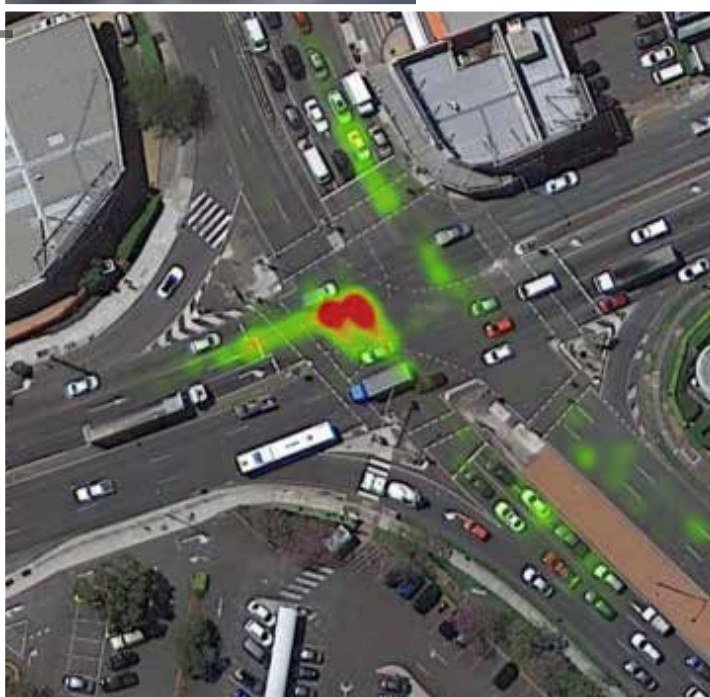


For personal use only



# ANNUAL REPORT 2023

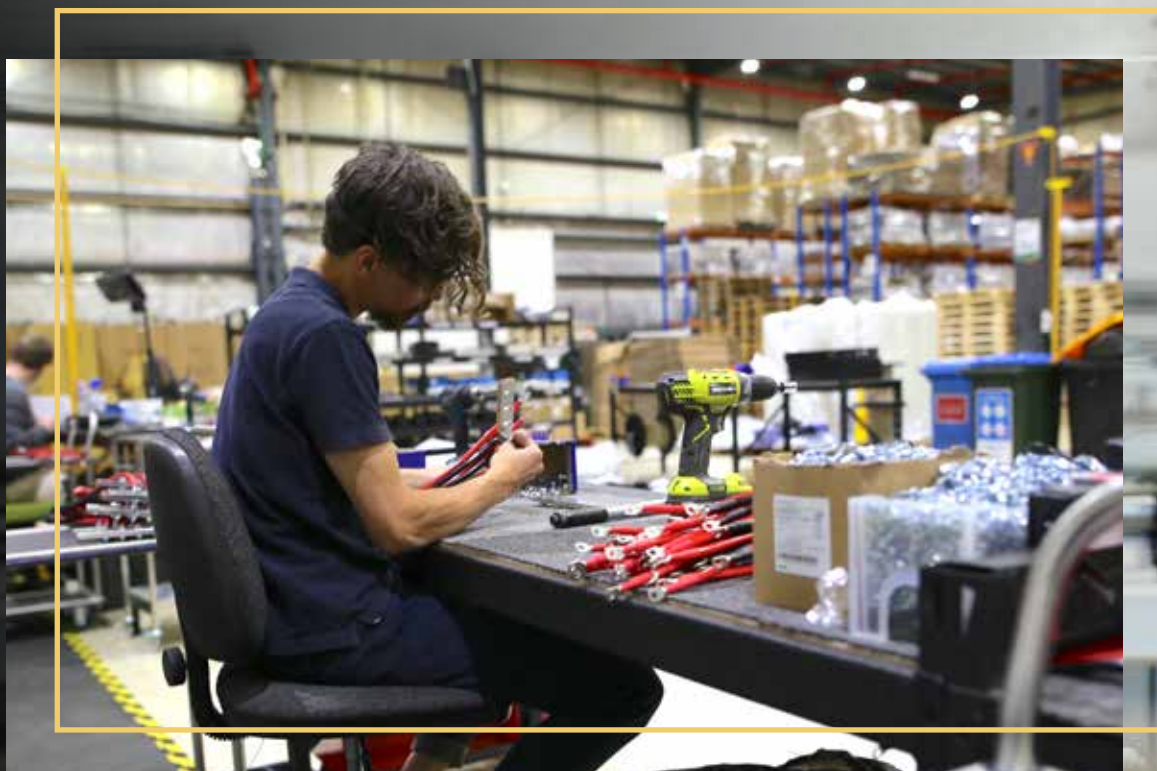






## Contents

2	Chairman's Report
8	Directors' Report
41	Auditor's Independence Declaration
42	Consolidated Statement of Profit or Loss and Other Comprehensive Income
43	Consolidated Statement of Financial Position
44	Consolidated Statement of Cash Flows
45	Consolidated Statement of Changes in Equity
47	Notes to the Consolidated Financial Statements
109	Directors' Declaration
110	Independent Auditor's Report
115	Shareholder Information
117	Corporate Directory







# Chairman's Report

We invest capital and expertise in high potential science and technology opportunities with a current focus on nanomaterials, artificial intelligence, and energy solutions

For personal use only



Dear fellow shareholder,

On behalf of the PPK Board members, management and staff, I would like to thank you for your continued support and provide an update on the company's progress during the last financial year.

With the divestment of PPK Mining Equipment completed, PPK Group has transitioned to a technology incubation and commercialisation business with a portfolio of investments.

To reflect this change, we recently undertook a process to develop a positioning statement that clearly articulates our value proposition to investors, partners and other stakeholders.

*We invest capital and expertise in high potential science and technology opportunities with a current focus on nanomaterials, artificial intelligence, and energy solutions*

Our goal is to commercialise these technologies on a global scale and, when appropriate, exit the investments. Importantly, PPK provides balance in its portfolio by also investing in growth-stage companies that are synergistic, for example the recent PowerPlus Energy (PPE) acquisition and our existing investment in ballistic armour manufacturer, Craig International Ballistics (CIB).

Our portfolio companies have the potential to make a positive ESG contribution. Nanomaterials can make a positive environmental impact as they improve the properties of existing materials making them more efficient and effective. The two investee companies which focus on energy solutions, being LI-S Energy and PowerPlus Energy, are expected to play a pivotal role in the transition to renewable energy sources. Deploying Advanced Mobility Analytics can save lives and make our roads safer through the application of artificial intelligence technology. Craig International Ballistics' primary focus is on human protection.

## A NEW ENERGY SOLUTIONS GROWTH STAGE INVESTMENT

The acquisition of a majority interest in PowerPlus Energy completed in May 2023 was the most significant new investment made by PPK during the year and reflects our confidence in the future of Australian manufactured energy solutions.

We believe PPE has a tremendous opportunity to benefit from the growing domestic and international demand for on-grid and off-grid energy storage solutions. Together with our investment in Li-S Energy (LIS), BNNT Technology Pty Ltd and White Graphene Ltd, PPK is well-positioned to benefit from the transition to a low-carbon economy.





## COMMERCIALISE THE NANOMATERIAL TECHNOLOGY

Nanomaterials have endless application possibilities and commercialising this technology is a key focus of the group. Bringing novel, disruptive products to market requires significant capital investment and expertise and timeframes are typically long. The PPK team is supporting the nanomaterial companies as they move through a structured process of collaborating with prospective end users to explore potential applications, validating the use of nanomaterials in those applications in the prospect's facilities and then transitioning into a trading relationship. As part of this Collaborate, Validate, Trade process we achieved a number of important milestones over the last year, including:

- Increasing brand and product awareness of BNNT Technology and White Graphene through targeted event participation, including attendance at the World Hydrogen Conference in the Netherlands in May and the Paris Air Show in June.
- BNNT Technology signed its first defence sector collaboration agreement with survivability systems specialist TenCate Advanced Armor. This is an important opportunity in the defence sector, and we are working with TenCate to scope the key material tests required that will provide a market differentiator.
- White Graphene won the highly-competitive Boeing Sustainability in Space Pitch Competition that included up to \$100,000 of funding and a 'proof of concept' collaboration with Boeing to develop boron nitride nanomaterial

applications in the space and aerospace industries. This is a fantastic opportunity to enhance our relationship with Boeing and prove the benefits of nanomaterials.

- White Graphene has several independent validation tests underway across multiple industries and geographies.

One of the biggest obstacles to our commercialisation strategy has been the cost to produce raw BNNT. Our research team has worked hard over the last 12 months towards a lower cost of production to create a more accessible price point for industry use cases.

While developing commercial applications for BNNT and White Graphene has been slower than we would have liked, we have hired additional commercial resources to continue our drive to commercial outcomes.

# Chairman's Report



artificial intelligence products with Stinson ITS, a leading intelligent transport solutions provider. AMAG now has over 20 customers and a healthy sales pipeline that is heavily weighted towards North America, Australia and New Zealand.

- Craig International Ballistics (CIB) continues to deliver in line with contractual commitments and has further enhanced its internal technical capabilities with the introduction of a ballistics testing range, new 'stab and spike' drop test and preparation is well underway for delivery in FY24 of what is expected to be the largest press in the Southern Hemisphere. Once commissioned, the press will allow the manufacturing of larger and higher performing ballistic protection panels as well as being able to press multiple panels at the same time, which will significantly increase production capacity whilst reducing manufacturing costs.

## POSITIVE PROGRESS

Beyond our focus on commercialising our nanomaterial technologies, our portfolio companies have made positive progress on a range of fronts. Some of the highlights include:

- Li-S Energy (LIS) announced the development of its first 20-layer battery cells utilising its third generation (GEN3) semi-solid state lithium sulfur technology. The cells were produced in their semi-automated Phase 2 facility in Geelong, Victoria, with test cell production capacity anticipated later in the year when their new Phase 3 facility is completed. These results produced a significant improvement in volumetric energy density, a higher gravimetric energy density and critically enhanced safety with the use of a low flammability electrolyte. LIS continued to develop and deepen relationships with core partners such as Seattle-based magniX and formed new partnerships with domestic drone companies.
- PowerPlus Energy (PPE) achieved Clean Energy Certification for its new LiFe4838P battery, which opens new Australian market opportunities including the solar on-grid sector. PPE has also completed its first automation project to increase factory production output.
- Advanced Mobility Analytics Group (AMAG) has strengthened its leadership in North America (the largest market opportunity) and signed an exclusive Canadian distribution agreement for its industry leading suite of



## PORTFOLIO REVIEW

We continue to assess our portfolio composition and in the last financial year we made the decision to stop all work associated with 3D Dental. We are reviewing the go forward pathways with Ballistic Glass, Strategic Alloys and Precious Metals as we believe there are longer term opportunities in each area. We expect future commercialisation activities in each of these sectors would be undertaken with an industry partner(s).

## LEADERSHIP CHANGES

In May 2023 we appointed Mrs Sarah Price to the position of Chief Financial Officer after the resignation of Mr Ken Hostland for health reasons. In July 2023 we promoted Mr Marc Fenton to the position of Chief Executive Officer. These appointments provide continuity in leadership and the diversity of experience we need to ensure our future success.

## OUTLOOK AND PRIORITIES ARE CLEAR

PPK has built an outstanding portfolio of forward-looking technologies with market opportunities across multiple applications, industries, segments and geographies.

The Group remains focused on delivering revenue generating customers in one or more of the nanomaterials businesses and will work hard to continue to grow the pipeline of new opportunities through the stages of Collaborate, Validate and Trade. With each validation we continue to learn more about the opportunity, the science and specifics required to progress through validation.

PowerPlus Energy will work to maximise the growth opportunities presented by its new on-grid battery solution and maturing Battery Energy Storage Systems (BESS) products for the commercial/industrial markets. The company will also further optimise production, including through the use of automation, improved industrial design and reduced manual handling.

Li-S is on-track to deliver their Phase 3 (2MWH) production facility, which will allow production of a larger number of uniform, high-quality A-sample cells for partner trial battery packs. The recently formed advisory panel includes globally recognised battery industry leaders, Ms Isobel Sheldon OBE and Mr Bob Galyan, and will also support broader commercial opportunities that the company is pursuing.

AMAG has commenced delivery of its artificial intelligence traffic safety and management solutions with Stinson ITS in Canada through the exclusive distribution partnership signed earlier this year. This continues to be part of a broader push into the large North American market.

We anticipate that CIB will continue to deliver new contracts and technical capabilities with the new inhouse ballistic testing range, a new 'stab and spike' drop testing tower, and the press commissioning.

The PPK website ([www.ppkgroup.com.au](http://www.ppkgroup.com.au)) has been refreshed to a more modern standard and we have a renewed focus on more regular external communications through our various media channels to ensure you are more informed on progress.

In closing, thank you once again for your support. The Company will hold its Annual General Meeting in Brisbane on Thursday, 23 November 2023. Nominations from persons wishing to be considered for election as a director will close on Thursday, 5 October 2023.



**Robin Levison**  
Chairman





# Financial Report FY23

For personal use only



## Contents

8	Directors' Report
41	Auditor's Independence Declaration
42	Consolidated Statement of Profit or Loss and Other Comprehensive Income
43	Consolidated Statement of Financial Position
44	Consolidated Statement of Cash Flows
45	Consolidated Statement of Changes in Equity
47	Notes to the Consolidated Financial Statements
109	Directors' Declaration
110	Independent Auditor's Report

# Directors' Report

for the year ended 30 June 2023

Your directors present their report together with the financial statements of the consolidated entity, being PPK Group Limited and its 100% owned subsidiaries ("PPK") and its controlled entities (the "Group") for the financial year ended 30 June 2023.

