideration received by the Company as other contributed equity.

Any transaction costs arising on the related equity issuance are recognised directly in equity as a reduction of the share proceeds received.

##### *Earnings per share and headline earnings per share*

Earnings per share is based on earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year.

#### (v) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

##### *Share-based payments*

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, which are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

# Notes to the Financial Statements

## for the year ended 30 June 2023

### Note 1 Summary of Significant Accounting Policies (continued)

#### (v) Employee benefits (continued)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

#### (w) Fair Value measurement

The Group subsequently measures some of its assets at fair value on a recurring basis. Fair value is the price the Group would receive to sell an asset in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (ie the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset after considering transaction costs and transport costs). For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

#### (x) Critical Accounting Estimates and Judgements

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

##### Key Estimates

##### (i) Impairment

The group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the group that may be indicative of impairment triggers. This includes an assessment of both internal and external factors applicable to the carrying values of the assets in question, including consideration of future revenue streams. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. Where indicators of impairment exists or there are insufficient cash flows to support the carrying values of the assets, management have fully impaired the carrying value of each asset class in question by way of increasing the provision for impairment.

##### (ii) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturer's warranties (for plant and equipment), lease terms (for leased equipment), long term sales projections and customer requirements (for intangible assets) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

##### (iii) Revaluation of plant and equipment – refer to Note 13.

##### (iv) Capitalised development costs

Distinguishing the research and development phases of a new customised product and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

# Notes to the Financial Statements

## for the year ended 30 June 2023

### Note 1 Summary of Significant Accounting Policies (continued)

#### (x) Critical Accounting Estimates and Judgements (continued)

##### (v) Impairment of Inventory

In assessing the impairment of inventory, management has identified inventory that did not show any movement for 12 months based on sales and evaluated the extent to which this inventory will not be sold. While this evaluation was done by management who are experienced and knowledgeable, there is still a significant amount of estimation and judgement involved in arriving at the amount to be provided. Details of the number of years' worth of future sales are on hand in inventory, by line item, at each period end and a progressive provision formula is used as a basis for management's assessment of the impairment required.

##### (vi) Deferred Tax Asset

A deferred tax asset is recognised on unused tax losses adjusted for the current year to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. The group used the following criteria in assessing the probability that the taxable profit will be available against which the unused tax losses can be utilised:

- Whether the entity has sufficient taxable temporary timing differences relating to the same taxation authority (SARS) which will result in taxable amounts against which the unused tax losses can be used;
- Whether it will be probable that the entity will have taxable profits before the unused tax losses will expire based on the budgets for the following financial year; and
- Whether the unused tax losses result from identifiable causes which are unlikely to recur. Future taxable profits are estimated based on the budgets prepared by management and approved by the board. To the extent that it is not probable that taxable profits will be available against which the unused tax losses can be utilised, the deferred tax asset is not recognised. To determine the probability that the taxable profit will be available against which the unused tax losses can be utilised, the group has reviewed its forecasts for the foreseeable future and compared that to its total tax losses.

##### (vii) Right-of-use lease liability and right-of-use assets

The group has applied judgement to determine the lease term for some of the lease contracts, in which it is a lessee, that include renewal options. The assessment of whether the group is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognised. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or to not exercise a termination option. The economic incentives considered include factors such as the anticipated benefits from the location of the property, levels of construction development and competition in the area, ability to attract foot traffic, and the availability of suitable alternative properties. Extension options (or periods after termination options) are included in the lease term if the lease is reasonably certain not to be terminated. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the lessee. The majority of extension and termination options held are exercisable by the group on conjunction with the respective lessor, based on the fair market rental at that time.

#### Key Judgements

- Going Concern: Refer to details in Note 1(c)
- Provision for Impairment – Intangible Assets

Judgement has been exercised in considering whether a provision or an adjustment to an existing provision for impairment to an intangible asset is required. Refer to details in Note 1(x), Key Estimates (i).

- Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

#### (y) New and Revised Accounting Standards

Refer to Note 32.

# Notes to the Financial Statements

## for the year ended 30 June 2023

Consolidated

| 2023 | 2022 |
|------|------|
| \$   | \$   |

### Note 2 Revenue and Other Income

#### (a) Revenue

|                                              |            |            |
|----------------------------------------------|------------|------------|
| Sale of goods transferred at a point in time | 15,534,577 | 12,518,718 |
| Sale of goods transferred over time          | -          | -          |
|                                              | 15,534,577 | 12,518,718 |

#### (b) Other Income

|                    |            |            |
|--------------------|------------|------------|
| R&D grant          | -          | 205,390    |
| Finance revenue    | 1,151      | 2,216      |
| Other income       | 64,178     | 133,813    |
| Total Other Income | 65,329     | 341,419    |
|                    | 15,599,906 | 12,860,137 |

#### (c) Revenue by Geographic Segment is disclosed in Note 27

### Note 3 Loss before Income Tax

Included in the determination of Loss before income tax are the following expenses:

#### Expenses

##### Cost of Sales

|                                                           |            |             |
|-----------------------------------------------------------|------------|-------------|
| Cost of Goods Sold                                        | 10,411,741 | 9,682,018   |
| Less: Capitalised to intangible assets via R&D activities | -          | (1,822,958) |
|                                                           | 10,411,741 | 7,859,060   |
| Factory direct expenses less recovery                     | 2,998,519  | 2,152,746   |
| Freight                                                   | 760,626    | 640,028     |
| Inventory write down and manufacturing variances          | 1,595,116  | 795,285     |
|                                                           | 15,766,002 | 11,447,119  |

|                                                                        |      |      |
|------------------------------------------------------------------------|------|------|
| Gross Profit % - pre inventory write down & capitalisation adjustments | 8.8% | 0.4% |
|------------------------------------------------------------------------|------|------|

##### Finance Costs

|                                    |           |           |
|------------------------------------|-----------|-----------|
| Finance costs on lease liabilities | 145,726   | 169,552   |
| Interest expense                   | 1,108,009 | 220,308   |
| Borrowing costs                    | 839,944   | 679,629   |
|                                    | 2,093,679 | 1,069,489 |

# Notes to the Financial Statements

## for the year ended 30 June 2023

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

### Note 3      Loss before Income Tax (continued)

#### Depreciation and Amortisation

|                                               |                  |                  |
|-----------------------------------------------|------------------|------------------|
| Depreciation of property, plant and equipment | 1,006,590        | 1,152,862        |
| Amortisation of intangible assets             | 771,012          | 859,049          |
| Depreciation of right of use assets           | 704,834          | 783,426          |
|                                               | <u>2,482,436</u> | <u>2,795,337</u> |

#### Impairment Expenses

|                                             |           |         |
|---------------------------------------------|-----------|---------|
| Impairment of property, plant and equipment | -         | 315,900 |
| Impairment of intangible Assets             | 5,194,327 | 600,000 |

#### Employment Related Expenses

|                                              |           |           |
|----------------------------------------------|-----------|-----------|
| Employee benefits expense                    | 3,131,847 | 2,755,754 |
| Defined superannuation contributions expense | 285,090   | 273,499   |
| Share based payments                         | 36,116    | 67,985    |

#### Other

|                                                       |          |          |
|-------------------------------------------------------|----------|----------|
| Research and development expenditure                  | -        | 472,160  |
| Short term lease payment                              | 14,455   | 17,316   |
| Net loss on disposal of property, plant and equipment | 2,266    | 9,435    |
| Foreign exchange (gain)/loss                          | (13,799) | (13,005) |

### Note 4      Income Tax Expense

#### (a) The components of Income tax (benefits) expense comprise:

|              |                 |               |
|--------------|-----------------|---------------|
| Current tax  | -               | -             |
| Deferred tax | (42,840)        | 54,421        |
|              | <u>(42,840)</u> | <u>54,421</u> |

#### (b) Reconciliation of the prima facie tax on loss to income tax expense:

|                                                              |                 |               |
|--------------------------------------------------------------|-----------------|---------------|
| Prima facie tax on loss before income tax at 25% (2022: 25%) | (3,846,631)     | (2,167,943)   |
| Tax effect of:                                               |                 |               |
| - Other non-allowable items                                  | 1,256,621       | 137,620       |
| - R&D expenses non-allowable                                 | -               | 118,040       |
| - Other assessable items                                     | -               | 4,105         |
| - Current year tax losses not brought to account.            | 2,590,010       | 1,959,525     |
| - Deferred income tax                                        | (42,840)        | 54,421        |
| - R&D grant non assessable                                   | -               | (51,347)      |
| Income tax (benefits) expense                                | <u>(42,840)</u> | <u>54,421</u> |

# Notes to the Financial Statements

for the year ended 30 June 2023

## Note 5 Key Management Personnel Compensation

### Compensation of Key Management Personnel

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2023 and the comparative year.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

| Consolidated                 |                  |
|------------------------------|------------------|
| 2023                         | 2022             |
| \$                           | \$               |
| Short-term employee benefits | 910,173          |
| Share based payment *        | 67,985           |
| Post-employment benefits     | 71,071           |
| <b>1,052,792</b>             | <b>1,049,229</b> |

### Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to KMP.

### Post-employment benefits

These amounts are the current year's estimated cost of providing for superannuation contributions made during the year and post-employment life insurance benefits.

### Share-based payments

The consolidated entity has a share option plan to incentivise certain employees and key management personnel. The share option plan is subject to participants meeting service condition (continuous employment with the consolidated entity) at the vesting date. The options are issued for nil consideration. There are no performance conditions.