## DIRECTORS

The names of directors in office at any time during or since the beginning of the financial year and up until the date of this report are:

- Robin Levison
- Glenn Robert Molloy
- Anthony John McDonald
- Anne-Marie Birkill Appointed 1 July 2022

Directors have been in office since the start of the financial year to the date of this report, unless otherwise noted.

## INFORMATION ON DIRECTORS

Details of the current directors' qualifications, experience and special responsibilities are detailed below:

**Robin Levison** CA MBA F.A.I.C.D.

**Chairman**

*Member of the PPK Group Limited Board since 22 October 2013.*

*Executive Chairman from 22 October 2013 to 29 April 2015 and re-appointed from 28 February 2016 to 30 June 2022.*

*Non-Executive Chairman from 29 April 2015 to 28 February 2016 and from 1 July 2022 onwards.*

*Member of the Audit Committee from 14 August 2017 to 25 January 2018 and from 1 July 2022 onwards.*

*Member of the Remuneration and Nomination Committee since 21 December 2021.*

Robin Levison has more than 25 years of public company management and board experience. During this time, he has served as Managing Director at Industree Limited and Spectrum Resources Limited and has held senior roles at KPMG, Barclays Bank and Merrill Lynch. He is a Non-Executive Director of a number of PPK's related companies including ASX listed Li-S Energy Limited, unlisted public company White Graphene Limited and private companies including BNNT Technology Pty Ltd, BNNT Precious Metals Pty Ltd, 3D Dental Technology Pty Ltd, Ballistic Glass Pty Ltd, Strategic Alloys Pty Ltd, AMAG Holdings Australia Pty Ltd and Craig International Ballistics Pty Ltd.

Robin holds a Master of Business Administration from the University of Queensland, is a Member of the Institute of Chartered Accountants Australia and NZ and is a Graduate and Fellow of Australian Institute of Company Directors. Robin recently retired as Chair of the University of Queensland Business, Economics and Law Alumni Ambassador Council.

*Other listed public company directorships held in the last 3 years:*

- Chairman of Mighty Craft Limited (formerly Founders First Limited), Non-executive Director & Chairman (Appointed: 17 December 2019 to 22 November 2022)
- Non-Executive Director of Li-S Energy Limited (appointed 12 July 2019)

**Glenn Molloy**

**Executive Director**

*Member of the PPK Group Limited Board since listing on 21 December 1994.*

*Chairman of the Audit Committee from 14 August 2017 to 21 December 2021. Member of the Audit Committee from 21 December 2021 until 30 June 2022.*

*Founder of the former entity Plaspak Pty Limited in 1979, appointed Executive Director in September 2009.*

Glenn Molloy founded the former entity Plaspak Pty Ltd in 1979 and has acted as a director of PPK since that time. He has extensive experience on public company boards, and in advising publicly listed and private entities on commercial aspects of mergers, acquisitions and divestment activities. He is Executive Chairman of PPK's unlisted subsidiaries BNNT Technology Pty Ltd ("BNNTTPL") and White Graphene Limited and a Non-Executive Director of PPK's related companies BNNT Precious Metals Pty Ltd, 3D Dental Technology Pty Ltd, PowerPlus Energy Pty Ltd, Ballistic Glass Pty Ltd and Craig International Ballistics Pty Ltd.

*Other listed public company directorships held in the last 3 years: Nil*



# Directors' Report

for the year ended 30 June 2023

## **Anthony John McDonald LL.B** **Non-Executive, Independent Director**

*Member of the PPK Group Limited Board since 13 September 2017.*

*Member of the Audit Committee since 25 January 2018, Chairman of the Audit & Risk Committee from 21 December 2021.*

*Chairman of the Remuneration and Nomination Committee since 21 December 2021.*

Tony McDonald graduated with a Bachelor of Laws from the Queensland University of Technology in 1981 and was admitted as a solicitor in 1981. He has been involved in the natural resource sector for many years both within Australia and internationally and for the past 20 years has held senior management roles in this sector. He is a Non-Executive Director of a number of PPK's related companies including ASX listed Li-S Energy Limited, unlisted public company White Graphene Limited and private company Strategic Alloys Pty Ltd.

*Other listed public company directorships held in the last 3 years:*

- Santana Minerals Limited, Non-Executive Director (Appointed: December 2019, Executive Director 15 January 2013 to December 2019)
- Li-S Energy Limited, Non-Executive Director (Appointed 12 July 2019)

## **Anne-Marie Birkill BSc (Hons) MBA GAICD,** **Non-Executive, Independent Director**

*Member of the PPK Group Limited Board since 1 July 2022.*

*Member of the Audit & Risk Committee since 1 July 2022.*

*Member of the Remuneration and Nomination Committee since 1 July 2022.*

Anne-Marie is an experienced Executive and Non-Executive Director with private, public, industry and government boards and committees that support and finance technology companies. She has more than 30 years' experience in commercialising and developing products for the innovation and investment sectors.

Anne-Marie is a co-founder and director for OneVentures, a venture capital firm that invests in technology and healthcare companies with global potential. She is an active participant in the innovation community, including Chairing the Investment Committee for the \$150 million UQ-lead Food and Beverage Accelerator and the Advisory Board for Griffith Enterprises, and is a non-executive director for InterFinancial Corporate Finance Ltd. She is passionate about increasing diversity in the entrepreneurial, science and finance sectors.

*Other listed public company directorships held in the last 3 years: Nil*

## **INFORMATION ON COMPANY SECRETARIES**

### **Will Shiel BA (Hons) in Law FGIA**

Appointed as General Counsel and Company Secretary on 16 August 2021.

Will specialises in all aspects of commercial law, with a particular focus on contracts and cutting-edge technology transactions.

Before joining PPK, Will was Head of Technology (Legal) at ASX Limited where he managed a team responsible for technology, intellectual property and data matters. Before this, he held a variety of senior positions in Brisbane, Sydney and London at leading national and international law firms, including Allens Linklaters, Gilbert+Tobin and Clifford Chance.

### **Liam Fairhall Blaw (Hons); Bmed Rad Sci; Grad Dip ACGRM**

Appointed Company Secretary on 30 June 2022.

Liam is the Deputy General Counsel for PPK Group Limited. He specialises in all aspects of corporate law and governance and has acted on a wide range of complex transactions, assisted multiple companies list on the ASX and advised Boards on a diverse range of regulatory and compliance issues. Before joining PPK, Liam was Head of Legal and Company Secretary at a technology focussed bank that specialises in the provision of payment products and financial crimes services. Before this, he was a Senior Associate in the Corporate Advisory Group of one of Brisbane's largest independent law firms.

# Directors' Report

for the year ended 30 June 2023

## PRINCIPAL ACTIVITIES

PPK invests capital and expertise in high potential science and technology opportunities with a current focus on nanomaterials, artificial intelligence, and energy solutions. PPK provides balance in its portfolio by also investing in growth-stage companies that are synergistic.

The portfolio can be categorized into:

- nanomaterials scope inclusive of BNNT Technology Pty Ltd, White Graphene and their associated application projects
- energy solutions scope through Li-S Energy and PowerPlus Energy
- artificial intelligence traffic safety delivery through AMAG
- growth-stage companies with deliverable products and services through Craig International Ballistics and PowerPlus Energy

PPK provides Finance, IT, Legal, and other strategic and transactional shared services to a number of its portfolio companies. The strategic and transactional services include financial planning across multiple years, commercial activities, contract establishment, capital raising, risk management, IT architecture, cyber security, accounts payable, accounts receivable and payroll. These shared services fees partially cover the PPK corporate costs.

Figure 1 – PPK business model below depicts the various stages a project follows. Initially funded by debt or equity from PPK and/or a development partner with the debt to be repaid through future profits from the application. Once the science or technology is developed to a stage where testing is completed, production capabilities (i.e. quality, cost, production rates) confirmed and price points validated in the industry then the opportunity can be assessed for progression. At this point, PPK spreads its risk by raising capital from sophisticated investors or institutions to fund the next stage. During the Corporatise phase the application project completes business plans and budgets, specialists are identified, directors appointed/confirmed and a capital raise and/or IPO is considered.

Investment opportunities may enter the business model at different stages, for example CIB entered at the 'Realise and monetise' stage compared to White Graphene that entered at the 'Science/3<sup>rd</sup> party' stage.

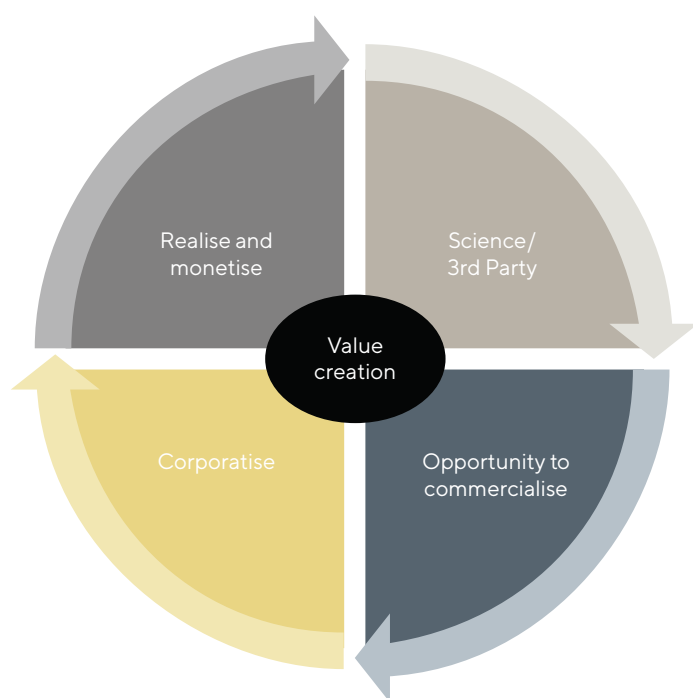


Figure 1 – PPK Business Model

## COLLABORATE, VALIDATE, TRADE

As noted above, the nanomaterials scope includes BNNT, White Graphene and any associated application projects. These nanomaterials can be used as an additive in small quantities to polymers, resins, fibres, metals, lubricants and glass to improve their mechanical properties. BNNT-based materials can reduce the weight of componentry while maintaining or improving structural integrity. BNNT infused materials offer greater strength-to-weight ratios, improved resistance to environmental factors such as radiation, oxidisation, corrosion, and extreme temperatures.

The nanomaterial go to market approach is based upon the three stages of Collaborate, Validate and Trade. Collaborate involves multiple discussions with a prospect on their potential application use cases and desired benefits, for example an increase in strength. Once a scope is confirmed and the necessary legal documents completed, the Validate phase will commence. This involves providing the prospect with the required volume and form of nanomaterial for the use case and aligning with their test cycle processes and location. The Collaborate and Validate phase are iterative in nature and require contribution from the scientific and commercial teams from the respective organisations. It is important that we continue to learn from each other during these phases. The Trade stage is centred on a commercial contract, including volumes, frequency of product delivery and constructs that may be unique to a customer.



## Directors' Report

for the year ended 30 June 2023

### REVIEW OF ACTIVE OPERATIONS

Below is an update on each of these companies.



#### Li-S Energy Limited ("LIS")

LIS listed on the Australian Securities Exchange (ASX) on 28 September 2021. It is focused on developing an advanced battery technology based on advanced lithium sulfur chemistry, where BNNTs and other nanomaterials are incorporated into battery components to improve battery energy capacity when compared to current lithium-ion batteries and improve the cycle life when compared to conventional lithium sulfur batteries.

There were several key events during the financial year, including:

- developing their first 20-layer battery cells, utilising their third-generation (GEN3) semi-solid state lithium sulfur technology.
- commencing construction of the LIS Phase 3 production facility that will allow LIS to produce more battery cells for partners to undertake testing.
- establishing an MOU with the eAviation electric motor pioneer, magniX USA to develop lithium sulfur and lithium metal batteries for electric aviation applications.
- establishing a collaborative program to design and build a high-endurance solar UAV with two pioneering Australian companies, Halocell and V-TOL Aerospace, targeting all day flight times.
- growing and enhancing the LIS research, marketing and executive capacity with the appointment of a number of new hires.
- continuing to grow the LIS brand awareness through an international outreach program including attendance at the 2023 Paris Air Show where the LIS CEO was able to meet and establish relationships with key eAviation, drone and defence sector operators.

Once completed, the Phase 3 facility will include what is expected to be Australia's largest dry room to support production of 2MWh of LIS cells each year. LIS will be scaling production from tens to thousands of cells being produced each week. This facility will allow LIS to start production of commercial test cells for their key partners over the next year.

Having validated the core science behind the semi solid-state chemistry, the LIS development team is working to develop the cell cycle testing and characterisation results to produce an industry standard datasheet on the new cells. LIS has had significant interest from the drone and eAviation markets and anticipates working with its existing partners in the first instance to test sample cells produced from the Phase 3 facility.

In July, LIS announced the establishment of an advisory panel to increase the global recognition of LIS and provide specialist advice on the resulting opportunities. The first members of this panel include globally recognised battery industry leaders, Ms Isobel Sheldon OBE and Mr Bob Galyen.

The focus in the coming year will be on completing the commissioning of the Phase 3 facility and building up its cell testing capabilities to ensure that LIS is in a position to produce data sheets and test cells for a range of partners and prospective customers. It has become clear that the largest near-term opportunity is in the drone and eAviation markets, but there are also significant opportunities being explored in the heavy vehicles and defence sectors.

PPK owns 45.43%, Deakin owns 13.02% and BNNTTPL owns 4.69% of LIS. PPK's direct and indirect interests control 50.23%.

## Directors' Report

for the year ended 30 June 2023



### PowerPlus Energy ("PPE")

The acquisition of a majority interest in PPE completed in May 2023. PPE supplies reliable, long-lasting modular battery storage solutions utilising lithium ferro phosphate (LFP) cell technology that does not contain the heavy metals of many other cells. The acquisition of a 51% interest in PPE is strongly aligned with PPK's objective of developing sovereign capability in the clean energy revolution and supporting Australian 'Made and Owned' capability and growth. The Charging Ahead<sup>1</sup> report from March 2023 highlights the demand for batteries is growing much faster than anticipated. PPE is at the forefront of this opportunity as a leading Australian residential and commercial/industrial battery manufacturer.

PPE designs and manufactures batteries and full battery energy storage systems (BESSs) for the stationary storage market from its facility in the eastern suburbs of Melbourne. It serves a network of just under 300 distributors and installers across Australia and New Zealand but predominantly located in Victoria, New South Wales, Queensland and Western Australia.

Since acquisition of its interest, PPK has assisted PPE by:

- Supporting and developing the current management team
- Generating revenue growth pathways
- Developing a long-term product roadmap to ensure the company stays ahead of a rapidly evolving market
- Optimising the production processes to increase efficiencies through automation, inventory management and other process improvements
- Supporting the PowerPlus Energy rebrand with a new logo and brand to coincide with the launch of the on-grid LiFe4838P battery

PPE exhibited at the Smart Energy Conference in Sydney in May, generating significant market interest in its commercial/industrial Battery Energy Storage System (BESS) products.

In May 2023 PPE obtained Clean Energy Council approval for its LiFe 4838P series battery, opening up significant opportunities for PPE in the on-grid market, both as a battery for existing installations and as a potential PPE solar battery offering that is currently under development.

As pressures on power prices and the grid continue to increase, we expect continued strong growth for battery energy storage at all scales. We expect that PPE will ride that growth wave in the residential, commercial/industrial and community battery market and will also increase its overall market share of the battery storage market, both locally and potentially internationally.

PPK owns 51%.

<sup>1</sup> 230308\_Charging Ahead Draft Report\_V5 (fbicrc.com.au)



## Directors' Report

for the year ended 30 June 2023



### White Graphene ("WGL")

In August 2022 WGL announced positive results for a completed project to assess the efficacy of white graphene as an additive to gelcoat, which resulted in significant market interest. In concert with our earlier announcement on the use of white graphene in a range of off-the-shelf coatings, this demonstrated the opportunity for large scale industrial use of boron nitride nanomaterials in the manufacture of everyday products.

WGL continued to manufacture white graphene in laboratory conditions with a capacity of 100 grams per shift, while it evaluated different methodologies and equipment to manufacture larger quantities. Production design optimization has resulted in a blueprint for a commercial-scale manufacturing plant, which aims to produce in excess of 2kg of white graphene per shift in different sizes and thicknesses. WGL is the only known commercial producer of white graphene in the world.

During the reporting period, WGL undertook a \$3,623,250 capital raising. The Company received binding subscriptions for 7,246,500 shares at 50 cents. At 30 June 2023 an amount of \$2,963,250 had been received and 5,926,500 shares had been issued. A further 970,000 shares were issued post 30 June 2023 as the final funds were received. The amounts received after 30 June 2023 was \$485,000. These funds are being used to scale up production, conduct further research and provide commercialisation resourcing.

With the appointment of a Commercial Director, Mr Lieuwke de Jong, in January 2023, WGL has effectively initiated the transformation from a research led organisation to a customer and product led organisation. A go to market strategy has been formulated and is being executed. The approach is one where WGL seeks partners to Collaborate, to Validate the application together, and when successful, to initiate recurring Trade of white graphene.

Several prospects are or will soon start conducting independent validations across various geographies and industry sectors, with an initial focus on coatings, lubricants and composites. The validation process can be long (six to twelve months minimum) and depends on the availability and capacity of prospect resources and facilities, lead times and whether additional iterations are necessary based on preliminary and desired results.

Market awareness and exposure of WGL has increased in the second half of FY23 with WGL participation at key industry events and winning external events such as the highly-competitive Boeing Sustainability in Space Pitch Competition in May. WGL secured \$100,000 in funding and a collaboration with Boeing to develop boron nitride nanomaterial applications in the space and aerospace sectors. In early July 2023, WGL was awarded a Silver Award in the inaugural 50 Most Innovative Manufacturers awards unveiled in Melbourne, which were created by @AuManufacturing and the Australian Manufacturing Forum to recognise manufacturing excellence in Australia.

Installation and commissioning of the commercial-scale manufacturing plant is expected in late Q2 FY24 in the WGL tenanted facility on the Deakin University Geelong campus.

With increasing confidence in the scale of the market opportunity and progress towards at-scale manufacturing, WGL has initiated the product registration process in the most prospective jurisdictions and geographies.

With the continued negative investment market status, the WGL IPO remains on hold.

PPK owns 55.25% and BNNTTPL owns 8.19%.

For personal use only

## Directors' Report

for the year ended 30 June 2023



### BNNT Technology Pty Ltd ("BNNTTPL")

BNNT Technology Pty Ltd (BNNTTPL) completed its plant relocation into the new Deakin University Waurin Ponds facility and believes it is the lowest cost producer of BNNT globally when compared to market available information.

The go to market strategy for BNNT is aligned with the Collaborate, Validate and Trade approach. Market awareness of BNNT increased through the year with participation at The Minerals, Metals and Materials Society in the USA and more recently at the Paris Air Show.

In April, BNNTTPL entered into a collaboration and distribution agreement with TenCate to allow for testing of an agreed set of TenCate's products for improvements in protection performance. The arrangement also permits TenCate to distribute BNNT to other global defence customers and raw material suppliers. TenCate visited the BNNT production facility to understand the historic BNNT application work completed and to provide the BNNTTPL team with a broader understanding of TenCate's business. Work is now underway to agree the scope of the TenCate application validation project.

The LIS BNNT distribution agreement remains in place. As LIS ramps up production in line with its stated plans, BNNTTPL will continue to supply LIS with the required volume of BNNT.

For certain material applications, the price for performance matrix is deemed too high despite promising research and development results for certain materials, for example copper and silver. The team will continue to focus on lowering the production cost per gram as this will provide the opportunity for such industry sectors to leverage the unique properties and applications of BNNTs at a more accessible price point. The team is also constantly assessing derivatives of BNNT that could be produced at a much lower cost per gram whilst still retaining many beneficial properties.

Several domestic and international entities purchased small quantities of BNNT for research and development assessment during the reporting period. The BNNT team engage with purchasers to better understand the use case, to support the validation process and to understand individual requirements to convert to a trading relationship.

BNNTTPL has initiated the product registration process in the target jurisdictions and geographies.

PPK owns 51.02%.

## Directors' Report

for the year ended 30 June 2023



### Advanced Mobility Analytics Group (“AMAG”)

The AMAG vision is to become an industry leading provider of artificial intelligence-led predictive analytics and insights to improve the safety and operation of transportation networks. This vision disrupts decades of reliance on historical crash and injury data and creates the opportunity to prevent premature fatalities and injuries.

AMAG enterprise software transforms traffic monitoring data into intelligent insights and provides customers (such as departments of transport and engineering consultancies) with a suite of video-based and LIDAR-based advanced mobility analytics products to facilitate improved management, planning and operations of road safety traffic systems.

AMAG has delivered over sixty deployments across eight countries and estimates to have prevented over 130 injuries, eliminated over 800 crashes and saved more than 26 lives. The platform has processed over 20 million active travellers.

A \$3 million capital raise was successfully completed in November 2022 via a placement to sophisticated and professional investors. The placement funds were primarily for the support and expansion of the company’s operations in North America.

The appointment of experienced, independent board members with expertise in the transport sector (Randy Iwasaki and Julian Zorzo) and Mike Griffith as President AMAG North America has strengthened their market exposure and led to a strong pipeline of North American prospects. North America is the largest market opportunity for AMAG, with the Biden Administration’s US\$5 billion, five-year commitment to Road Safety via the Safe Streets For All (SS4A) initiative.

During the reporting period, AMAG achieved Amazon Web Services (AWS) Partner and AWS Qualified Software certification, which are important certifications for the public and private sectors. With the AWS Partner certification, AMAG and AWS go to market together through the AWS Transport vertical.

In May, AMAG signed an exclusive Canadian distribution partnership with Stinson ITS ([stinsonits.ca](https://stinsonits.ca)), a leading provider, integrator and manufacturer of intelligent transportation systems. The collaboration will focus on AMAG’s Smart Operations and Safety solutions. The partnership represents a significant step towards creating safer roads across Canada.

There is a growing pipeline across geographies with North America representing the larger opportunities. AMAG is focused on converting the prospect pipeline to annual recurring revenue customers, and the product roadmap will develop network level insights and reports to expand the intersection functionality. With artificial intelligence a key component of the AMAG solution, development will be completed to release validation reports to further increase the trust in results provided by artificial intelligence.

PPK owns 32.5%.



## Directors' Report

for the year ended 30 June 2023



### Craig International Ballistics ("CIB")

CIB provides customers with personal protection, survivability solutions for aircraft and marine vessels and transparent armour. CIB's manufacturing facilities are located close to the Gold Coast in Queensland. CIB is a leading supplier of ballistic protection to the Australian Defence Force and Police Forces.

CIB has a constant focus on utilising technology to improve the manufacturing process, quality and range of products for customers.

The newly installed autoclave, which can be described as a pressurised oven used for forming and processing composite materials, is operational and has enhanced CIB's manufacturing processes by allowing the use of a wider range of raw materials, some of which could not be used with the company's previous processing methods. The new autoclave process can be used to manufacture all forms of composite armour to improve material consolidation, increase product developments and provide an opportunity to reduce product weight further.

New capabilities being commissioned include an inhouse ballistic testing range, which will enable development of new ballistic protection solutions faster and without relying on external third parties. Additionally, a new 'stab and spike' drop testing tower was commissioned, further enabling inhouse laboratory research, development and testing to various international standards.

The hydraulic press construction is well underway in Europe and will result in a state-of-the-art facility. It is expected to be delivered and commissioned by the end of FY24. The press will allow the manufacturing of larger and higher performing ballistic protection panels (and press multiple panels at the same time), which will significantly increase production capacity whilst reducing manufacturing costs. It will be one of the largest hydraulic presses for ballistic protection in the Southern Hemisphere. This sovereign capability is expected to position CIB favourably for significant upcoming Defence projects.

CIB has entered FY24 with a strong and contracted order book, which currently represents roughly 60% of the previous financial year turnover. A significant pipeline also exists on top of this confirmed order book.

CIB's revenues were \$13.415 million at the end of the reporting period, with the company delivering an EBITDA of more than \$2.940 million.

PPK owns 45%.

## Directors' Report

for the year ended 30 June 2023

### OPERATIONS UNDER REVIEW

#### Precious Metals

The principal activity of Precious Metals is the development of metal matrix composites (including silver, gold and copper) incorporating BNNT. Adding BNNT to these metals is intended to increase their strength, toughness and durability, and make them more useful in a host of industrial applications and jewellery.

Research was completed on reinforcing copper and silver with BNNT with positive results but adding the cost of BNNT to the current price per kilogram of copper and silver was not a sustainable market offering. After these results we paused further work until we find a suitable gold research path forward.

PPK has a 45% interest.

#### Strategic Alloys

Strategic Alloys is a joint venture with Amaero International Limited (ASX:3DA), with the aim of combining very small quantities of BNNT with aluminium and titanium alloys to create super materials for the defence and aerospace industries.

We are reviewing the forward pathway with Amaero.

PPK has a 45% interest.

#### Ballistic Glass

There are two separate projects; firstly, to blend BNNT into bullet resistant glass and secondly to blend BNNT into ceramic and polymer materials for body armour.

We are reviewing the forward pathway.

PPK has a 40% interest.

#### 3D Dental

The purpose of this project was to infuse BNNT into dental materials including zirconia and lithium disilicate ceramics. This project remains on hold as communicated last year.

PPK has a 45% interest.

### COMPANIES IN THE PROCESS OF DEREGISTRATION

#### Mask Innovation – formerly Survivon

In August 2022, PPK sold all its shares in Survivon in exchange for 91% of the shares in Mask Innovation.

The new Mask Innovation board completed a strategic review of the operations of Mask Innovation and decided to wind up the operations as a result of:

- delays in Therapeutic Goods Administration approval for the marketing of Copatak™ copper coated masks as destroying infectious viruses and bacteria on contact with the mask.
- removal of mask wearing requirements and a reduction in demand for Covid protective equipment from health authorities and governments.
- changes in government legislation for mask manufacturing.
- shipment delays to supply masks overseas.

As a result, PPK recognised a loss on its investment in Mask Innovation this financial period of \$2.154 million.

In May 2023, the commercial property located in Arundel, Gold Coast was sold for \$5.500 million. PPK previously acquired that property in August 2021 for \$3.960 million in connection with the Mask Innovations business. It is expected that Mask Innovations will be deregistered in FY24.

### DIVIDENDS PAID OR DECLARED

There were no dividends declared or paid during the period.

# Directors' Report

for the year ended 30 June 2023

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

PPK completed the acquisition of PPE, adding to the portfolio a second revenue producing operating business to complement the technology incubation and commercialisation focus of the company. A more detailed update on the status of that acquisition is provided in the Chairman's report and summarised under Review of Active Operations above.