During the financial year NIL ordinary shares were issued in lieu of director's fees (2022: NIL ordinary shares). The share-based payment expense for these for the year was \$NIL (2022: \$NIL).

During the financial year NIL unlisted options were granted (2022: NIL). The share-based payment expense for unlisted options for the year was \$36,116 (2022: \$67,985).

Refer note 23.

\* The comparative information has been amended to be consistent with the information disclosed within the Remuneration Report (audited) on page 18.

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## Notes to the Financial Statements

for the year ended 30 June 2023

| Consolidated |      |
|--------------|------|
| 2023         | 2022 |
| \$           | \$   |

### Note 6 Auditors' Remuneration

Remuneration of the auditor of the parent entity:

#### (a) Crowe Audit Australia

##### Audit Services

Audit of financial report

167,168 -

##### Non-audit Services

Taxation services

- -

**Total remuneration of Crowe Audit Australia**

**167,168 -**

#### (b) Grant Thornton Audit Pty Ltd

##### Audit Services

Audit and review of financial reports

56,650 189,102

Adjustment to prior year audit of financial report

76,953 59,028

##### Non-audit Services

Taxation services

- -

**Total remuneration of Grant Thornton Audit Pty Ltd**

**133,603 248,130**

**Total Remuneration of the auditor of parent entity**

**300,771 248,130**

Remuneration of other auditors for:

Audit and review of financial reports

- -

Tax compliance services

2,500 875

**2,500 875**

### Note 7 Dividends

No dividends have been paid or proposed by the parent entity for the year ended 30 June 2023 (2022: Nil).

### Note 8 Earnings per Share

#### (a) Reconciliation of earnings to profit or loss:

Loss

(15,343,684) (8,726,195)

Profit attributable to non-controlling interest

(1,312) (5,561)

Earnings used to calculate basic and diluted EPS

**(15,344,996) (8,731,756)**

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# Notes to the Financial Statements

## for the year ended 30 June 2023

### Note 8 Earnings per Share (continued)

|                                                                                                          | Note | 2023<br>Number | 2022<br>Number |
|----------------------------------------------------------------------------------------------------------|------|----------------|----------------|
| (b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS |      | 292,875,846    | 243,508,091    |
| Weighted average number of dilutive options outstanding                                                  | (c)  | -              | -              |
| Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS  |      | 292,875,846    | 243,508,091    |

(c) During the 2021 financial year 3,422,429 unlisted share options were issued to directors under an approved share option plan. As at 30 June 2023 these options were recognised at \$36,116. Options have been excluded in the weighted average of shares used to calculate diluted earnings per share as they were anti-dilutive.

|                                                                                                                                                         | Consolidated |            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------|
|                                                                                                                                                         | 2023<br>\$   | 2022<br>\$ |
| Note 9 Cash and Cash Equivalents                                                                                                                        |              |            |
| Cash at bank and on hand                                                                                                                                | 49,440       | 82,066     |
|                                                                                                                                                         | 49,440       | 82,066     |
| Reconciliation of cash                                                                                                                                  |              |            |
| Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the Statement of Financial Position as follows: |              |            |
| Cash and cash equivalents                                                                                                                               | 49,440       | 82,066     |
|                                                                                                                                                         | 49,440       | 82,066     |

### Note 10 Trade and Other Receivables

#### CURRENT

|                                          |          |           |           |
|------------------------------------------|----------|-----------|-----------|
| Trade receivables                        | (a), (b) | 2,646,225 | 1,920,160 |
| Less: Provision for expected credit loss |          | -         | -         |
|                                          |          | 2,646,225 | 1,920,160 |
| R & D grant receivable                   |          | -         | 1,122,055 |
| Other receivables                        |          | 144,408   | 187,651   |
|                                          |          | 2,790,633 | 3,229,866 |

(a) Trade debtors are based on normal terms of trade, typically 30 days from end of month. Retention of title terms exist on sales. Based on historical experience, external indicators and forward-looking information, no expected credit loss is considered necessary.

There were no trade debtors that were past due at 30 June 2023 and at 30 June 2022.

(b) Trade receivables are pledged as security in favour of Cash Flow Finance Pty Ltd trading as EarlyPay for the Secured Debtor Finance Facility (refer Note 18).

# Notes to the Financial Statements

## for the year ended 30 June 2023

**Consolidated**

|  | 2023 | 2022 |
|--|------|------|
|  | \$   | \$   |

### Note 11 Inventories

At cost

|                                                  |                  |           |
|--------------------------------------------------|------------------|-----------|
| Raw materials and stores                         | 1,095,117        | 1,261,203 |
| Work in progress                                 | 261,043          | 615,717   |
| Finished goods                                   | 4,148,233        | 3,443,920 |
|                                                  | <b>5,504,393</b> | 5,320,840 |
| Allowance for obsolete and slow-moving inventory | <b>(225,000)</b> | (225,000) |
|                                                  | <b>5,279,393</b> | 5,095,840 |

In FY2023, \$798,286 (2022: \$484,338) of inventory write down following an inventory restructure and detailed review of slow-moving stock.

Inventories are pledged as security in favour of Cash Flow Finance Pty Ltd trading as EarlyPay for the Secured Trade Finance Facility (refer Note 18).

### Note 12 Controlled Entities

| Controlled Entities Consolidated                                                      | Country of Incorporation | Percentage Owned (%) <sup>*</sup> |      |
|---------------------------------------------------------------------------------------|--------------------------|-----------------------------------|------|
| <b>Parent Entity:</b>                                                                 |                          | <b>2023</b>                       | 2022 |
| Energy Technologies Limited                                                           | Australia                |                                   |      |
| <b>Subsidiaries of Energy Technologies Limited:</b>                                   |                          |                                   |      |
| Bambach Wires & Cables Pty Limited                                                    | Australia                | 100                               | 100  |
| Cogenic Pty Limited <sup>**</sup>                                                     | Australia                | 100                               | 100  |
| Dulhunty Engineering Limited (previously D Power International Limited) <sup>**</sup> | British Virgin Islands   | 51                                | 51   |

<sup>\*</sup> Percentage of voting power is in proportion to ownership

<sup>\*\*</sup> Cogenic Pty Limited and Dulhunty Engineering Limited are dormant entities

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# Notes to the Financial Statements

## for the year ended 30 June 2023

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

### Note 13 Property, Plant and Equipment

#### Leasehold Improvements

|                                                 |                  |           |
|-------------------------------------------------|------------------|-----------|
| Leasehold Improvements at independent valuation | <b>624,936</b>   | 624,936   |
| Less: Accumulated depreciation                  | <b>(152,771)</b> | (110,779) |
| <b>Net carrying value</b>                       | <b>472,165</b>   | 514,157   |

#### Plant and Equipment

|                                                      |                    |             |
|------------------------------------------------------|--------------------|-------------|
| Plant and equipment at cost or independent valuation | <b>13,325,654</b>  | 13,153,375  |
| Less: Accumulated Impairment Losses                  | <b>(614,536)</b>   | (614,536)   |
| Less: Accumulated depreciation                       | <b>(3,923,837)</b> | (2,961,499) |
|                                                      | <b>8,787,281</b>   | 9,577,340   |

#### Capital Work in Progress

|                                            |                  |            |
|--------------------------------------------|------------------|------------|
|                                            | <b>545,235</b>   | 60,762     |
| <b>Total Property, Plant and Equipment</b> | <b>9,804,681</b> | 10,152,259 |

#### Movements in Carrying Amounts

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

|                                              | <b>Capital Work<br/>In Progress</b> | <b>Leasehold<br/>Improvements</b> | <b>Plant and<br/>Equipment</b> | <b>Total</b>     |
|----------------------------------------------|-------------------------------------|-----------------------------------|--------------------------------|------------------|
|                                              | <b>\$</b>                           | <b>\$</b>                         | <b>\$</b>                      | <b>\$</b>        |
| Consolidated:                                |                                     |                                   |                                |                  |
| Carrying amount at the beginning of the year | 60,762                              | 514,157                           | 9,577,340                      | 10,152,259       |
| Additions                                    | 916,810                             | -                                 | 176,805                        | 1,093,615        |
| Depreciation expense                         | -                                   | (41,992)                          | (964,598)                      | (1,006,590)      |
| Loss on disposal                             | -                                   | -                                 | (2,266)                        | (2,266)          |
| Government grant received                    | (432,337)                           | -                                 | -                              | (432,337)        |
| Carrying amount at the end of the year       | <b>545,235</b>                      | <b>472,165</b>                    | <b>8,787,281</b>               | <b>9,804,681</b> |

#### Fair value measurement of the Group's plant and equipment and leasehold improvements

The Group's plant and equipment and leasehold improvements are stated at their revalued amounts, being the fair value (as determined by an independent valuer) at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The last external independent valuation was conducted at 30 June 2019 and management has determined that the fair value of the plant and equipment and leasehold improvements as at 30 June 2023 does not differ materially from its carrying value. The Group carries out independent valuations every five years at minimum or when there are indicators that fair value has materially moved since the previous assessment.

AASB 13 Fair Value Measurement requires the valuation technique used to be consistent with one of the following valuation approaches:

- Market approach: techniques that use prices and other information generated by market transactions for identical or similar assets;
- Income approach: techniques that convert future cash flows or income and expenses into a single discounted present value; and
- Cost approach: techniques that reflect the current replacement cost of an asset at its current service capacity.