## REVIEW OF FINANCIAL CONDITION

### Financial Performance

PPK completed the acquisition of PPE, adding to the portfolio a second revenue producing operating business to complement the revenues realised from subsidiary companies and associates from dividends and management fees. The financial results on PPK's profit or loss statement as summarised in Note 4 Segment Information show:

- Revenue from contracts with customers of \$6.352 million (2022: \$1.647 million)
- Other operating income/(losses) and finance income of \$1.084 million (2022: \$0.254 million)
- Share of profit/(loss) from associates \$0.135 million (2022: \$4.039 million loss)
- Finance costs of \$0.382 million (2022: \$nil)
- Technology Segment expenses of \$7.229 million (2022: \$9.646 million)
- Energy Storage Segment expenses of \$1.578 million (2022: \$nil)
- Corporate expenses of \$7.579 million (2022: \$6.888 million)

### Financial Position

The Group continues to maintain a strong balance sheet as evidenced by:

- \$39.999 million of cash (2022: \$53.008 million) of which \$3.840 million is directly held by PPK (2022: \$4.810 million);
- PPK has a secured loan receivable from CIB of \$1.835 million, due to be repaid in the next financial year;
- PPK expects to receive circa \$1.700 million of management fees from non-wholly owned subsidiary companies and associates for providing shared support services in the next financial year;
- PPK has strategic ownership in ASX listed companies which have a market value of approximately \$0.287 million and would be available for sale, if required;
- LIS (a subsidiary in which PPK owns 290.849 million shares) listed on the ASX on 28 September 2021. The shares are escrowed until 28 September 2023;
- WGL undertook a capital raise of \$3.623 million, and received binding subscriptions for 7,246,500 shares at 50 cents per share, valuing PPK's 81.000 million shares at \$40.500 million. The shares would be available for sale, if required; and
- PPK has access to sufficient working capital funds to finance the planned research and development programs of the nanomaterial businesses.

The consolidated balance sheet reflects the strength of the underlying subsidiaries. The \$39.999 million of cash is predominantly in relation to LIS due to its capital raise in September 2021 (and earlier pre-IPO raise).

The increase in fixed assets at balance date to \$10.642 million (2022: \$5.439 million) and intangibles and goodwill to \$44.617 million (2022: \$37.475 million) reflects the strategy of PPK to grow and commercialise the underlying subsidiaries.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There are no matters or circumstances which have arisen since the reporting date that have significantly affected or may affect the operations, results or state of affairs of the Company in the financial years subsequent to the financial year ended 30 June 2023.

## FUTURE DEVELOPMENTS

The likely developments in the operations of PPK and the expected results of those operations in financial years subsequent to the year ended 30 June 2023 are included in the Chairman's Report set out on pages 2 to 5 and in the Review of Active Operations, which form part of this report.



# Directors' Report

for the year ended 30 June 2023

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

*PPK is pleased to set out its second sustainability report, building on the work achieved last financial year.*

*PPK acknowledges the importance of ESG and recognises the critical role businesses play in shaping a sustainable and inclusive future for both present and future generations. The company is committed to actively engaging in discussions with its investors and stakeholders to deepen its understanding of emerging ESG challenges and opportunities, ensuring it has the right instruments in place to drive positive change and sustainable outcomes.*

*Last year we provided the company's first holistic view of its ESG efforts and set out key measurements against which it would assess its performance in the FY23 financial year.*

### Environmental

PPK's investment portfolio is aligned with longer term environmental sustainability. The nanomaterials scope is about making existing materials more effective and efficient, and the energy storage solutions from PowerPlus Energy and Li-S can play a role in the clean energy revolution.

PPK operates from its head office located in the Brisbane CBD, with a small direct environmental footprint, primarily consisting of electricity and water consumption, waste generation and emissions from employee commuting.

The Company's environmental focus for the 2023 financial year was on minimising energy consumption, reducing greenhouse gas emissions, and partnering with suppliers and other stakeholders who are carbon neutral or have committed to becoming carbon neutral.

### Lowering energy consumption and carbon emissions

PPK has committed to continually reducing our on-premise energy consumption by:

- using cloud technology for our information and platform services where practical, which provides innovative solutions to reducing carbon emissions and energy consumption;
- partnering with suppliers who are carbon neutral, such as Microsoft, who has been carbon neutral since 2012 and has committed to becoming carbon negative by 2030; and
- leasing office space in a building with a 5-star NABERS (excellent) energy rating for energy, water, waste, and indoor environment and 5-star green star rating.

The Group has committed to reducing green-house gas emissions associated with our business travel by:

- continuing to hold virtual meetings where practical and possible, despite the end of the pandemic;
- when travel is necessary, the company strives to combine meetings and extend the time away so that more can be achieved to avoid multiple trips; and
- continuing to provide flexibility for employees to work from home where business needs allow, reducing carbon emissions from employees commuting to/from the office.



For personal use only



### Deakin University's Renewable Energy Microgrid

One of PPK's key relationships is with Deakin University, at the Waurn Ponds Campus in Geelong, Victoria where the Group operates several of its LIS, BNNT and White Graphene application projects with laboratory and manufacturing facilities.

Deakin University is committed to being a leader in sustainability with targets to become carbon neutral and use 100% renewable energy by 2025. To help deliver this goal, Deakin partnered with AusNet Services and Mondo Power to establish a Renewable Energy Microgrid which includes a 7-megawatt solar energy farm.

Having access to this renewable energy enables our R&D facilities on the Waurn Campus to be part of the journey towards carbon neutrality.



## Directors' Report

for the year ended 30 June 2023



### Social

PPK seeks to attract, employ, and retain people with a diverse background of culture, gender, experience, and intellect. Our business model requires people to be agile, curious and roll their sleeves up to work together to get the job done.

#### Diversity, inclusion, and equality

Our objective is to promote equal employment opportunities and increase female representation across the group, including at the board level.

This year PPK achieved:

- 25% female representation on the board
- 33% female representation at executive management level
- Female representation of > 45% of all employees
- Six different nationalities employed representing diversity of culture and experience

Next year PPK will:

- Engage an intern from a local university to broaden their experience and contribute towards specific business and commercial research activities
- Perform a review of key employee policies, including OH&S

#### Thriving people

Our objective is to ensure people can perform to their potential and we manage the employee performance lifecycle.

This year PPK:

- Deployed the foundation modules of a HR information system to eliminate some manual processes
- Integrated people risks into the risk management process, and updates to the board
- Continued flexible working arrangements

Next year PPK will:

- Implement additional HR information modules where practical
- Support ongoing professional development of staff that aligns with the company's objectives
- Provide team members with relevant engagement opportunities across the PPK investee companies, including with board members. Where cost effective, schedule on site tours to build first-hand understanding of the organisation and work practices.

For personal use only



## Directors' Report

for the year ended 30 June 2023

### Strengthen cyber foundations

As the cyber threat landscape continues to evolve we continue to invest and build upon the cyber foundations.

This year PPK:

- Became a Network Partner within the Australian Cyber Security Centre to ensure we are informed of the latest cyber insights
- Provided the Board and risk committee with regular cyber security updates, including PPK cyber metrics, threat landscape and information on recent public cyber breaches
- Continued to publish internally cyber insights, examples, hints and tips
- Extended advanced threat detection across endpoints, and into applications, cloud services and web traffic that enables near real-time threat ingestion, curation, and sharing of indicators of compromise with technology partners

Next year PPK will:

- Deploy artificial intelligence powered email security tools
- Implement strong endpoint management automations and compliance controls
- Implement domain-based message authentication as a security measure to provide full visibility of who sends emails on our behalf
- Real-time dark web monitoring of key personnel and threat intelligence monitoring
- Align with a cyber maturity framework and assess controls



# Directors' Report

for the year ended 30 June 2023

## Governance

The Company has structured its approach to corporate governance around the principles of ensuring effective contributions by the Board and its sub-committees that add value.

## Risk

In FY22 PPK purchased a market leading Software-as-a-Service risk platform aligned to the ISO 31000 framework. The platform provides a single integrated view of risk with heatmaps, control library and action tracking. The framework has been rolled out across PPK and subsidiaries where we are the majority shareholder for strategic risks analysis.

The PPK board receives a quarterly summary of the Critical and Significant risks that are assessed against the primary and secondary risk categories and their associated thresholds agreed by the Audit and Risk Committee. These thresholds are codified in the risk platform.

There are two Critical and two Significant risks reported and monitored.

Risk classification	Risk description	Risk controls
<b>Critical</b>	No material customers or revenue generating opportunities from the subsidiaries impacts PPK cashflow.	<ul style="list-style-type: none"> <li>- Active participation on subsidiary boards.</li> <li>- Clarity of funding options available.</li> <li>- Periodic review of liquid assets.</li> <li>- Implement Nanomaterial go to market strategy</li> </ul>
<b>Critical</b>	Investee companies are not adequately capitalised to meet strategic objectives.	<ul style="list-style-type: none"> <li>- Formal budget process, including three-year cash flow planning horizons for subsidiaries where we are the majority shareholder.</li> <li>- Revenue and cost scenario analysis.</li> <li>- Clarity of funding options available.</li> </ul>
<b>Significant</b>	A cyber breach results in loss of critical IP that impacts research and development progress.	<ul style="list-style-type: none"> <li>- Continued investment in cyber security controls as outlined above.</li> </ul>
<b>Significant</b>	One or more subsidiaries progress is disrupted through a third-party innovation that is superior.	<ul style="list-style-type: none"> <li>- Participation at key external events to assess competitors.</li> <li>- Subscription to key market and academic reports.</li> <li>- Prospect and customer feedback loops.</li> </ul>

## Enduring high standards of governance

Despite the Company's removal from the S&P ASX 300 Index on 19 September 2022, the Board remains committed to the Company continuing to adhere to the high governance standards expected and required of a member of the ASX 300.

The Company continues to operate both an Audit and Risk Committee and a Remuneration and Nomination Committee, each comprised solely of non-executive directors a majority of whom are independent. The Audit and Risk Committee meets regularly throughout the year and, consistent with the goal set last year, has increased its focus on risks to the Company present at the level of its investee companies. The Company has made its market leading risk platform available to certain of its investee companies for this purpose and expects to further roll this out over the coming period.

## Recognition of the complexities of the group structure

The nature of the Company's operations and investments necessarily leads to complex governance arrangements, including common directors, conflicts and related party transactions. The directors and executives have long been conscious of this and a high degree of care has always been taken to identify and manage such matters correctly.

The Company has nevertheless implemented an uplift program in this area which has included ensuring separate legal representation is provided on intra-group arrangements and occasionally seeking external legal advice on the terms of those arrangements.

The Board has also instructed an audit of previous disclosures of conflicts of interest and duty and, at the date of this report, that work is currently ongoing.

## Directors' Report

for the year ended 30 June 2023

### Incorporation of governance into our investment strategy

As noted last year, the Board was delighted to welcome Ms Birkill and believed her fresh perspectives would be of benefit to the Company. One of the key focus areas has been on the governance of acquisition and divestment decisions, including the enterprise valuations and the analysis of market opportunity.

The acquisition of a controlling interest in PowerPlus Energy Pty Ltd provides a useful case study. As is the case with many of its investee companies, the Company has Board representation including appointing both the Chair and the Company Secretary. From this position, the Company is able to help uplift and mature the governance practices of its investee companies, particularly around Board oversight and practices.

### Remuneration

PPK Group retains its historical commitment to fair and responsible remuneration practices sufficient to attract, retain and motivate suitably qualified individuals. In December 2021, the Board resolved to establish a Remuneration and Nomination Committee chaired by an independent, non-executive director (Mr McDonald) who is not the chair of the Board. The Committee is wholly comprised of non-executive directors and has met regularly throughout the financial year.

The Remuneration and Nomination committee is empowered under its charter to bring independent judgement to all remuneration decisions, in particular remuneration packages, short-term incentives and long-term incentives. The charter is available on the company's website.

### PROCEEDINGS INVOLVING THE COMPANY

The Company continues to defend a claim in the Supreme Court of NSW in relation to a dispute pertaining to the vesting conditions of a business acquired in 2014 with a vendor employee for the issue of a second tranche of \$0.500 million of shares plus interest and costs. As advised in the previous Annual Reports, the Company does not believe the vesting conditions were met and still maintains this position.

As previously communicated, on 2 December 2022 the Supreme Court of NSW found in favour of the Company including a substantial award of costs. The plaintiff subsequently appealed this decision and the proceedings were set down by the Court of Appeal for 27 and 28 July 2023. The Company is currently awaiting judgment in those proceedings. The Company has incurred \$0.820 million this financial year to defend this position.

No other matter or circumstance has arisen which is not otherwise dealt with in this Annual Report that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of the consolidated entity in subsequent years.

### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to 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.



# Directors' Report

for the year ended 30 June 2023

## REMUNERATION REPORT (AUDITED)

The Directors of PPK present the Remuneration Report for non-executive directors, executive directors and other Key Management Personnel (KMP), prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*. KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Directors have determined that they, along with the Chief Operating Officer (COO) (now Chief Executive Officer) and Chief Financial Officer (CFO) are KMP.

### Remuneration Policy

The remuneration policy of the Company is designed to align directors', executives' and senior managers' objectives and performance with shareholder and business results by providing a fixed remuneration component and offering specific Short Term Incentives (STIs) based on key performance indicators affecting PPK's financial results and Long Term Incentives (LTIs) based on vesting conditions designed to measure enhancement of PPK's shareholders' value. The Board reviewed the existing remuneration policy and adopted amendments and updates in December 2021. The Remuneration and Nomination Committee was established on 21 December 2021 and acts as the primary safeguard to ensure proper governance on remuneration matters, including an absence of undue influence by members of the key management personnel. The Board believes that the Remuneration and Nomination Committee continues to function well and otherwise remains fit for purpose.

The PPK Board believes the revised remuneration policy continues to be appropriate and effective in its ability to attract, retain and motivate directors, executives and senior managers of high quality and standard to manage the affairs of the Group, as well as create goal congruence between directors, executives, senior managers and shareholders.

The Company sought advice from a remuneration consultant namely Denis Godfrey of Godfrey Remuneration Group (GRG) in September 2021 concerning the structure of a new long-term incentive plan. The Board has determined that the advice provided by GRG was made free from undue influence. That plan was put to the shareholders of the Company at the AGM in November 2021. The advice included guidance on the advantages and disadvantages of certain structures, along with observations on common vesting conditions. The Company expects to continue with this plan in the short term and will put any material amendments or changes to the plan to shareholders at the AGM held in November 2024. The Company has not required any external advice from a remuneration consultant during this reporting period.

The policy for determining the nature and amount of remuneration for board members, executives and senior managers of the consolidated entity is detailed in the paragraphs which follow.

Remuneration of non-executive directors is recommended by the Remuneration & Nomination Committee and approved by the Board from the maximum amount available for distribution to the non-executive directors as approved by shareholders. Currently this amount is set at \$0.800 million per annum in aggregate as approved by shareholders at the Annual General Meeting in November 2021.

In determining the appropriate level of directors' fees, data from surveys undertaken of other public companies similar in size or market section to the Company is taken into account.

PPK's non-executive directors are remunerated by means of cash benefits in respect of their duties as Directors of PPK. They are not entitled to participate in performance based remuneration practices unless approved by shareholders. The Company will not generally use options as a means of remuneration for non-executive directors and will continue to remunerate those directors by means of cash benefits. PPK does not provide retirement benefits for its non-executive directors. Executive directors do not receive director's fees.

The Committee will conduct its review annually between June and September based on established criteria which includes:

- the individual's performance;
- reference to market data for broadly comparable positions or skill sets in similar organisations or industry;
- the performance of the Group during the relevant period; and
- the broad remuneration policy of the Group.

Executive directors, executives and senior managers may receive bonuses and/or fees based on the achievement of specific goals of the consolidated entity.

As detailed elsewhere, Mr Ken Hostland resigned as CFO on 23 May 2023 for health reasons. He was succeeded by Mrs Sarah Price. The Remuneration and Nomination Committee was consulted in all aspects of this process, in particular the calculation of Mr Hostland's existing remuneration entitlements and the setting of Mrs Price's new remuneration package.

For personal use only

# Directors' Report

for the year ended 30 June 2023

## Company Performance and Shareholder Wealth for Executive and Senior Managers Remuneration

The two methods employed by the Committee to implement the Remuneration Policy are as follows.

### Short Term Incentives

PPK has an STI program in place which is paid as salary and superannuation above their normal contracts and aligned with key performance indicators (KPIs) as recommended by the Remuneration and Nomination Committee and adopted by the board. The KPIs are developed from the strategic and operating plans and are chosen to reflect the core drivers of short-term performance and delivery of sustainable value to the Company, its shareholders and its customers. Participation in the STI is considered on an annual basis. Any STI awards are ordinarily paid in September or October reflecting performance in the previous financial year. Any STI awards to participants that join the company mid-year will be appropriately pro-rated.

### Long Term Incentives

PPK has reviewed and modified its LTI Plan consistent with the change in its business strategy and the role in which it performs going forward. The new plan is called the Executive Rights Plan. The Executive Rights Plan was approved by shareholders at the annual general meeting held in November 2021 and the Company will treat that approval as valid for a period of three years.

### Executive Rights Plan

The Remuneration & Nomination Committee will, on an annual basis, make recommendations to the Board on who should be offered Performance Rights, the number of Performance Rights to be offered and the vesting conditions that should attach to each Performance Right. The Board will consider those recommendations and seek further information as required. The Remuneration and Nomination Committee approved minor administrative changes to the plan rules in March 2023 to reflect amendments made to the Corporations Act.

A summary of the plan rules follows:

<b>Plan Structure</b>	The Executive Rights Plan is managed by a Trust. The Board has appointed PPK Plans 2 Pty Ltd as the Trustee. The Remuneration and Nomination Committee approved minor administrative changes to the trust deed in June 2023 to reflect amendments made to the Corporations Act.										
<b>Term</b>	Each Right has a Term of 15 years and, if not exercised within that Term, the Rights will lapse.										
<b>Performance Rights</b>	Each vested Right can be exercised for one share in PPK Group Limited.										
<b>Measurement Period</b>	The Measurement Period for the FY23 Performance Rights is a period of 3 years from 1 July 2022. All future grants of Performance Rights under the Executive Rights Plan will have a three year measurement period.										
<b>Vesting Conditions</b>	<p>The nature and weighting of the vesting conditions are broadly consistent for each Participant but are tailored for the role that each Participant performs. The Remuneration and Nomination Committee will use its judgement to assess and recommend to the Board whether the vesting conditions have been met. As disclosed in the 2021 notice of meeting, the company has moved from solely internal measurements to a blend of internal and external measurements from the FY23 grant onward.</p> <p>The internal measurements used for the FY23 Performance Rights grant are as follows:</p> <table><tr><th>Nature</th><th>Weighting</th></tr><tr><td>Strategic Goals</td><td>30%</td></tr><tr><td>Operational Goals</td><td>35%</td></tr><tr><td>ESG Goals</td><td>10%</td></tr><tr><td>aTSR</td><td>25%</td></tr></table> <p>The aTSR metric requires the Company to achieve a CAGR of at least 30% over the Measurement Period by reference to the VWAP used to calculate the initial grant of FY23 rights.</p> <p>The Remuneration and Nomination Committee has recommended to the Board that any future grants of Performance Rights continue to contain an external 'total shareholder return' metric and the Board currently expects this to be the case for all grants going forward.</p>	Nature	Weighting	Strategic Goals	30%	Operational Goals	35%	ESG Goals	10%	aTSR	25%
Nature	Weighting										
Strategic Goals	30%										
Operational Goals	35%										
ESG Goals	10%										
aTSR	25%										

For personal use only

# Directors' Report

for the year ended 30 June 2023

<b>Gates</b>	No Gates have been attached to these Tranches of Rights.
<b>Vesting and Vesting Date</b>	Rights will typically vest following the completion of the Measurement Period based on an assessment of the Vesting Conditions, however Rights may vest before the end of the Measurement Period in some limited circumstances.
<b>Exercise Restrictions</b>	No Exercise Restrictions have been attached to these Tranches of Rights.
<b>Disposal Restrictions</b>	<p>Rights may not be disposed of at any time but they may be exercised following vesting.</p> <p>No additional Restrictions have been attached to the Shares that may be acquired when vested Rights are exercised. Thus, the Disposal Restrictions that apply to the Shares will arise from the Company's Securities Trading Policy and the insider trading provisions of the Corporations Act.</p>
<b>Exercise and Exercise Price</b>	<p>The Exercise Price is nil (no amount needs to be paid by the Participant in order to exercise the Rights).</p> <p>Vested Rights may be exercised at any time after the Vesting Date and before the end of their Term. In order to exercise vested Rights, a Participant must validly submit an Exercise Notice.</p> <p>On exercise of Vested Rights, the Board will issue a Settlement Notice and ensure that there are a sufficient number of Shares available to satisfy the exercised Rights.</p>
<b>Termination of Employment</b>	<p>If a Participant's employment with the Company ceased during FY23, the FY23 Performance Rights would ordinarily have been forfeited in the proportion that the remainder of the FY23 bears to the full FY23.</p> <p>Remaining unvested Rights will be retained by the Participant, subject to the Malus and Clawback provisions, with a view to testing for possible vesting having regard to performance during the Measurement Period up to the date of cessation of employment. The Remuneration and Nomination Committee will be convened where required to consider any such off-cycle assessment of vesting conditions.</p> <p>Vested Rights held following a termination of employment may now continue to be held by the Participant unless the Board determines otherwise.</p>
<b>Malus and Clawback</b>	Rights may be forfeited at any time, including during and subsequent to a Participant's employment with the Company, should the Malus and Clawback provisions come into play.
<b>No Hedging</b>	Participants must not enter into an arrangement with anyone if it would have the effect of limiting their exposure to risk in relation to Rights (vested or unvested) or Restricted Shares. This is a Corporations Act requirement.
<b>Change of Control</b>	<p>If a de-listing is imminent</p> <p>Vesting will automatically occur at the level derived from application of the following formula:</p> $\begin{array}{rcl} \text{Number of} & & \text{\% of First Year} \\ \text{Performance} & & \text{of Measurement} \\ \text{Rights in} & = & \text{Performance} \\ \text{Tranche to Vest} & & \text{Rights in Tranche} \end{array} \times \frac{\text{Period Elapsed}}{\text{Period Elapsed}}$ <p>Additional vesting will occur to the extent, if any, determined by the Board and any remaining unvested Rights will lapse; and</p> <p>Restricted Shares will cease to be subject to Specified Disposal Restrictions, and any CHESS holding locks will be removed if applicable, unless otherwise determined by the Board.</p> <p>In other cases of a change of control the Rights will remain on foot, subject to possible modification of Vesting Conditions, for testing for vesting at the end of the Measurement Period.</p>

As at 30 June 2023, the Trust for PPK Plans 2 Pty Ltd held nil shares in PPK to satisfy the (a) 40,704 vested but unexercised rights, or (b) the 545,274 unvested performance rights under the Executive Rights Plan.



## Directors' Report

for the year ended 30 June 2023

### Previous LTI Plan

PPK previously had an LTI in place which is still managed as a Trust on behalf of the remaining participants, being one director, and one senior manager of PPK. The vested Performance Rights can be converted to PPK shares on a one-for-one basis. The previous LTI plan was approved by shareholders at the Annual General Meeting on 27 November 2018.

A McDonald was offered 50,000 performance rights due to the time and services provided in connection with the BNNTTPL acquisition and its subsequent development and advancement and this was approved by the shareholders at the Annual General Meeting on 26 November 2019. The performance rights have all vested but remain unexercised.

As at 30 June 2023, the Trust held 0.090 million shares in PPK to satisfy the 0.090 million relevant vested but unexercised performance rights.

### Consequences of company performance on shareholder wealth

	2023	2022	2021	2020	2019
Net profit (loss) after tax attributable to owners (\$'000)	(\$7,815)	(\$2,564)	(\$5,479)	\$8,254	\$1,800
Earnings per share (cents)	(8.8)	(2.9)	(6.4)	9.8	2.6
Full year ordinary dividends (cents) per share	-	2.81	3.5	2.0	1.0
Year-end share price	\$1.38	\$2.04	\$15.95	\$3.11	\$2.77
Shareholder return (annual)	(32%)	(86%)	414%	13%	823%

The above table shows the annual returns to shareholders calculated to include the difference in percentage terms between the dividend yield for the year (based on the average share price during the period) and changes in the price at which shares in the Company are traded between the beginning and the end of the relevant financial year.

### Remuneration Details for the year ended 30 June 2023 for Directors' and Key Management Personnel

Details of the nature and amount of each element of the remuneration of each director and key management personnel ('KMP') of PPK Group Limited are shown in the table below:

	Salary & Fees (\$)	Short Term Benefits Cash Bonus (\$)	Non-Monetary (\$)	Post-employment Super-annuation (\$)	Long Term Benefits (\$)	Termination Payments (\$)	Share Based Payments (\$)	Total (\$)	Performance Related %
<b>2023</b>									
<b>Directors</b>									
<i>Non-Executive</i>									
<b>A McDonald</b>	100,000	-	-	-	-	-	-	100,000	
<b>R Levison</b>	212,500	-	-	27,500	-	-	-	240,000	
<b>A Birkill</b>	100,000	-	-	-	-	-	-	100,000	
<i>Executive</i>									
<b>G Molloy</b>	240,000	-	-	-	-	-	-	240,000	
<b>Total Directors</b>	652,500	-	-	27,500	-	-	-	680,000	
<b>Other Key Management Personnel</b>									
<b>M Fenton</b>	287,500	30,000	-	27,133	-	-	148,500	493,133	36%
<b>K Hostland<sup>(1)</sup></b>	378,125	225,000	-	25,208	-	-	278,219	906,552	56%
<b>S Price<sup>(2)</sup></b>	38,795	-	-	5,205	-	-	7,710	51,710	15%
<b>Total Other</b>	704,420	255,000	-	57,546	-	-	434,429	1,451,395	48%
<b>Total Key Management Personnel</b>	1,356,920	255,000	-	85,046	-	-	434,429	2,131,395	

(1) K Hostland Chief Financial Officer resigned 23rd May 2023

(2) S Price Chief Financial Officer appointed 23rd May 2023

The above table presents the Directors and key management personnel of PPK and the amounts they have been remunerated in respect of their management of PPK Group Limited.