# Notes to the Financial Statements

## for the year ended 30 June 2023

### Note 13 Property, Plant and Equipment (continued)

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into, as follows:

- Level 1: Measurements based on quoted prices in active markets for identical assets that the entity can access at the measurement date;
- Level 2: Measurements based on inputs other than the quoted prices included in Level 1, but that are observable for the asset, either directly or indirectly;
- Level 3: Measurements based on unobservable inputs for the asset or liability.

The valuation of the assets was largely based on Level 3 inputs. The fair value of the plant and equipment and leasehold improvement was predominantly determined based on the market approach whereby the valuers researched industry relevant marketplaces for market evidence of recent sales and offerings, sourced market opinions from industry experts as well as utilised their own database resources and industry experience. In some instances they adopted the cost approach or a combination of the cost and market approaches where there has been minimal or no reliable market evidence to compare with the subject assets. The valuers also considered the physical deterioration, functional obsolescence and economic obsolescence of the assets.

The fair value of group Plant and Equipment and Leasehold Improvements under FV was \$10,566,743 at 30 June 2019. The Board adopted this value, which resulted in an increase in net plant and equipment value of \$6,838,699 in the group at 30 June 2019. The revaluation amount was recognised in the Asset Revaluation Reserve. A deferred tax liability of \$769,336 at 30 June 2023 (2022: \$867,516) in respect of the revaluation, has been set off against tax losses available to offset any liability arising upon a disposal of plant and equipment. Refer Note 19(d). EGY has no plans to dispose of its plant and equipment.

Energy Technologies Limited management has determined that the fair value of the plant and equipment and leasehold improvements, as at 30 June 2023, does not differ materially from its carrying value. Accordingly, no provision for impairment is required against property, plant and equipment.

Recurring fair value measurements:

|                                                     | 2023<br>\$ | 2022<br>\$ |
|-----------------------------------------------------|------------|------------|
| Plant and equipment                                 | 8,787,281  | 9,577,340  |
| Leasehold improvements                              | 472,165    | 514,157    |
| Total non-financial assets recognised at fair value | 9,259,446  | 10,091,497 |

The highest and best use of the assets is the fair market value in continued use, using the market approach technique. The carrying amount of the above assets that would have been recognised had the assets been carried under the cost model is \$6,866,312.

On 15 January 2021 EGY announced that its subsidiary, Bambach Wires and Cables Pty Ltd (Bambach), has been awarded a Sovereign Industrial Capability Priority Grant to improve Australian manufacturing capability to support the Continuous Shipbuilding Program which includes rolling submarine acquisition; land combat, protected vehicles and technology upgrade. This will enable Bambach to enhance its existing manufacturing capability to manufacture of small, medium, and large diameter low voltage silicone copper cables essential for use in submarine and shipbuilding. The project cost was estimated at \$1.74m of which the Federal Government will contribute up to \$1.34m.

As at 30 June 2023 a total of \$1,848,823 (FY2022: \$1,111,472) has been spent to date on the silicone cable project which has been recognised in capital work in progress.

Government grants of \$432,337 have been received during the financial year, bringing the total amount received to \$1,303,588 (FY2022: \$871,251) for the silicone cable project.

The grant received has been recognised against capital work in progress.

Plant and equipment and motor vehicles by way of a loan facility in favour of Grow Finance Pty Ltd.

# Notes to the Financial Statements

## for the year ended 30 June 2023

|                                      | Consolidated       |             |
|--------------------------------------|--------------------|-------------|
|                                      | 2023<br>\$         | 2022<br>\$  |
| <b>Note 14 Intangible Assets</b>     |                    |             |
| Computer software at cost            | <b>53,651</b>      | 53,651      |
| Accumulated amortisation             | <b>(41,153)</b>    | (34,655)    |
| Net carrying value                   | <b>12,498</b>      | 18,996      |
| Intellectual Property at cost        | <b>500,000</b>     | 500,000     |
| Accumulated amortisation             | <b>(100,000)</b>   | (50,000)    |
| Provision for accumulated impairment | <b>(400,000)</b>   | -           |
| Net carrying value                   | <b>-</b>           | 450,000     |
| Development Assets at cost           | <b>7,854,485</b>   | 7,854,485   |
| Accumulated amortisation             | <b>(2,460,158)</b> | (1,745,644) |
| Provision for accumulated impairment | <b>(5,394,327)</b> | (600,000)   |
| Net carrying value                   | <b>-</b>           | 5,508,841   |
| Total intangible assets              | <b>12,498</b>      | 5,977,837   |

### Movements in Carrying Amounts

Movements in carrying amounts for each group of Intangible Assets between the beginning and the end of the current financial year:

|                                              | Software<br>\$ | Development<br>Assets<br>\$ | Intellectual<br>Property<br>\$ | Total<br>\$        |
|----------------------------------------------|----------------|-----------------------------|--------------------------------|--------------------|
| Consolidated:                                |                |                             |                                |                    |
| Carrying amount at the beginning of the year | 18,996         | 5,508,841                   | 450,000                        | <b>5,977,837</b>   |
| Provision for impairment                     | -              | (4,794,327)                 | (400,000)                      | <b>(5,194,327)</b> |
| Amortisation expense                         | (6,498)        | (714,514)                   | (50,000)                       | <b>(771,012)</b>   |
| Carrying amount at the end of the year       | <b>12,498</b>  | -                           | -                              | <b>12,498</b>      |

Application of accounting policies contained in Note 1(h), Intangible Assets, Note 1(j), Impairment of Non-Financial Assets and Note 1(x), Critical Accounting Estimates and Judgements, has resulted in an adjustment to the provision for impairment of \$5,194,327 during the financial year under review.

To this end, management have prepared a discounted cash flow model. The model has supported the decision of the Board to impair assets during the financial year under review.

Management have reviewed the carrying value of all underlying assets and have allocated the impairment write down to intellectual property assets and development assets, on the basis that all other assets are stated at either fair value or at their recoverable amounts.

The most material asset being plant and equipment (note 13) will be revalued in 2024. Despite increases in interest rates, the Directors' are of the opinion, based on readily available current market data, that the value of these assets are expected to increase when the independent external valuation is performed in 2024.

# Notes to the Financial Statements

## for the year ended 30 June 2023

| Consolidated |      |
|--------------|------|
| 2023         | 2022 |
| \$           | \$   |

### Note 15 Right of Use Assets and Lease Liabilities

#### Right of Use Assets

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| Office and factory premises      | 4,058,852        | 4,351,296        |
| Less: Accumulated depreciation   | (1,961,582)      | (1,839,166)      |
|                                  | <b>2,097,270</b> | <b>2,512,130</b> |
| Plant and equipment              | 964,062          | 964,062          |
| Less: Accumulated depreciation   | (279,121)        | (227,478)        |
|                                  | <b>684,941</b>   | <b>736,584</b>   |
| <b>Total Right of Use Assets</b> | <b>2,782,211</b> | <b>3,248,714</b> |

The group has leased office and factory premises under agreements with various expiry dates, some with options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

#### Reconciliations

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

|                                                        | Office premises, factory and warehouse | Plant and equipment | Total            |
|--------------------------------------------------------|----------------------------------------|---------------------|------------------|
|                                                        | \$                                     | \$                  | \$               |
| Carrying amount at the beginning of the financial year | 2,512,130                              | 736,584             | 3,248,714        |
| Additions                                              | 238,331                                | -                   | 238,331          |
| Depreciation expense                                   | (653,191)                              | (51,643)            | (704,834)        |
| Carrying amount at the end of the financial year       | <b>2,097,270</b>                       | <b>684,941</b>      | <b>2,782,211</b> |

#### Lease Liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees; and
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease.

If that rate cannot be readily determined, the entity's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

# Notes to the Financial Statements

## for the year ended 30 June 2023

### Note 15 Right of Use Assets and Lease Liabilities (continued)

To determine the incremental borrowing rate, the Group uses recent arm's length borrowing rate received as a starting point, adjusted to reflect changes in financing conditions since borrowing was received, making adjustments specific to the lease (e.g. term, country, currency and security).

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### Leasing activities

The group has entered into a number of lease agreements in respect of fixed property used for warehousing, offices and branch trading facilities. These leases generally have an initial three to ten-year lease term with options to renew at market-related rentals. Annual escalations from 6% to 10% are common to all leases.

|                                                                                    | Consolidated     |                  |
|------------------------------------------------------------------------------------|------------------|------------------|
|                                                                                    | 2023             | 2022             |
|                                                                                    | \$               | \$               |
| Lease liabilities are presented in the statement of financial position as follows: |                  |                  |
| <b>CURRENT</b>                                                                     |                  |                  |
| Office and factory premises                                                        | 699,422          | 615,961          |
| Hire purchase agreements*                                                          | 121,062          | 75,644           |
|                                                                                    | <b>820,484</b>   | <b>691,605</b>   |
| <b>NON-CURRENT</b>                                                                 |                  |                  |
| Office and factory premises                                                        | 1,715,722        | 2,135,148        |
| Hire purchase agreements*                                                          | 107,926          | 19,208           |
|                                                                                    | <b>1,823,648</b> | <b>2,154,356</b> |
| Total lease liabilities                                                            | <b>2,644,132</b> | <b>2,845,961</b> |
| Total payments in relation to the above on an undiscounted basis:                  |                  |                  |
| 1 year or less                                                                     | 941,933          | 838,924          |
| Between 1 and 5 years                                                              | 2,110,212        | 2,499,852        |
|                                                                                    | <b>3,052,145</b> | <b>3,338,776</b> |

\* Lease liabilities on Hire purchase agreements are secured by the underlying financed assets, being motor vehicles and plant and machinery.