## Directors' Report

for the year ended 30 June 2023

### Remuneration Details for the year ended 30 June 2022 for Directors' and Key Management Personnel

Details of the nature and amount of each element of the remuneration of each director and key management personnel ('KMP') of PPK Group Limited are shown in the table below:

	Salary & Fees (\$)	Short Term Benefits		Post-employment Super-annuation (\$)	Long Term Benefits (\$)	Termination Payments (\$)	<sup>(1)</sup> Share Based Payments (\$)	Total (\$)	Performance Related %
2022		Cash Bonus (\$)	Non-Monetary (\$)						
<b>Directors</b>									
<i>Non-Executive</i>									
<b>A McDonald</b>	75,000	-	-	-	-	-	-	75,000	-
<i>Executive</i>									
<b>R Levison</b>	211,883	-	-	27,500	-	-	-	239,383	-
<b>G Molloy</b>	240,000	-	-	-	-	-	-	240,000	-
<b>D McNamara<sup>(2)</sup></b>	200,000	-	-	-	-	-	-	200,000	-
<b>Total Directors</b>	726,883	-	-	27,500	-	-	-	754,383	-
<b>Other Key Management Personnel</b>									
<b>K Hostland<sup>(3)</sup></b>	406,250	260,000	-	27,500	-	-	275,900	969,650	55
<b>Total Other</b>	406,250	260,000	-	27,500	-	-	275,900	969,650	55
<b>Total Key Management Personnel</b>	1,133,133	260,000	-	55,000	-	-	275,900	1,724,033	31

(1) All equity settled share-based payments for the LTI Plan fully vested on 1 July 2021. K Hostland also participates in the Executive Rights Plan and received 34,704 performance rights in both the Special Catch-Up Grant and the FY Performance Rights.

(2) D McNamara also has use of a fully maintained motor vehicle.

(3) The cash bonus includes a bonus from PPK of \$160,000 for the 2021 financial year and \$100,000 paid by WGL to PPK this financial year for his involvement in a pre-IPO process.

The above table presents the Directors and key management personnel of PPK and the amounts they have been remunerated in respect of their management of the Group.

For clarity, the \$260,000 cash bonus for K Hostland includes the \$100,000 shown in the White Graphene remuneration table in the "Other transactions with related parties of the Group" section of this report. Amounts are not included in the table above for other KMPs that are shown in the White Graphene table on the basis that payments to A McDonald, R Levison and G Molloy were paid directly to them by White Graphene whereas the payment to K Hostland was paid to PPK who then paid K Hostland.

### Performance Income as a Proportion of Total Remuneration

In FY23, K Hostland received an STI award of \$225,000 for work undertaken in the year ended 30 June 2022, being the maximum STI of 50% of fixed remuneration for the period ended 30 June 2022. The Key Performance Indicators (KPIs) against which Mr Hostland was assessed are as follows:

- I. assist board in strategic development;
- II. present high-level budgets and oversee detailed budgets;
- III. overall financial management;
- IV. oversee continuous productivity and efficiency improvements.

In FY23, M Fenton received an STI award of \$30,000 for work undertaken in the year ended 30 June 2022, being a pro rata of the STI entitlement for period of service undertaken. Mr Fenton was entitled to a maximum of 25% of fixed remuneration and was employed for approximately 6 months of the period under review. The KPIs against which Mr Fenton was assessed are as follows:

- I. risk management in respect of protection of Intellectual Property and Technology;
- II. ESG upgrade of reporting compliance and best practice for PPK.

# Directors' Report

for the year ended 30 June 2023

## Consultancy and Employment Agreements

### R Levison

A consultancy agreement is in place between the parties on the following terms:

Term: Commencing on 1 October 2013 – no fixed term.

Remuneration: Base remuneration under the agreement is \$240,000 per annum.

Duties: Non-Executive Chairman for this financial year.

Termination: The agreement may be terminated at any time by PPK Group Limited giving not less than 12 months written notice or by Mr Levison giving not less than 6 months written notice.

### G Molloy

A consultancy agreement is in place between the parties on the following terms:

Term: Commencing on 1 July 2019 – no fixed term.

Remuneration: Base remuneration under the agreement is \$240,000 per annum.

Duties: Executive Director.

Termination: The agreement may be terminated at any time by PPK Group Limited giving not less than 12 months written notice or by Mr Molloy giving not less than 6 months written notice.

G Molloy also has a consultancy agreement with Li-S Energy (see Note 38).

### M Fenton

Employment agreement is in place between the parties on the following terms:

Term: Commenced 12 January 2022 – employment as COO began 1 July 2022.

Remuneration: Base remuneration of \$315,000 per annum was changed effective 1 July 2022. Marc also participated in the STI, where he could receive a maximum bonus of 40% of his total base salary for meeting key performance indicators set by the Directors, and the LTI.

Duties: Chief Operating Officer (note: Marc was promoted to CEO on 1 July 2023).

Termination: The agreement may be terminated at any time by either party giving 6 months written notice.

### S Price

Employment agreement is in place between the parties on the following terms:

Term: Commenced 28 March 2022 – employment as CFO began 23 May 2023.

Remuneration: Base remuneration of \$300,000 per annum was changed effective 23 May 2023. She also participated in the STI, where she could receive a maximum bonus of 40% of her total base salary for meeting key performance indicators set by the Directors, and the LTI.

Duties: Chief Financial Officer

Termination: The agreement may be terminated at any time by either party giving 6 months written notice.

### K Hostland

Employment agreement was in place between the parties on the following terms:

Term: Commenced 1 June 2016 – employment as CFO ended 23 May 2023.

Remuneration: Base remuneration of \$350,000 per annum was changed effective 1 January 2022. He also participated in the STI, where he could receive a maximum bonus of 40% of his total base salary for meeting key performance indicators set by the Directors, and the LTI.

Duties: Chief Financial Officer

Termination: The agreement could be terminated at any time by either party giving 6 months written notice.

There are no formal employment agreements in place for A McDonald or A Birkill.



# Directors' Report

for the year ended 30 June 2023

## Shareholdings and Rights

PPK Group Limited

As at the end of the financial year, the number of ordinary shares in PPK Group Limited held by directors and Key Management Personnel during the 2023 and 2022 reporting periods is set out below:

2023	Share Balance at Start of Year	Shares Transferred from PPK LTIP	Shares Acquired	Shares Sold	Adjustment for KMP Ceasing in the Year	Shares Held at the End of the Reporting Period
<b>Directors</b>						
<i>Non-Executive</i>						
R Levison	4,050,153	-	-	-	-	4,050,153
G Molloy <sup>(1)</sup>	21,277,987	-	959,470	-	-	22,237,457
A Birkill	-	-	17,400	-	-	17,400
A McDonald	409,120	-	75,000	-	-	484,120
<b>Total Directors</b>	<b>25,737,260</b>	<b>-</b>	<b>1,051,870</b>	<b>-</b>	<b>-</b>	<b>26,789,130</b>
<b>Other Key Management Personnel</b>						
<i>M Fenton</i>						
<i>S.Price</i>						
K Hostland <sup>(2) (3)</sup>	559,500	-	-	(15,000)	(544,500)	-
<b>Total Other</b>	<b>559,500</b>	<b>-</b>	<b>-</b>	<b>(15,000)</b>	<b>(544,500)</b>	<b>-</b>
<b>Total</b>	<b>26,296,760</b>	<b>-</b>	<b>1,051,870</b>	<b>(15,000)</b>	<b>(544,500)</b>	<b>26,789,130</b>

(1) Shares acquired by Trust of which the Director is a Trustee

(2) Shares sold to family member

(3) Removes K Hostland shareholder as ceased as CFO during the year

2022	Share Balance at Start of Year	Shares Transferred from PPK LTIP	Shares Acquired	Shares Acquired	Shares Sold	Adjust for Director Ceasing in the Year	Shares Held at the End of the Reporting Period
<b>Directors</b>							
<i>Non-Executive</i>							
R Levison <sup>(1)</sup>	4,100,153	-	-	-	(50,000)	-	4,050,153
G Molloy <sup>(2)(3)</sup>	14,468,121	-	50,000	7,014,866	(255,000)	-	21,277,987
D McNamara <sup>(4)</sup>	3,043,332	400,000	-	-	-	(3,443,332)	-
A McDonald	409,120	-	-	-	-	-	409,120
<b>Total Directors</b>	<b>22,020,726</b>	<b>400,000</b>	<b>50,000</b>	<b>7,014,866</b>	<b>(305,000)</b>	<b>(3,443,332)</b>	<b>25,737,260</b>
<b>Other Key Management Personnel</b>							
K Hostland	428,692	244,000	-	-	(113,192)	-	559,500
<b>Total Other</b>	<b>428,692</b>	<b>244,000</b>	<b>-</b>	<b>-</b>	<b>(113,192)</b>	<b>-</b>	<b>559,500</b>
<b>Total</b>	<b>22,449,418</b>	<b>644,000</b>	<b>50,000</b>	<b>7,014,866</b>	<b>(418,192)</b>	<b>(3,443,332)</b>	<b>26,296,760</b>

(1) Shares sold to a family member.

(2) Share movement of 7,014,866 was as a result of appointment as a Trustee from a Trust.

(3) Share movement of 255,000 was as a result of retirement as a Trustee from a Trust.

(4) Removes D McNamara share holding as he ceased to be a Director during the year.

## Directors' Report

for the year ended 30 June 2023

As at the end of the financial year, the number of Performance Rights in PPK held by directors and Key Management Personnel during the 2023 and 2022 reporting periods is explained and summarised below:

### Executive Rights Plan

2023 Name and Grant Dates	Balance at start of year		Movements during the year								Balance at end of year Unvested	
	Vested No.	Unvested No.	Unvested No.	No.	%	No.	%	No.	%	No.	No.	Maximum \$ value to vest <sup>(1)</sup>
<b>K Hostland</b>												
Special Catch-Up Grant <sup>(1)</sup>	-	34,704	-	-	-	-	-	-	-	-	34,704	183,931
FY22 Performance Rights <sup>(1)</sup>	-	34,704	-	-	-	-	-	-	-	-	34,704	183,931
FY23 Performance Rights <sup>(1)</sup>	-	-	142,857	-	-	-	-	(71,428)	(50)	71,429	94,286	
<b>M. Fenton</b>												
FY22 Performance Rights <sup>(2)</sup>	-	6,221	-	-	-	-	-	-	-	-	6,221	32,971
FY23 Performance Rights <sup>(3)</sup>	-	-	112,500	-	-	-	-	-	-	-	112,500	148,500
<b>S.Price</b>												
FY22 Performance Rights <sup>(2)</sup>	-	3,111	-	-	-	-	-	-	-	-	3,111	16,488
FY23 Performance Rights <sup>(3) (5)</sup>	-	-	57,619	-	-	-	-	-	-	-	57,619	76,057

(1) The performance rights will be assessed against the updated vesting conditions by the Directors no earlier than 30 June 2025

(2) These rights were granted prior to M. Fenton and S.Price being appointed as KMP. The performance rights will be assessed against the vesting conditions by the Directors on 30 June 2024.

(3) The performance rights will be assessed against the vesting conditions by the Directors on 30 June 2025

(4) The maximum value of the Performance Rights yet to vest has been determined as the amount of the grant date fair value of the Performance Rights that is yet to be expensed which was calculated using the number of Performance Rights that were granted.

(5) These rights were granted prior to S. Price commencing as KMP.

### Executive Rights Plan

2023 Name and Grant Dates	Balance at start of year		Movements during the year								Balance at end of year Unvested	
	Vested No.	Unvested No.	Unvested No.	No.	%	No.	%	No.	%	No.	No.	Maximum \$ value to vest <sup>(1)</sup>
<b>A McDonald</b>												
Tranche 1	12,500	-	-	-	-	-	-	-	-	-	-	-
Tranche 2	12,500	-	-	-	-	-	-	-	-	-	-	-
Tranche 3	12,500	-	-	-	-	-	-	-	-	-	-	-
Tranche 4	12,500	-	-	-	-	-	-	-	-	-	-	-

(1) The performance rights fully vested on 1 July 2021.

# Directors' Report

for the year ended 30 June 2023

## Executive Rights Plan

2022 Name and Grant Dates	Balance at start of year		Movements during the year								Balance at end of year Unvested	
	Vested No.	Unvested No.	Granted Unvested No.	Vested No.	%	Exercised No.	%	Forfeited No.	%	No.	%	Maximum \$ value to vest <sup>(3)</sup>
<b>K Hostland</b>												
Special Catch-Up Grant <sup>(1)</sup>	-	-	34,704	-	-	-	-	-	-	34,704	-	91,967
FY22 Performance Rights <sup>(2)</sup>	-	-	34,704	-	-	-	-	-	-	34,704	-	-

(1) The performance rights fully vest on 30 June 2023.

(2) The performance rights will be assessed against the KPI's by the Directors on 30 June 2024.

(3) The maximum value of the Performance Rights yet to vest has been determined as the amount of the grant date fair value of the Performance Rights that is yet to be expensed which was calculated using the number of Performance Rights that were granted.

The fair value of the rights issued was \$5.30. There is no exercise price for the executive rights which will expire in March 2037.