## Notes to the Financial Statements

### for the year ended 30 June 2023

|                                                                                                                                              | Note | Consolidated |           |
|----------------------------------------------------------------------------------------------------------------------------------------------|------|--------------|-----------|
|                                                                                                                                              |      | 2023         | 2022      |
|                                                                                                                                              |      | \$           | \$        |
| <b>Note 15 Right of Use Assets and Lease Liabilities (continued)</b>                                                                         |      |              |           |
| <b>Additional profit or loss and cash flow information on lease liabilities</b>                                                              |      |              |           |
| Amounts recognised in the statement of profit or loss and other comprehensive income:                                                        |      |              |           |
| Amortisation                                                                                                                                 |      | 704,834      | 783,426   |
| Interest expense                                                                                                                             |      | 145,726      | 169,552   |
| Amounts recognised in the statement of cash flows:                                                                                           |      |              |           |
| Net Repayment of lease liabilities                                                                                                           |      | 649,723      | 849,462   |
| Interest expense                                                                                                                             |      | 145,726      | 169,552   |
| Total cash outflow in respect of leases in the year                                                                                          |      | 795,449      | 1,019,014 |
| <b>Note 16 Other Assets</b>                                                                                                                  |      |              |           |
| <b>CURRENT</b>                                                                                                                               |      |              |           |
| Prepayments -general                                                                                                                         |      | 252,295      | 226,156   |
| Prepayments – silicone cable project                                                                                                         |      | -            | 179,459   |
|                                                                                                                                              |      | 252,295      | 405,615   |
| <b>NON-CURRENT</b>                                                                                                                           |      |              |           |
| Other receivables                                                                                                                            |      | -            | -         |
| Deposits                                                                                                                                     |      | 100,665      | 130,624   |
|                                                                                                                                              |      | 100,665      | 130,624   |
| State grants received in relation to the silicone cable project are recognised as a credit against capital work in progress – refer note 13. |      |              |           |
| <b>Note 17 Trade and Other Payables</b>                                                                                                      |      |              |           |
| <b>CURRENT</b>                                                                                                                               |      |              |           |
| Unsecured liabilities:                                                                                                                       |      |              |           |
| Trade payables                                                                                                                               | (a)  | 1,088,126    | 1,063,450 |
| BAS payable                                                                                                                                  |      | 412,163      | 344,440   |
| Other payables and accrued expenses                                                                                                          |      | 825,180      | 853,908   |
|                                                                                                                                              |      | 2,325,469    | 2,261,798 |

(a) Trade payables are based on normal terms of trade, typically 60 days from end of month.

# Notes to the Financial Statements

## for the year ended 30 June 2023

|                                                   | Note   | Consolidated      |                  |
|---------------------------------------------------|--------|-------------------|------------------|
|                                                   |        | 2023              | 2022             |
|                                                   |        | \$                | \$               |
| <b>Note 18 Borrowings</b>                         |        |                   |                  |
| <b>CURRENT</b>                                    |        |                   |                  |
| Secured borrowings:                               |        |                   |                  |
| Debtor finance facility                           | (b)    | 1,625,566         | 766,176          |
| Trade finance facility                            | (c)    | 3,510,413         | 4,750,874        |
| Convertible notes                                 | (d)    | 4,600,000         | -                |
| Director loan                                     | (e),30 | 190,000           | 204,452          |
| Equipment Finance Loan                            | (f)    | 302,261           | -                |
|                                                   |        | <u>10,228,240</u> | <u>5,721,502</u> |
| Unsecured borrowings:                             |        |                   |                  |
| Director and executive loans                      | (g),30 | -                 | 515,480          |
| Other loans                                       | (a)    | -                 | 503,013          |
|                                                   |        | <u>-</u>          | <u>1,018,493</u> |
| <b>Total Current Borrowings</b>                   |        | <b>10,228,240</b> | <b>6,739,995</b> |
| <b>NON-CURRENT</b>                                |        |                   |                  |
| Secured borrowings:                               |        |                   |                  |
| Equipment Finance Loan                            | (f)    | 1,469,124         | -                |
| <b>Total Non-Current Borrowings</b>               |        | <b>1,469,124</b>  | <b>-</b>         |
| <b>Total Borrowings</b>                           |        | <b>11,697,364</b> | <b>6,739,995</b> |
| Total current and non-current secured borrowings: |        |                   |                  |
| Debtor finance facility                           |        | 1,625,566         | 766,176          |
| Trade finance facility                            |        | 3,510,413         | 4,750,874        |
| Equipment Finance Loan                            |        | 1,771,385         | -                |
| Director loan                                     |        | 190,000           | 204,452          |
| Convertible notes                                 |        | 4,600,000         | -                |
|                                                   |        | <u>11,697,364</u> | <u>5,721,502</u> |

(a) Unsecured loan from shareholder for \$500,000 was repaid during the period. The repayment included accrued interest of \$17,945, of which \$3,013 was accrued at 30 June 2022.

(b) Secured Debtor Finance facility with Cash Flow Finance Pty Ltd trading as EarlyPay. This facility is drawn down to amount \$1,625,566 as at 30 June 2023. Interest is charged on the facility at rate of 12.60% which is 1.85% above the base rate which is currently 10.75%. No maturity date.

# Notes to the Financial Statements

## for the year ended 30 June 2023

### Note 18 Borrowings (continued)

- (c) Secured Trade Finance facility with Cash Flow Finance Pty Ltd trading as EarlyPay. This facility is drawn down to amount \$3,510,413 as at 30 June 2023. Term charges 5.76% per 120 days. No maturity date.
- (d) Convertible Notes issued of \$4,600,000 to noteholders. These notes have a face value of \$1.00, attract a coupon rate of 10% and are convertible at \$0.08 subject to shareholder approval. These notes mature twelve months from the issue date or such later date as is agreed in writing between the parties. Refer also to note 29. The embedded derivative associated with the convertible notes is not material, and therefore no separate embedded derivative financial instrument has been presented.
- (e) Secured loan from director of subsidiary Bambach Wires and Cables Pty Limited for \$190,000. An amount of \$10,000 was repaid during the period. Interest rate 10.00% per annum. Maturity Date is 11 April 2024.
- (f) Secured equipment finance loan. Interest rate 13.29% per annum and lender Grow Finance Pty Ltd. Loan matures August 2027.
- (g) Unsecured loan from director for \$500,000 was repaid during the period. The repayment included accrued interest of \$31,506, of which \$15,480 was accrued at 30 June 2022.
- (h) Summary of finance facilities in place at 30 June 2023:

#### Financing facilities:

|                                                          | Total facility<br>amount at year end<br>\$ | Amount drawn at<br>year end<br>\$ |
|----------------------------------------------------------|--------------------------------------------|-----------------------------------|
| Debtor finance and trade finance facility                | 7,400,000                                  | 5,135,979                         |
| Hire purchase agreements                                 | 228,988                                    | 228,988                           |
| Equipment Finance Loan                                   | 1,771,385                                  | 1,771,385                         |
| Convertible notes                                        | 4,600,000                                  | 4,600,000                         |
| Director loan                                            | 190,000                                    | 190,000                           |
| <b>Total financing facilities</b>                        | <b>14,190,373</b>                          | <b>11,926,352</b>                 |
| <b>Unused financing facilities available at year end</b> |                                            | <b>\$2,264,021</b>                |

| Note | Consolidated<br>2023<br>\$ | 2022<br>\$ |
|------|----------------------------|------------|
|------|----------------------------|------------|

### Note 19 Tax

#### (a) Deferred Tax Assets

Deferred tax assets comprise:

|                               |           |                |                |
|-------------------------------|-----------|----------------|----------------|
| Employee and other provisions | 19(b)(ii) | 205,515        | 162,675        |
|                               |           | <b>205,515</b> | <b>162,675</b> |

#### (b) Reconciliations

##### (i) Gross Movements

The overall movement in the deferred tax account is as follows:

|                                         |   |                |                |
|-----------------------------------------|---|----------------|----------------|
| Opening balance                         |   | 162,675        | 217,096        |
| Credit/(Charge) to the income statement | 4 | 42,840         | (54,421)       |
| Closing balance                         |   | <b>205,515</b> | <b>162,675</b> |

## Notes to the Financial Statements

### for the year ended 30 June 2023

| Consolidated |      |
|--------------|------|
| 2023         | 2022 |
| \$           | \$   |

#### Note 19 Tax (continued)

##### (ii) Deferred Tax Assets

The movement in deferred tax assets for each temporary difference during the year is as follows:

##### Employee and other provisions

|                                            |         |          |
|--------------------------------------------|---------|----------|
| Opening balance                            | 162,675 | 217,096  |
| Credited/(Charged) to the income statement | 42,840  | (54,421) |
| Closing Balance                            | 205,515 | 162,675  |
| Total Deferred Tax Assets                  | 205,515 | 162,675  |

##### (c) Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(s) occur are:

|                            |           |           |
|----------------------------|-----------|-----------|
| Temporary differences      | 80,236    | 83,992    |
| Tax losses: capital losses | 1,142,682 | 1,142,682 |

|                                                                                    |            |           |
|------------------------------------------------------------------------------------|------------|-----------|
| Tax losses: operating losses                                                       | 10,962,808 | 8,293,124 |
| Less potential tax loss benefits offset against deferred tax liability - refer (d) | (769,336)  | (867,516) |
| Tax losses: operating losses net of offsets*                                       | 10,193,472 | 7,425,608 |

##### (d) Deferred tax liability is offset against unrecognised tax losses:

|                                                                |           |           |
|----------------------------------------------------------------|-----------|-----------|
| Revaluation of plant and equipment, and leasehold improvements | 769,336   | 867,516   |
| Less: Offset of unrecognised tax loss benefit                  | (769,336) | (867,516) |
| Net deferred tax liability                                     | -         | -         |

\*Tax Losses of \$10,193,472 have not been brought to account as it is unlikely that these losses will be utilised in the near future.

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# Notes to the Financial Statements

## for the year ended 30 June 2023

|                              | Consolidated   |                |
|------------------------------|----------------|----------------|
|                              | 2023<br>\$     | 2022<br>\$     |
| <b>Note 20 Provisions</b>    |                |                |
| <b>Employee Entitlements</b> |                |                |
| Current                      | 859,071        | 824,284        |
| Non-current                  | 25,014         | 22,166         |
|                              | <b>884,085</b> | <b>846,450</b> |
| <b>Reconciliation</b>        |                |                |
| Opening Balance              | 846,450        | 1,161,586      |
| Leave Accrued                | 472,220        | 354,437        |
| Leave Paid/Taken             | (434,585)      | (669,573)      |
| Closing Balance              | <b>884,085</b> | <b>846,450</b> |

### Provision for Employee Entitlements

A provision has been recognised for employee entitlements relating to annual leave and long service leave. In calculating the present value of future cash flows in respect of long service leave and annual leave not expected to be settled within twelve months, the probability of that leave being taken is based on management estimates considering amongst other items, historical data. The measurement and recognition criteria relating to employee benefits have been disclosed in Note 1(v) to the financial statements.

### Note 21 Issued Capital

| Note 21 Issued Capital                                                |             |             | Consolidated |            |
|-----------------------------------------------------------------------|-------------|-------------|--------------|------------|
|                                                                       |             |             | 2023         | 2022       |
|                                                                       |             |             | \$           | \$         |
| Number of Ordinary shares fully paid 337,659,830 (2022: 272,275,214): |             |             | 45,239,038   | 41,768,876 |
|                                                                       |             |             | 45,239,038   | 41,768,876 |
| Ordinary Shares                                                       | 2023        | 2022        |              |            |
|                                                                       | Number      | Number      | \$           | \$         |
| At the beginning of reporting period                                  | 272,275,214 | 172,275,214 | 41,768,876   | 31,483,891 |
| Shares issued during year                                             |             |             |              |            |
| 14/10/2021 issued at \$0.11                                           | -           | 100,000,000 | -            | 11,000,000 |
| 08/03/2023 issued at \$ 0.052                                         | 65,384,616  | -           | 3,400,000    | -          |
| Capital Transaction Costs                                             | -           | -           | (150,080)    | (715,015)  |
| Unlisted share options – expired                                      | -           | -           | 220,243      | -          |
| At reporting date                                                     | 337,659,830 | 272,275,214 | 45,239,039   | 41,768,876 |

Shares issued under the non-renounceable rights issue 14 October 2021 had 25,000,058 attaching listed options expiring 31 October 2024. The offer price was \$NIL and the options have an exercise price of \$0.20.

### Terms and conditions:

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

# Notes to the Financial Statements

## for the year ended 30 June 2023

|                         | Note | Consolidated       |             |
|-------------------------|------|--------------------|-------------|
|                         |      | 2023               | 2022        |
|                         |      | \$                 | \$          |
| <b>Note 22 Reserves</b> |      |                    |             |
| Foreign currency        | (a)  | <b>(1,991,715)</b> | (1,988,035) |
| Asset Revaluation       | (b)  | <b>7,769,808</b>   | 7,769,808   |
|                         |      | <b>5,778,093</b>   | 5,781,773   |

Movement in each class of reserves during the current year and previous year as set out below

|                              | Foreign<br>Currency | Asset<br>Revaluation | Total            |
|------------------------------|---------------------|----------------------|------------------|
|                              | \$                  | \$                   | \$               |
| Balance at 1 July 2021       | (1,979,865)         | 7,769,808            | 5,789,943        |
| Foreign currency translation | (8,170)             | -                    | (8,170)          |
| Balance at 30 June 2022      | (1,988,035)         | 7,769,808            | 5,781,773        |
| Foreign currency translation | (3,680)             | -                    | (3,680)          |
| Balance at 30 June 2023      | <b>(1,991,715)</b>  | <b>7,769,808</b>     | <b>5,778,093</b> |

- (a) The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.
- (b) The reserve records revaluations of leasehold improvements and plant and equipment.

### Note 23 Share Based Payment Reserve

The share-based payment credit for the year was \$184,128 (2022: \$314,332 expense). Of this, a credit of \$220,244 (2022: \$199,395 expense) is in connection with the expiry of options issued to brokers and corporate consultants in connection with Placement and Rights Issue, and this has been offset against equity. The remaining \$36,116 (2022: \$114,937) is in connection with unlisted share options issued to directors and been included in the Statement of Profit or Loss. Set out below is a summary of the options issued.

As part of the capital raising in October 2021 EGY granted 9,000,000 listed share options valued at \$199,395 to brokers in connection with the Rights Issue. These options vests immediately and have been recognised as share issue costs against equity. The table below includes the valuation model inputs used to determine the fair value at the grant date;

| Tranche   | Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility % | Dividend yield % | Risk-free interest rate % | Fair value at grant date |
|-----------|------------|-------------|---------------------------|----------------|-----------------------|------------------|---------------------------|--------------------------|
| 9,000,000 | 14/10/21   | 31/10/24    | \$0.11                    | \$0.200        | 55%                   | -                | 0.475%                    | \$0.0222                 |

## Notes to the Financial Statements

### for the year ended 30 June 2023

#### Note 23 Share Based Payment Reserve (continued)

During the 2021 financial year EGY granted 19,300,000 unlisted share options to brokers and corporate consultants in connection with Placement and Rights Issue. These options vest immediately and have been recognised as share issue costs against equity. However, during the financial year under review, 12,500,000 options have expired and accordingly the share-based credit has been recognised (refer page 65). The valuation model inputs used to determine the fair value at the grant date, for the remaining 6,800,000 options is as follows:

| Tranche          | Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility % | Dividend yield % | Risk-free interest rate % | Fair value at grant date |
|------------------|------------|-------------|---------------------------|----------------|-----------------------|------------------|---------------------------|--------------------------|
| 6,000,000        | 18/11/20   | 01/12/23    | \$0.08                    | \$0.112        | 55%                   | -                | 0.09%                     | \$0.0214                 |
| 800,000          | 23/12/20   | 23/12/23    | \$0.08                    | \$0.112        | 55%                   | -                | 0.09%                     | \$0.0214                 |
| <b>6,800,000</b> |            |             |                           |                |                       |                  |                           |                          |

Finally, during the 2021 financial year 3,422,429 unlisted share options were issued to directors under an approved share option plan. The unlisted options issued under the Share Option Plan are unvested and exercisable. The terms are as follows:

| Tranche          | Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility % | Dividend yield % | Risk-free interest rate % | Fair value at grant date |
|------------------|------------|-------------|---------------------------|----------------|-----------------------|------------------|---------------------------|--------------------------|
| 1,140,810        | 30/06/21   | 30/06/24    | \$0.165                   | \$0.168        | 55%                   | -                | 0.06%                     | \$0.0346                 |
| 1,140,810        | 30/06/21   | 30/06/24    | \$0.165                   | \$0.168        | 55%                   | -                | 0.06%                     | \$0.0790                 |
| 1,140,809        | 30/06/21   | 30/06/24    | \$0.165                   | \$0.168        | 55%                   | -                | 0.06%                     | \$0.0596                 |
| <b>3,422,429</b> |            |             |                           |                |                       |                  |                           |                          |

Movement in share options as follows:

#### Consolidated 2023

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|------------|-------------|----------------|----------------------------------|---------|-----------|---------------------------|--------------------------------|
| 18/11/20   | 30/06/23    | \$0.120        | 12,500,000                       |         |           | (12,500,000)              | -                              |
| 18/11/20   | 01/12/23    | \$0.112        | 6,000,000                        | -       | -         | -                         | <b>6,000,000</b>               |
| 23/12/20   | 23/12/23    | \$0.112        | 800,000                          | -       | -         | -                         | <b>800,000</b>                 |
| 30/06/21   | 30/06/24    | \$0.168        | 3,422,429                        | -       | -         | (595,238)                 | <b>2,827,191</b>               |
| 14/10/21   | 31/10/24    | \$0.200        | 9,000,000                        | -       | -         | -                         | <b>9,000,000</b>               |
|            |             |                | <b>31,722,429</b>                | -       | -         | (13,095,238)              | <b>18,627,191</b>              |

|                                 |          |        |        |         |          |
|---------------------------------|----------|--------|--------|---------|----------|
| Weighted average exercise price | \$0.1557 | \$0.00 | \$0.00 | \$0.123 | \$0.1729 |
|---------------------------------|----------|--------|--------|---------|----------|