## Executive Rights Plan

2022 Name and Grant Dates	Balance at start of year		Movements during the year								Balance at end of year Unvested	
	Vested No.	Unvested No.	Granted Unvested No.	Vested No.	%	Exercised No.	%	Forfeited No.	%	No.	%	Maximum \$ value to vest <sup>(1)</sup>
<b>D McNamara</b>												
Tranche 1	100,000	-	-	-	-	(100,000)	-	-	-	-	-	-
Tranche 2	100,000	-	-	-	-	(100,000)	-	-	-	-	-	-
Tranche 3	100,000	-	-	-	-	(100,000)	-	-	-	-	-	-
Tranche 4	100,000	-	-	-	-	(100,000)	-	-	-	-	-	-
<b>A McDonald</b>												
Tranche 1	12,500	-	-	-	-	-	-	-	-	-	-	-
Tranche 2	12,500	-	-	-	-	-	-	-	-	-	-	-
Tranche 3	12,500	-	-	-	-	-	-	-	-	-	-	-
Tranche 4	12,500	-	-	-	-	-	-	-	-	-	-	-
<b>K Hostland</b>												
Tranche 1	75,000	-	-	-	-	(75,000)	-	-	-	-	-	-
Tranche 2	75,000	-	-	-	-	(75,000)	-	-	-	-	-	-
Tranche 3	75,000	-	-	-	-	(75,000)	-	-	-	-	-	-
Tranche 4	75,000	-	-	-	-	(75,000)	-	-	-	-	-	-

(1) The performance rights fully vested on 1 July 2021.



## Directors' Report

for the year ended 30 June 2023

### OTHER TRANSACTIONS WITH RELATED PARTIES OF THE GROUP

#### Li-S Energy Directors

R Levison and T McDonald participate in the Li-S Energy Non-Executive Director (NED) Equity Plan. Both Directors have sacrificed their director fees of \$80,000 per annum over a three-year period and were granted 160,000 Service Rights per year over a three-year period. The Service Rights were issued as at 1 May 2021 and will vest in three equal tranches on 30 April 2022, 2023 and 2024, providing the NED holds the office of NED on those dates. Each consecutive tranche commences annually on the vesting date of the prior tranche.

The number of Service Rights were calculated by dividing the amount of sacrificed fees by the Share price of \$0.50 per Share being the price at which Shares were issued in the April 2021 capital raise. The fair value of these Service Rights at the time that they were granted have been independently valued at \$0.50 each. There is no amount payable other than the sacrificed fees for the Service Rights.

Each Service Right is an entitlement, upon vesting and exercise, to an ordinary fully paid Share in the Company. Service Rights may not be disposed of at any time except by force of law such as on death and Service Rights may not be exercised prior to vesting but may be exercised at any time once they have vested but must be exercised within 90 days of cessation of holding the office of NED and any role as an employee of the Company.

Each Service Right has a term ending 15 years after the grant date. If not exercised before the end of their term the Service Rights will lapse. The term will be reduced if vested Service Rights are not exercised as required following cessation of being a NED. If a NED ceased to hold the office of a NED during a tranche then Service Rights for that tranche will vest in proportion to the time elapsed as served in the tranche. All subsequent tranches will lapse.

Any unvested Service Rights that do not vest will lapse.

A NED must not enter into an arrangement with anyone if it would have the effect of limiting their exposure to risk in relation to Service Rights (vested or unvested).

If the Board forms the view that a NED has committed an act of fraud, defalcation or gross misconduct in relation to the Company then all unexercised Service Rights will be forfeited.

Directors and key management personnel were also remunerated by Li-S Energy and White Graphene for the year ended 30 June 2023 and 30 June 2022 as follows, in addition to the amounts shown in the Remuneration Report above:

2023	Salary & Fees (\$)	<sup>(1)</sup> Share Based Payments (\$)	Total (\$)
<b>Li-S ENERGY LIMITED</b>			
<b>Directors</b>			
<i>Non-Executive</i>			
<b>R Levison</b>	-	48,183	48,183
<b>A McDonald</b>	-	48,183	48,183
<b>Total Directors</b>	-	96,366	96,366
<b>Other KMP</b>			
<b>G Molloy<sup>(2)</sup></b>	70,000	-	70,000
<b>K Hostland<sup>(3)</sup></b>	-	-	-
<b>S Price<sup>(3)</sup></b>	-	-	-
<b>Total Other</b>	70,000	-	70,000
<b>Total KMP</b>	70,000	96,366	166,366

(1) Equity settled share based payments. Each tranche of the service rights granted are expensed over the vesting period from the date of granting to the date that the last tranche vests resulting in a proportionally larger expense recognised in the earlier years. Share based payments for directors are not performance related but are in lieu of salary and fees.

(2) Remunerated through a consulting agreement on 12 June 2021 at an agreed hourly rate for work undertaken on behalf of LIS.

(3) Remunerated by PPK Group Limited.

## Directors' Report

for the year ended 30 June 2023

2022	Salary & Fees (\$)	<sup>(1)</sup> Share Based Payments (\$)	Total (\$)
<b>Li-S ENERGY LIMITED</b>			
<b>Directors</b>			
<i>Non-Executive</i>			
<b>R Levison</b>	-	157,122	157,122
<b>A McDonald</b>	-	157,122	157,122
<b>Total Directors</b>	-	314,244	314,244
<b>Other KMP</b>			
<b>G Molloy<sup>(2)</sup></b>	196,000	-	196,000
<b>K Hostland<sup>(3)</sup></b>	-	-	-
<b>Total Other</b>	196,000	-	196,000
<b>Total KMP</b>	196,000	314,244	510,244

(1) Equity settled share based payments. Each tranche of the service rights granted are expensed over the vesting period from the date of granting to the date that the last tranche vests resulting in a proportionally larger expense recognised in the earlier years. Share based payments for directors are not performance related but are in lieu of salary and fees.

(2) Remunerated through a consulting agreement on 12 June 2021 at an agreed hourly rate for work undertaken on behalf of LIS.

(3) Remunerated by PPK Group Limited.

2023	Salary & Fees (\$)	Share Based Payments (\$)	Total (\$)
<b>WHITE GRAPHENE LIMITED</b>			
<b>Directors</b>			
<b>R Levison</b>	20,000	-	20,000
<b>G Molloy</b>	20,000	-	20,000
<b>A McDonald</b>	20,000	-	20,000
<b>G Pullen</b>	20,000	-	20,000
<b>Total Directors</b>	80,000	-	80,000
<b>Other KMP</b>			
<b>K Hostland<sup>(1)</sup></b>	-	-	-
<b>S Price<sup>(1)</sup></b>	-	-	-
<b>Total Other</b>	-	-	-
<b>Total KMP</b>	80,000	-	80,000

(1) Remunerated by PPK Group Limited.

2022	Salary & Fees (\$)	Cash Bonus (\$)	Total (\$)
<b>WHITE GRAPHENE LIMITED</b>			
<b>Directors</b>			
<b>R Levison</b>	20,000	100,000	120,000
<b>G Molloy</b>	20,000	400,000	420,000
<b>A McDonald</b>	20,000	100,000	120,000
<b>Total Directors</b>	60,000	600,000	660,000
<b>Other KMP</b>			
<b>K Hostland<sup>(1)</sup></b>	-	100,000	100,000
<b>Total Other</b>	-	100,000	100,000
<b>Total KMP</b>	60,000	700,000	760,000

(1) Remunerated by PPK Group Limited.

## Directors' Report

for the year ended 30 June 2023

Directors and key management personnel also provided services to the other subsidiary companies, the associated companies and the joint venture for which they were not directly remunerated by these other entities.

### Li-S Energy Limited

As at the end of the financial year, the number of ordinary shares in LIS held by directors and Key Management Personnel during the 2023 and 2022 reporting periods is set out below:

2023	Share Balance at Start of Year	Shares Acquired	Shares Sold	Share Balance at End of Year
<b>Directors</b>				
<i>Non-Executive</i>				
<b>R Levison<sup>(2)</sup></b>	2,790,549	-	(250,000)	2,540,549
<b>A McDonald</b>	866,961	-	-	866,961
<b>Total Directors</b>	3,657,510	-	(250,000)	3,407,510
<b>Other KMP</b>				
<b>G Molloy<sup>(1)</sup></b>	6,440,784	-	-	6,440,784
<b>S Price</b>	-	-	-	-
<b>K Hostland</b>	529,066	-	-	529,066
<b>Total Other</b>	6,969,850	-	-	6,969,850
<b>Total KMP</b>	10,627,360	-	(250,000)	10,377,360

(1) Entered into a consulting agreement on 12 June 2021.

(2) Transfer to family members

2022	Share Balance at Start of Year	Shares Acquired	Shares Sold	Share Balance at End of Year
<b>Directors</b>				
<i>Non-Executive</i>				
<b>R Levison</b>	2,776,917	13,632	-	2,790,549
<b>A McDonald</b>	866,961	-	-	866,961
<b>Total Directors</b>	3,643,878	13,632	-	3,657,510
<b>Other KMP</b>				
<b>G Molloy<sup>(1)</sup></b>	6,440,784	-	-	6,440,784
<b>K Hostland</b>	504,295	24,771	-	529,066
<b>Total Other</b>	6,945,079	24,771	-	6,969,850
<b>Total KMP</b>	10,588,957	38,403	-	10,627,360

(1) Entered into a consulting agreement on 12 June 2021.

As at the end of the financial year, the number of Service Rights in LIS held by directors and Key Management Personnel during the 2023 and 2022 reporting periods is set out below:

	Balance at start of year		Movements during the year							Balance at end of year		
			Granted	Vested		Exercised		Forfeited				
2023	Vested No.	Unvested No.	Unvested No.	No.	%	No.	%	No.	%	Vested and Unexercised No.	Unvested No.	Maximum \$ value to vest <sup>(1)</sup>
Directors												
R Levison	160,000	320,000	-	160,000	100.0%	-	-	-	-	320,000	160,000	10,251
A McDonald	160,000	320,000	-	160,000	100.0%	-	-	-	-	320,000	160,000	10,251
Total Directors	320,000	640,000	-	320,000	100.0%	-	-	-	-	640,000	320,000	20,502

(1) The maximum value of service rights to vest has been calculated as the amount of the grant date fair value of the service rights yet to be expensed.



## Directors' Report

for the year ended 30 June 2023

	Balance at start of year		Movements during the year								Balance at end of year		
			Granted	Vested		Exercised		Forfeited					
2022	Vested No.	Unvested No.	Unvested No.	No.	%	No.	%	No.	%	Vested and Unexercised No.	Unvested No.	Maximum \$ value to vest <sup>(1)</sup>	
Directors													
R Levison	-	480,000	-	160,000	100.0%	-	-	-	-	160,000	320,000	64,251	
A McDonald	-	480,000	-	160,000	100.0%	-	-	-	-	160,000	320,000	64,251	
Total Directors	-	960,000	-	320,000	100.0%	-	-	-	-	320,000	640,000	128,502	

(1) The maximum value of service rights to vest has been calculated as the amount of the grant date fair value of the service rights yet to be expensed.

### White Graphene Limited

As at the end of the financial year, the number of ordinary shares in WGL held by directors and Key Management Personnel during the 2023 and 2022 reporting periods is set out below:

	Share Balance at Start of Year	<sup>(1)</sup> Shares Acquired	Shares Sold	Commenced as KMP	Ceasing to be a KMP	Shares Held at the End of the Reporting Period
<b>2023</b>						
<b>Directors</b>						
R Levison	500,000	250,000	-	-	-	750,000
G Molloy	1,000,000	500,000	-	-	-	1,500,000
A McDonald	250,000	125,000	-	-	-	375,000
G Pullen	-	-	-	-	-	-
<b>Total Directors</b>	<b>1,750,000</b>	<b>875,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,625,000</b>
<b>Other KMP</b>						
M Fenton <sup>(2)</sup>	-	15,000	-	-	-	15,000
S Price <sup>(2)(4)</sup>	-	-	-	50,000	-	50,000
K Hostland <sup>(3)</sup>	250,000	125,000	-	-	(375,000)	0
<b>Total Other</b>	<b>250,000</b>	<b>140,000</b>	<b>-</b>	<b>50,000</b>	<b>(375,000)</b>	<b>65,000</b>
<b>Total</b>	<b>2,000,000</b>	<b>1,015,000</b>	<b>-</b>	<b>50,000</b>	<b>(375,000)</b>	<b>2,690,000</b>

(1) Shares were increased as a result of 1 for 2 bonus issue on 17 August 2022

(2) Share were acquired at \$0.50 per share as part of the capital raise process.

(3) Removes K Hostland as a shareholder as ceased as CFO on 23 May 2023

(4) Sarah Price was appointed CFO on 23 May 2023

For personal use only

## Directors' Report

for the year ended 30 June 2023

2022	Share Balance at Start of Year	<sup>(1)</sup> Shares Acquired	Shares Sold	Shares Held at the End of the Reporting Period
<b>Directors</b>				
R Levison	250,000	250,000	-	500,000
G Molloy	-	1,000,000	-	1,000,000
A McDonald	-	250,000	-	250,000
G Pullen	-	-	-	-
<b>Total Directors</b>	250,000	1,500,000	-	1,750,000
<b>Other KMP</b>				
K Hostland	-	250,000	-	250,000
<b>Total Other</b>	-	250,000	-	250,000
<b>Total</b>	250,000	1,750,000	-	2,000,000

(1) Shares were acquired at \$0.40 per share as part of the capital raise process.

There were no other transactions with directors and/or their related parties during the year.

**(End of Audited Remuneration Report)**

## Directors' Report

for the year ended 30 June 2023

### MEETINGS OF DIRECTORS

During the financial year, meetings of directors (including committee meetings) were held. Attendances were:

	DIRECTORS' MEETINGS		AUDIT & RISK COMMITTEE MEETINGS		REMUNERATION & NOMINATION COMMITTEE MEETINGS	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
R Levison	14	14	4	4	3	3
G Molloy	14	14	-	-	-	-
A Birkill	14	13	4	4	3	3
A McDonald	14	14	4	4	3	3

### CORPORATE GOVERNANCE STATEMENT

PPK's directors and management are committed to conducting the Group's business ethically and in accordance with high standards of corporate governance. A copy of PPK's 2023 Corporate Governance Statement can be found in the corporate governance section of PPK's website at [www.ppkgroup.com.au](http://www.ppkgroup.com.au).