The weighted average share price during the financial year was \$0.05

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.13 years

## Notes to the Financial Statements

for the year ended 30 June 2023

### Note 24 Parent Entity Disclosure

#### (a) Statement of financial position

|                               | 2023         | 2022         |
|-------------------------------|--------------|--------------|
|                               | \$           | \$           |
| Total Current Assets          | 8,976,694    | 17,592,386   |
| Total Non-Current Assets      | 3,331        | 7,260        |
| Total Assets                  | 8,980,025    | 17,599,646   |
| Total Current Liabilities     | 5,253,744    | 1,808,354    |
| Total Non-Current Liabilities | -            | -            |
| Total Liabilities             | 5,253,744    | 1,808,354    |
| Net Assets                    | 3,726,281    | 15,791,292   |
| Equity                        |              |              |
| Issued capital                | 45,239,038   | 41,768,876   |
| Accumulated losses            | (42,008,893) | (26,657,848) |
| Share based payment reserve   | 496,136      | 680,264      |
| Total Equity                  | 3,726,281    | 15,791,292   |

#### (b) Financial Performance

|                                    |              |             |
|------------------------------------|--------------|-------------|
| Loss for the year after income tax | (15,351,045) | (8,742,535) |
| Other comprehensive income         | -            | -           |
| Total Comprehensive Loss           | (15,351,045) | (8,742,535) |

(c) Parent entity result includes impairment of investment in controlled entities of \$14,132,657 (2022: \$7,803,507)

(d) The parent entity has co-guaranteed finance facilities with subsidiary Bambach Wires and Cables Pty Limited to a maximum drawdown limit of \$7.4m (Guarantees FY2022: \$6m).

(e) Contingent Liabilities of the Parent Entity – Refer to Note 26.

(f) Commitments for the acquisition of Property, Plant and Equipment by the parent entity Nil (2022 \$Nil)

# Notes to the Financial Statements

## for the year ended 30 June 2023

### Consolidated

| 2023 | 2022 |
|------|------|
| \$   | \$   |

### Note 25 Capital and Leasing Commitments

#### (a) Short term leases

Non-cancellable short-term leases contracted for but not capitalised in the financial statements.

Payable — minimum lease payments

not later than 12 months

|               |        |
|---------------|--------|
| <b>36,480</b> | 53,964 |
| <b>36,480</b> | 53,964 |

#### (b) Capital Expenditure Commitments

As at 30 June 2023, commitments have been made for new planning software and equipment quoted at cost \$193,687 (Commitments FY2022: \$591,523).

### Note 26 Contingent Liabilities

#### John Fielding Limited

Previous financial statements of the company have noted a contingent liability to John Fielding Limited for services carried out prior to 30 June 1995 in regard to amendments to income tax returns. However, in accordance with the contract no fee is payable until a cash benefit is received by the Company. At this stage no cash benefit has been received by the Company. The maximum liability is \$130,241.

### Note 27 Segment Reporting

The Group's operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The Directors have determined that there is one operating segment identified and located in Australia being the manufacture and sale of specialist industrial cables. The information reported to the CODM is the consolidated results of the Group. The segment results are as shown in the Statement of Profit or Loss and Consolidated Statement of Comprehensive Income. Refer to the consolidated statement of financial position for segment assets and liabilities. Information about revenue from products and services is disclosed in note 2.

### Major customers

During the current financial year 12% (2022: 14%) of the group's revenue was derived from a single customer.

### Geographical Disclosure

The group only operated in Australia for the financial year ended 30 June 2023.

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# Notes to the Financial Statements

## for the year ended 30 June 2023

|                                                                                       | Note | Consolidated       |                    |
|---------------------------------------------------------------------------------------|------|--------------------|--------------------|
|                                                                                       |      | 2023               | 2022               |
|                                                                                       |      | \$                 | \$                 |
| <b>Note 28 Cash Flow Information</b>                                                  |      |                    |                    |
| <b>(a) Reconciliation of Cash Flow from Operations with Net Loss after Income Tax</b> |      |                    |                    |
| Net loss after income tax                                                             |      | (15,343,684)       | (8,726,195)        |
| <u>Adjusted for non cash transactions</u>                                             |      |                    |                    |
| Depreciation of non-current assets                                                    |      | 1,006,590          | 1,152,862          |
| Amortisation of intangibles                                                           |      | 771,012            | 859,049            |
| Depreciation on right of use assets                                                   |      | 704,834            | 783,426            |
| Unrealised foreign exchange movements                                                 |      | (7,361)            | (16,339)           |
| Net loss on disposal of property, plant and equipment                                 |      | 2,266              | 9,435              |
| Impairment of Plant and equipment                                                     |      | -                  | 315,900            |
| Hire Purchase Loan write back                                                         |      | (3,692)            | -                  |
| Impairment of intangible assets                                                       |      | 5,194,327          | 600,000            |
| Lease liability Interest Charges                                                      |      | 145,726            | 169,552            |
| Borrowing Interest Charges                                                            |      | -                  | 78,898             |
| Share-based payment                                                                   |      | 36,116             | 114,937            |
| <u>Changes in assets and liabilities</u>                                              |      |                    |                    |
| (Increase)/decrease in trade and other receivables                                    |      | 439,233            | 1,989,958          |
| (Increase)/decrease in inventories                                                    |      | (183,553)          | (1,126,870)        |
| Increase/(decrease) in trade payables and accruals                                    |      | 63,671             | (1,871,701)        |
| (Increase)/decrease in deferred tax asset                                             |      | (42,840)           | 54,421             |
| (Increase) /decrease in value of other current assets                                 |      | 153,320            | 140,570            |
| (Increase) /decrease in value of other non-current receivables                        |      | 29,959             | 149,145            |
| Increase/(decrease) in provisions for employee entitlements                           |      | 37,635             | (315,136)          |
| Net Cash outflows from operations                                                     |      | <u>(6,996,441)</u> | <u>(5,638,088)</u> |

### (b) Credit Facilities

The Group has in place hire purchase facilities. At balance date \$228,988 (2022: \$94,852) of these facilities have been utilised.

# Notes to the Financial Statements

## for the year ended 30 June 2023

### Note 28 Cash Flow Information (continued)

#### (c) Reconciliation of liabilities arising from financing activities

|                           |      | Non-cash changes |             |                   |                 |                     |            |
|---------------------------|------|------------------|-------------|-------------------|-----------------|---------------------|------------|
|                           |      | 30/06/2022       | Cash flows  | Transaction Costs | Lease extension | Liability write off | 30/06/2023 |
|                           | Note | \$               | \$          | \$                | \$              | \$                  | \$         |
| Convertible notes         | 18   | -                | 4,600,000   | -                 | -               | -                   | 4,600,000  |
| Directors loans           | 18   | 515,480          | (515,480)   | -                 | -               | -                   | -          |
| Executives loans          | 18   | 204,452          | (14,452)    | -                 | -               | -                   | 190,000    |
| Other loans               | 18   | 503,013          | (503,013)   | -                 | -               | -                   | -          |
| Debtor finance facility   | 18   | 766,176          | 859,390     | -                 | -               | -                   | 1,625,566  |
| Trade finance facility    | 18   | 4,750,874        | (1,240,461) | -                 | -               | -                   | 3,510,413  |
| Equipment Finance         | 18   | -                | 1,771,385   | -                 | -               | -                   | 1,771,385  |
| Hire purchase liabilities | 15   | 94,852           | 136,327     | 1,501             | -               | (3,692)             | 228,988    |
| Lease liabilities         | 15   | 2,751,109        | (718,522)   | 144,225           | 238,332         | -                   | 2,415,144  |
| Total                     |      | 9,585,956        | 4,375,174   | 145,726           | 238,332         | (3,692)             | 14,341,496 |

### Note 29 Events After the Reporting Period

The following matters have occurred post reporting date:

- The company has raised \$2,606,500 by way of the issue of convertible notes with funding received in five tranches. These notes have a face value of \$1.00, attract a 10% coupon rate, which is payable on maturity, and are convertible at \$0.08 subject to shareholder approval. These notes mature two years from the date of issue; and
- Convertibles notes of \$1,000,000 which matured on 25 August 2023 have been extended until 27 November 2023. The terms of the notes remain unchanged.

Other than what is noted per above, there have been no other matters that have arisen since the end of the financial period any other matter of circumstance which, in the opinion of the directors of the Company, significantly affects the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

# Notes to the Financial Statements

For the year ended 30 June 2023

## Note 30 Related Party Transactions

No loans were made, guaranteed or secured by any entity in the Group to any group of key management personnel or related entities during the financial year (FY2022: \$NIL).

### Loans by Director to the company

An unsecured loan from Director Matthew Driscoll of principal \$500,000 as at 30 June 2022 was repaid during the period. The repayment included accrued interest of \$31,506, of which \$15,480 was accrued at 30 June 2022.

During the period to 30 June 2022 a loan was made from Director and CEO Alfred Chown of \$200,000. An amount of \$10,000 was repaid during the current period, and the loan principal is currently \$190,000. The loan matures on 11 April 2024, or as mutually agreed. The interest rate is 10% and during the period \$21,110 of interest was paid.

### Directors Fees

Included in Sundry payables and accrued expenses are unpaid Directors fees of \$143,056 (2022: \$115,000).

## Note 31 Financial Risk Management Disclosures

### (a) Capital Risk Management

Energy Technologies Limited (EGY) manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the potential return to stakeholders through the optimum balance of debt and equity. This strategy remains unchanged from FY2022.

The capital structure of the EGY Group consists of cash and cash equivalents, debt and equity attributable to equity holders of the EGY parent and to its operating subsidiary.

Operating cash flows are used to maintain and expand the Group manufacturing and distribution asset base as well as to meet routine outflows including tax and the repayment of maturing debt. The EGY Group Board and senior management consider the costs of capital and monitor the gearing ratio as a proportion of net debt to equity.

The gearing ratio at year end was as follows:

|                                                      | Consolidated      |                   |
|------------------------------------------------------|-------------------|-------------------|
|                                                      | 2023              | 2022              |
|                                                      | \$                | \$                |
| <b>Current and Non-Current Financial liabilities</b> |                   |                   |
| Debt (i)                                             | 14,341,496        | 9,585,956         |
| Cash and cash equivalents                            | (49,440)          | (82,066)          |
| <b>Net Debt</b>                                      | <b>14,292,056</b> | <b>9,503,890</b>  |
| <b>Equity (ii)</b>                                   | <b>3,726,281</b>  | <b>15,791,292</b> |
| <b>Net Debt to Equity ratio</b>                      | <b>384%</b>       | <b>60%</b>        |

i) Debt is defined as lease liabilities (both long and short term) and borrowings (both long and short term).

ii) Equity includes all capital and reserves and minority interest.

# Notes to the Financial Statements

## for the year ended 30 June 2023

### Note 31 Financial Risk Management Disclosures (continued)

#### (b) Financial Risk Management

In common with other businesses the EGY Group is exposed to risks that arise from the use of financial instruments. This note describes the objectives, policies and processes for managing those risks and the methods used to measure them. The EGY Group's financial instruments consist mainly of facilities with banks, convertible notes, invoice finance facility, trade finance facility, short term loans, hire purchase, accounts receivable and payable and leases. There have been no substantive changes in the EGY Group level of exposure to financial instrument risks or the objectives and processes for managing those risks from previous periods unless otherwise stated in this note.

##### (i) Financial Risk Management Objectives

The Board of Directors has overall responsibility for the determination of the EGY Group financial risk management framework and, whilst retaining ultimate responsibility for them, it has delegated authority for the design and implementation of operating processes ensuring effective risk management to the EGY Group's corporate treasury and finance function, which provides services to the business including negotiation and co-ordination of finance facilities, and the monitoring and management of the financial risks as they relate to the operations of the Group. The Board receives regular reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the set objectives to control risk.

Overall the risk management strategy seeks to assist the Group in meeting its financial targets as well as minimizing the potential adverse effects on financial performance. The main exposures to financial instrument risk experienced by the EGY Group are credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The EGY Group does not enter into financial instruments, including derivative financial instruments, for speculative purposes.

##### (ii) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a loss to the EGY Group. This arises principally from the Group's trade receivables. For the EGY Group this risk has been determined as low.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position.

The Group has a general policy of only dealing with creditworthy counterparties. As well, a credit check system is also in place and credit checks are obtained from a reputable external source for selected new and overseas customers. Overseas customers' trade terms include use of documentary credit bank facilities in customer locations deemed at risk, as well as collateral payment. There are no material amounts of collateral held as security at 30 June 2023.

##### (iii) Liquidity Risk

Prudent liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flow and matching the maturity profiles of financial asset and liabilities.

#### *Remaining contractual maturities*

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

# Notes to the Financial Statements

## for the year ended 30 June 2023

### Note 31 Financial Risk Management Disclosures (continued)

| CONSOLIDATED ENTITY                 | Weighted<br>Average Interest<br>Rate –<br>% |       | 1 year or less<br>\$ |                   | Between 1 and 5 years<br>\$ |                  | Remaining contractual<br>maturities<br>\$ |                   |
|-------------------------------------|---------------------------------------------|-------|----------------------|-------------------|-----------------------------|------------------|-------------------------------------------|-------------------|
|                                     | 2023                                        | 2022  | 2023                 | 2022              | 2023                        | 2022             | 2023                                      | 2022              |
| <b>Non-derivatives</b>              |                                             |       |                      |                   |                             |                  |                                           |                   |
| <i>Non-interest bearing</i>         |                                             |       |                      |                   |                             |                  |                                           |                   |
| Trade payables                      | -                                           | -     | 1,088,126            | 1,063,450         | -                           | -                | 1,088,126                                 | 1,063,450         |
| BAS payable                         | -                                           | -     | 412,163              | 344,440           | -                           | -                | 412,163                                   | 344,440           |
| Other payables                      | -                                           | -     | 825,181              | 853,908           | -                           | -                | 825,181                                   | 853,908           |
| Loans from director and executives  | -                                           | -     | -                    | 19,931            | -                           | -                | -                                         | 19,931            |
| Other loans                         | -                                           | -     | -                    | 3,014             | -                           | -                | -                                         | 3,014             |
| <i>Interest bearing - variable</i>  |                                             |       |                      |                   |                             |                  |                                           |                   |
| Debtor finance facility             | 12.60                                       | 8.73  | 1,676,070            | 777,171           | -                           | -                | 1,676,070                                 | 777,171           |
| Trade finance facility              | 17.52                                       | 12.00 | 3,712,613            | 4,844,590         | -                           | -                | 3,712,613                                 | 4,844,590         |
| <i>Interest bearing - fixed</i>     |                                             |       |                      |                   |                             |                  |                                           |                   |
| Equipment Finance Facility          | 13.29                                       | -     | 550,462              | -                 | 1,743,128                   | -                | 2,293,590                                 | -                 |
| Hire purchase liability             | 7.50                                        | 8.91  | 32,979               | 82,384            | -                           | 22,631           | 32,979                                    | 105,015           |
| Hire Purchase – Planning System     | 14.87                                       | -     | 88,550               | -                 | 154,963                     | -                | 243,513                                   | -                 |
| Lease liability                     | 5.00                                        | 5.00  | 820,404              | 756,540           | 1,955,249                   | 2,477,221        | 2,775,653                                 | 3,233,761         |
| Loans from directors and executives | 10.00                                       | 10.00 | 204,846              | 752,500           | -                           | -                | 204,846                                   | 752,500           |
| Other loans                         | 10.00                                       | 10.00 | -                    | 545,833           | -                           | -                | -                                         | 545,833           |
| Convertible notes                   | 10.00                                       | -     | 4,706,589            | -                 | -                           | -                | 4,706,589                                 | -                 |
| <b>Total non-derivatives</b>        |                                             |       | <b>14,117,983</b>    | <b>10,043,761</b> | <b>3,853,340</b>            | <b>2,499,852</b> | <b>17,971,323</b>                         | <b>12,543,613</b> |

# Notes to the Financial Statements

## for the year ended 30 June 2023

### Note 31 Financial Risk Management Disclosures (continued)

#### (b) Financial Risk Management (continued)

##### (iv) Maturity analysis

Trade and other payables are expected to be paid within a period of 6 months from year end for the group for 2023 and 2022.

##### (v) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the EGY Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk within acceptable parameters, while achieving optimum return.

##### (vi) Foreign currency risk management,

The EGY Group is exposed to currency risk on investments that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Australian dollar (AUD). The Group's investments in, and loans to, its subsidiaries are not hedged as these positions are considered to be long term in nature.

The carrying amount of the EGY Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

|                      | Liabilities |        | Assets |        |
|----------------------|-------------|--------|--------|--------|
|                      | 2023        | 2022   | 2023   | 2022   |
|                      | \$'000      | \$'000 | \$'000 | \$'000 |
| US Dollars           | -           | -      | 27     | 224    |
| Euros                | -           | -      | 9      | 9      |
| Great Britain Pounds | -           | -      | -      | 2      |
| Total                | -           | -      | 36     | 235    |

##### (vii) Forward exchange contracts

The EGY Group policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency, cash already denominated in that currency will, where possible, be used from within the Group.

The Group's primary operating exposure is where trade receivables and payables are not denominated in their functional currency. The overall treasury function is based in Australia where the primary banking facilities are maintained. The Group also enters into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at stipulated exchange rates, with the objective of protecting the Group against unfavourable exchange rate movements for contracted sales and purchases in foreign currencies, primarily US Dollars.

At 30 June 2023 and 30 June 2022 there were no outstanding forward exchange contracts.

# Notes to the Financial Statements

## for the year ended 30 June 2023

### Note 31 Financial Risk Management Disclosures (continued)

#### (b) Financial Risk Management (continued)

##### (viii) Foreign currency sensitivity analysis

The following table details the EGY Group's sensitivity to a 10% increase or decrease in the Australian Dollar against relevant foreign currencies. This sensitivity represents management's assessment of the reasonable possible change in foreign currency rates. Its analysis includes cash assets plus outstanding foreign currency denominated trade receivables and payables and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit where the Australian dollar strengthens against the respective currency. For a weakening of the Australian dollar against the respective currency, there would be an equal and opposite impact on the profit.

|                       | Consolidated   |                |
|-----------------------|----------------|----------------|
|                       | 2023<br>\$'000 | 2022<br>\$'000 |
| Profit or Loss/Equity |                |                |
| US Dollars            | 3              | 25             |
| Euros                 | 1              | 1              |
| Total                 | 4              | 26             |

##### (ix) Interest Rate Risk Management

The EGY Group is exposed to interest rate risk on cash and cash equivalents, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The EGY Group does not use derivatives to mitigate these exposures.

The EGY Group's fixed rate financial instruments represent short term borrowings, at fixed rates maturing over periods less than one year and long term borrowings at fixed rates maturing over periods of between 1 to 5 years. The Group's variable rate financial securities consist of bank accounts and convertible notes managed in Australia.

##### (x) Interest rate sensitivity analysis

The following analysis indicates the effect of a 2% or 200 basis point increase or decrease in nominal interest rates, based on exposures in existence at the reporting date, and holding all other variables constant. This represents management's assessment of the reasonably possible change in interest rates as at that date.

|                                        | Consolidated   |                |
|----------------------------------------|----------------|----------------|
|                                        | 2023<br>\$'000 | 2022<br>\$'000 |
| <b>Change in Net Profit:</b>           |                |                |
| Interest rise by 2% (200 basis points) | (286)          | (190)          |
| Interest cut by 2% (200 basis points)  | 286            | 190            |
| <b>Change in Equity:</b>               |                |                |
| Interest rise by 2% (200 basis points) | (286)          | (190)          |
| Interest cut by 2% (200 basis points)  | 286            | 190            |

# Notes to the Financial Statements

## for the year ended 30 June 2023

### Note 31 Financial Risk Management Disclosures (continued)

#### (b) Financial Risk Management (continued)

##### (xi) Fair value of financial instruments

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets;

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

Level 3 – the value is estimated using inputs for the asset or liability that are not based on observable market data.

Quoted market price represents the fair value determined based on quoted prices in active markets as at the reporting date without any deduction for transaction costs.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include interest rate swaps, forward commodity contracts and foreign exchange contracts not traded on a recognised exchange.

The fair values of other financial assets and liabilities approximates their carrying values at balance date.

##### Transfer between categories

There were no transfers between Level 1 and Level 2 during the year (FY2022: \$NIL).

### Note 32 New and Amended Accounting Standards and Interpretations

#### (i) New and amended accounting standards and interpretations adopted by the Group

##### (a) New and amended standards adopted by the Group in this financial report

There were no new or revised Standards and Interpretations issued by the AASB that were adopted by the Company that are relevant to its operations and effective for the reporting period.

##### (b) Impact of standards issued but not yet applied by the Group

Several new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements. For future reporting purposes, the Company has reviewed the new and amended standards and they are either not applicable to the Group or are not expected to have a significant impact on the Group's consolidated financial statements.

## Directors' Declaration

The directors of Energy Technologies Limited declare that:

1. the financial statements and notes, as set out on pages 32 to 75, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001;
  - (b) comply with International Financial Reporting Standards as disclosed in Note 1; and
  - (c) give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the consolidated entity;
2. the Managing Director and Chief Financial Officer have each declared that:
  - (a) the financial records of the consolidated entity for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - (c) the financial statements and notes for the financial year give a true and fair view;
3. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to read 'Alfred Chown', written over a light grey circular stamp.

**Alfred Chown**  
**Director**

28 September 2023

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# Independent Auditor's Report To the Members of Energy Technologies Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Energy Technologies Limited (the Company) and its subsidiaries (collectively "the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

We draw attention to Note 1(c) in the financial statements, which indicates that the Group incurred a net loss of \$15,344,996 during the year ended 30 June 2023, and as of that date, the Group's current liabilities exceeded its current assets by \$5,861,503. As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

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The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately-owned organisation and/or its subsidiaries.

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| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | How We Addressed the Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Intangible assets – Impairment assessment – Notes 1(h); 1(j) and 14</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p>Intangible assets had a net carrying value of \$5,977,837 at the beginning of the financial year. During the financial year under review, the Group amortised the intangible assets over their useful lives (10 year period) which was in line with the prior year. This resulted in an amortisation expense of \$ 771,012.</p> <p>At balance date, the board formally approved the decision to impair the remainder of the intangible assets (development assets and the intellectual property) to \$ Nil. This impairment resulted in an impairment loss of \$ 5,194,327 which has been included in the consolidated statement of comprehensive income. The only remaining intangible asset at year end is the computer software.</p> <p>In accordance with AASB 136 <i>Impairment of Assets</i>, the group is required to assess impairment indicators and test intangible assets for impairment where indicators exist. Intangible assets not yet available for use are tested annually for impairment, irrespective of indicators of impairment.</p> <p>This area is considered to be a key audit matter as a result of the significant management judgement involved in assessing the magnitude of the impairment which affected the intangible assets in the current year.</p> <p>We have therefore spent significant audit effort on verifying the impairment adjustment including the time of senior members of our audit team, in assessing the appropriateness of these assumptions.</p> | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>▪ Conducting a detailed review of board minutes, allied correspondence and management's assessment of external and internal impairment indicators in accordance with AASB 136;</li> <li>▪ consideration of impairment factors that were evident in the 31 December 2022 half year review;</li> <li>▪ evaluating the reasonableness of the impairment and challenging the assumptions made by the board in determining the write down;</li> <li>▪ evaluating the impairment assessment against the requirements of AASB 136, including management's allocation of the impairment write down to intellectual property assets and development assets, on the basis that all other assets were stated at either fair value or at their recoverable amounts;</li> <li>▪ a consideration of historic sales and gross margins specific to intangible assets; and</li> <li>▪ assessing the adequacy of related financial report disclosures in the group's financial statements.</li> </ul> |

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's Annual Report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 18 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Energy Technologies Limited, for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.

### Responsibilities

The directors of the Group are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**Crowe Audit Australia**



**Antony Barnett**

Partner

Melbourne, Victoria

Date: 28 September 2023

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## ASX Additional Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 31 August 2023.

### (a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

#### Ordinary shares

|                                                                                 |           | Number of holders | Number of shares   |
|---------------------------------------------------------------------------------|-----------|-------------------|--------------------|
| 1                                                                               | - 1,000   | 614               | 72,330             |
| 1,001                                                                           | - 5,000   | 71                | 177,544            |
| 5,001                                                                           | - 10,000  | 56                | 436,557            |
| 10,001                                                                          | - 100,000 | 132               | 5,360,146          |
| 100,001                                                                         | and over  | 202               | 331,613,253        |
|                                                                                 |           | <b>1,075</b>      | <b>337,659,830</b> |
| The number of shareholders holding less than a marketable parcel of shares are: |           | <b>750</b>        | <b>785,430</b>     |

### (b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

| No | Name                                                    | No. of shares      | %     |
|----|---------------------------------------------------------|--------------------|-------|
| 1  | J P Morgan Nominees Australia Pty Ltd                   | <b>84,634,745</b>  | 25.07 |
| 2  | Citicorp Nominees Pty Ltd                               | <b>16,348,878</b>  | 4.84  |
| 3  | Advance Cables Pty Ltd                                  | <b>10,782,839</b>  | 3.19  |
| 4  | Howe Automotive Limited                                 | <b>9,808,346</b>   | 2.90  |
| 5  | AFNI Pty Ltd <AFNI A/C>                                 | <b>9,715,385</b>   | 2.88  |
| 6  | Windpac Pty Ltd (David Earl Slack Superfund A/C)        | <b>8,444,063</b>   | 2.50  |
| 7  | Alfred J Chown                                          | <b>8,243,575</b>   | 2.44  |
| 8  | Parmelia Pty Ltd                                        | <b>7,391,609</b>   | 2.19  |
| 9  | Dasi Investments Pty Ltd                                | <b>7,307,700</b>   | 2.16  |
| 10 | Starway Corporation Pty Ltd (Giles Superfund A/C)       | <b>6,909,644</b>   | 2.05  |
| 11 | M&M Driscoll Nominees Pty Ltd <The Driscoll Family A/C> | <b>6,560,277</b>   | 1.94  |
| 12 | Johan Pty Ltd                                           | <b>5,769,231</b>   | 1.71  |
| 13 | Superfund Jones Pty Ltd <Jones S/F A/C>                 | <b>5,000,000</b>   | 1.48  |
| 14 | One Managed Investment Funds Limited <TI Growth A/C>    | <b>4,269,808</b>   | 1.26  |
| 15 | Plutus Pty Ltd                                          | <b>4,005,682</b>   | 1.19  |
| 16 | Garsind Pty Ltd (Ruth Ross Superfund A/C)               | <b>3,922,795</b>   | 1.16  |
| 17 | Epicinvest Pty Ltd <Epic Investment B A/C>              | <b>3,652,948</b>   | 1.08  |
| 18 | Tzelepis Nominees Pty Ltd <Tzelepis Superfund A/C>      | <b>3,600,000</b>   | 1.07  |
| 19 | Auster Holdings                                         | <b>3,476,058</b>   | 1.03  |
| 20 | PAC Partners Securities Pty Ltd                         | <b>3,376,598</b>   | 1.00  |
|    |                                                         | <b>213,220,181</b> | 63.14 |

## ASX Additional Information (continued)

### (c) Substantial shareholders

The number of shares held by substantial shareholders are:

|                                                                     | Number of Shares |
|---------------------------------------------------------------------|------------------|
| J P Morgan Nominees Australia Pty Ltd                               | 64,791,070       |
| Anthony Lloyd Smith/nominee (J P Morgan Nominees Australia Pty Ltd) | 19,843,675       |

### (d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

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