### RISK & CONTROL COMPLIANCE STATEMENT

The Board has:

- received and considered reports from management regarding the effectiveness of the Company's management of its material business risks; and
- received assurance from the people performing each of the Chief Executive Officer and Chief Financial Officer functions regarding the consolidated financial statements and the effective operation of risk management systems and internal controls in relation to financial reporting risks.

Material associates and joint ventures, which the company does not control, are not dealt with for the purposes of this statement.

### AUDIT & RISK COMMITTEE

The details of the composition, role and Terms of Reference of the Audit & Risk Committee are available on the Company's website at [www.ppkgroup.com.au](http://www.ppkgroup.com.au).

During the reporting period, the Audit & Risk Committee consisted of the following:

A McDonald (Appointed Chairman: 21 December 2021)	Non-Executive Independent Director
R Levison (Appointed: 1 July 2022)	Non-Executive Chairman
A Birkill (Appointed 1 July 2022)	Non-Executive Independent Director

The Company's External Audit Partner, Chief Operating Officer (now Chief Executive Officer), General Counsel, Chief Financial Officer and selected consultants attend meetings of the Audit and Risk Committee by standing invitation.

### REMUNERATION & NOMINATION COMMITTEE

The details of the composition, role and Terms of Reference of the Remuneration and Nomination Committee are available on the Company's website at [www.ppkgroup.com.au](http://www.ppkgroup.com.au).

During the reporting period, the Remuneration & Nomination Committee consisted of the following:

R Levison (Appointed: 21 December 2021)	Non-Executive Chairman
A McDonald (Appointed Chairman: 21 December 2021)	Non-Executive Independent Director
A Birkill (Appointed 1 July 2022)	Non-Executive Independent Director

The Company's General Counsel, Chief Financial Officer, Chief Operating Officer (now Chief Executive Officer) and selected consultants attend meetings of the Remuneration and Nomination Committee by standing invitation.



## Directors' Report

for the year ended 30 June 2023

### OPTIONS AND UNISSUED SHARES

As at the date of this report, there are 675,975 performance rights (697,187 at the end of the reporting period) over unissued ordinary shares of PPK.

Rights holders do not have any right to participate in any share issue of PPK.

### DIRECTORS' INDEMNIFICATION

During or since the end of the financial year the company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

Each of the Directors, the Company Secretaries and other Executive Officers of PPK have entered into a deed whereby the company has provided certain contractual rights of access to books and records of PPK to those Directors, the Company Secretaries and other Executive Officers. The company has insured all its Directors and Executive Officers. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The *Corporations Act 2001* does not require disclosure of the information in these circumstances.

No Directors, Company Secretaries or other Executive Officers have sought leave under Section 237 of the *Corporations Act*.

### AUDITOR'S INDEMNIFICATION

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

### NON-AUDIT SERVICES

Non-audit services provided by the Group's auditor, Ernst & Young, in the current financial period and prior financial year included taxation advice and other advisory services to either the Company or other entities within the Group. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided to the Group means that auditor independence was not compromised.

During the year, the following fees were paid or payable for non-audit services provided by the auditor of the Group and its related practices:

	2023 \$	2022 \$
Taxation advice and other advisory services	145,100	276,325
Total remuneration	145,100	276,325

### AUDIT INDEPENDENCE

The lead auditor has provided the Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2023 and a copy of this declaration forms part of the Directors' Report.

### ROUNDING OF ACCOUNTS

The amounts contained in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) where noted (\$000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

Signed in accordance with a resolution of the Board of Directors.



**Robin Levison**  
Non-Executive Chairman



**Glenn Molloy**  
Executive Director

Brisbane, 24 August 2023

## Auditor's Independence Declaration



Building a better  
working world

Ernst & Young  
111 Eagle Street  
Brisbane QLD 4000 Australia  
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333  
Fax: +61 7 3011 3100  
ey.com/au

### Auditor's independence declaration to the directors of PPK Group Limited

As lead auditor for the audit of the financial report of PPK Group Limited for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of PPK Group Limited and the entities it controlled during the financial year.

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Brad Tozer'.

Brad Tozer  
Partner  
24 August 2023

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2023

		Consolidated Entity	
	Notes	2023 \$'000	2022 \$'000
<b>Continuing operations</b>			
Revenue from contracts with customers	3.1	6,352	1,647
Cost of sales		(3,446)	-
Gross Profit		2,906	1,647
Gain on re-measurement of equity interest at fair value		-	11,648
Share of profit (loss) of associates and joint ventures	21	135	(4,039)
Other operating income (loss)	3.2	1,084	254
Finance costs		(382)	-
Technology Segment expenses	4.1	(7,229)	(9,646)
Energy Storage Segment expenses	4.1	(1,578)	-
Corporate expenses	4.1	(7,579)	(6,888)
<b>PROFIT (LOSS) BEFORE TAX EXPENSE FROM CONTINUING OPERATIONS</b>	4.1	<b>(12,643)</b>	<b>(7,024)</b>
Income tax (expense) benefit	7	770	503
<b>PROFIT (LOSS) AFTER TAX EXPENSE FROM CONTINUING OPERATIONS</b>		<b>(11,873)</b>	<b>(6,521)</b>
<b>Discontinuing operations</b>			
<b>PROFIT (LOSS) AFTER TAX EXPENSE FROM DISPOSAL GROUP</b>	12	<b>-</b>	<b>(649)</b>
<b>PROFIT (LOSS) FOR THE YEAR</b>		<b>(11,873)</b>	<b>(7,170)</b>
<b>PROFIT (LOSS) IS ATTRIBUTED TO:</b>			
Owners of PPK		(7,815)	(2,564)
Non-controlling interests		(4,058)	(4,606)
		(11,873)	(7,170)
<b>OTHER COMPREHENSIVE INCOME</b>			
		-	-
<b>OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>		<b>(11,873)</b>	<b>(7,170)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR IS ATTRIBUTABLE TO:</b>			
Owners of PPK Group Limited		(7,815)	(2,564)
Non-controlling interests		(4,058)	(4,606)
		(11,873)	(7,170)
<b>Earnings per share (in cents)</b>			
Basic	10	(8.8)	(2.9)
Diluted	10	(8.8)	(2.9)
<b>Earnings per share from continuing operations (in cents)</b>			
Basic	10	(8.8)	(2.2)
Diluted	10	(8.8)	(2.2)
<b>Earnings per share from discontinued operations (in cents)</b>			
Basic	10	-	(0.7)
Diluted	10	-	(0.7)

The accompanying notes form part of these financial statements.

# Consolidated Statement of Financial Position

as at 30 June 2023

	Notes	Consolidated Entity	
		2023 \$'000	2022 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	13	39,999	53,008
Trade and other receivables	14	2,995	2,177
Inventories	15	12,077	313
Income Tax Receivable		610	-
Other current assets	16	2,246	160
<b>TOTAL CURRENT ASSETS</b>		<b>57,927</b>	<b>55,658</b>
<b>NON-CURRENT ASSETS</b>			
Investment recognised at fair value	17	2,895	3,402
Interest bearing loans to related parties	18	-	2,000
Investment property	19	-	4,102
Investments in associates and joint ventures	21	9,814	10,762
Property, plant and equipment	23	10,642	5,439
Right-of-use assets	24	6,146	1,256
Intangible assets and goodwill	25	44,617	37,475
Deferred tax assets	7	2,900	785
Other non-current assets	16	639	97
<b>TOTAL NON-CURRENT ASSETS</b>		<b>77,653</b>	<b>65,318</b>
<b>TOTAL ASSETS</b>		<b>135,580</b>	<b>120,976</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	26	10,050	1,672
Lease liabilities	27	803	171
Deferred revenue	28	1,984	-
Provisions	29	4,751	372
Taxes provision	7	469	1,172
<b>TOTAL CURRENT LIABILITIES</b>		<b>18,057</b>	<b>3,387</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	30	3,346	2,756
Lease liabilities	27	5,524	1,129
Provisions	29	60	80
Other non-current liabilities	31	1,417	-
Deferred tax liability	7	1,466	1,039
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>11,813</b>	<b>5,004</b>
<b>TOTAL LIABILITIES</b>		<b>29,870</b>	<b>8,391</b>
<b>NET ASSETS</b>		<b>105,710</b>	<b>112,585</b>
<b>EQUITY</b>			
Contributed equity	33	62,155	62,175
Treasury shares	33.4	(109)	(109)
Reserves	34	40,875	38,969
Retained earnings (accumulated losses)		(27,340)	(19,525)
Capital and reserves attributable to owners of PPK		75,581	81,510
Non-controlling interests		30,129	31,075
<b>TOTAL EQUITY</b>		<b>105,710</b>	<b>112,585</b>

The accompanying notes form part of these financial statements.



# Consolidated Statement of Cash Flows

for the year ended 30 June 2023

		Consolidated Entity	
	Notes	2023 \$'000	2022 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		8,816	42,498
Cash payments to suppliers and employees		(18,637)	(49,880)
Interest received		1,544	197
Interest paid		(311)	(176)
Income taxes refunded (paid)		(961)	(709)
Net cash provided by (used in) operating activities	6.1	(9,549)	(8,070)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchases of plant and equipment		(3,468)	(2,929)
Payment for purchase of investment property		-	(4,179)
Proceeds from sale of investment property		5,503	-
Proceeds from sale of Treasury shares		-	3,208
Proceeds from sale of financial assets at FVTPL		673	950
Payments for intangibles		(3,664)	(4,774)
Payments for loans advanced		(5,235)	-
Proceeds from loans repaid		3,400	1,569
Payments for investments in associates and joint ventures		-	(7,488)
Payment for acquisition of investment		(540)	-
Payment for acquisition of business - net of cash acquired		(401)	-
Increase in cash from a change in accounting from an associate to a subsidiary		-	8,672
Increase in cash from demerger of disposal group held for sale		-	1,164
Dividend received from equity accounted investment		-	298
Net cash provided by (used in) investing activities		(3,732)	(3,509)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		4,000	2,335
Repayment of borrowings		(6,250)	-
Proceeds from capital raisings in controlled entities		2,963	35,160
Transaction costs on issue of shares		(126)	(184)
Principal payment for lease liabilities		(315)	(2,003)
Payment of dividend by BNNTTPL to non-controlling interests		-	(1,029)
Finance costs		-	(57)
Net cash provided by (used in) financing activities		272	34,222
Net increase (decrease) in cash held		(13,009)	22,643
Cash at the beginning of the financial year		53,008	30,365
Cash at the end of the financial year	6.2	39,999	53,008

The accompanying notes form part of these financial statements

## Consolidated Statement of Changes in Equity

for the year ended 30 June 2023

CONSOLIDATED ENTITY	Notes	Issued Capital (Note 33) \$'000	Treasury Shares (Note 33.4) \$'000	Accumulated Losses \$'000	Capital Reserves (Note 34) \$'000	Reserve of Disposal Group Held for Sale \$'000	Total Attributable to Owners of PPK Group Ltd \$'000	Non-Controlling Interests \$'000	Total Equity \$'000
At 1 July 2022		62,175	(109)	(19,525)	38,969	-	81,510	31,075	112,585
Total comprehensive income (loss) for the year		-	-	-	-	-	-	-	-
Profit (loss) for the year		-	-	(7,815)	-	-	(7,815)	(4,058)	(11,873)
Total comprehensive income (loss) for the year		-	-	(7,815)	-	-	(7,815)	(4,058)	(11,873)
Issue of share capital for Long Term Incentive Plan	33.2	-	-	-	-	-	-	-	-
Issue of performance rights	34.1	-	-	-	775	-	775	-	775
Issue of performance rights in a subsidiary company	34.1	-	-	-	274	-	274	-	274
Reserves attributable to non-controlling interests	34.1	-	-	-	(274)	-	(274)	274	-
Transaction costs for issue of share capital	34.1	(20)	-	-	(32)	-	(52)	-	(52)
Issue of capital in a controlled entity	21.1	-	-	-	1,833	-	1,833	1,573	3,406
Non-controlling interest arising in PPE business combination	22.3	-	-	-	-	-	-	595	595
Other movements	34.2	-	-	-	(670)	-	(670)	670	-
At 30 June 2023		62,155	(109)	(27,340)	40,875	-	75,581	30,129	105,710

The accompanying notes form part of these financial statements

For personal use only

## Consolidated Statement of Changes in Equity

for the year ended 30 June 2022

CONSOLIDATED ENTITY	Notes	Issued Capital (Note 33) \$'000	Treasury Shares (Note 33.4) \$'000	Accumulated Losses \$'000	Capital Reserves (Note 34) \$'000	Reserve of Disposal Group Held for Sale \$'000	Total Attributable to Owners of PPK Group Ltd \$'000	Non-Controlling Interests \$'000	Total Equity \$'000
<b>At 1 July 2021</b>		75,348	(203)	(17,915)	19,068	350	76,648	11,616	88,264
<b>Total comprehensive income (loss) for the year</b>		-	-	-	-	-	-	-	-
Profit (loss) for the year		-	-	(2,564)	-	-	(2,564)	(4,606)	(7,170)
<b>Total comprehensive income (loss) for the year</b>		-	-	(2,564)	-	-	(2,564)	(4,606)	(7,170)
Issue of share capital for Long Term Incentive Plan	33.2	331	-	-	(331)	-	-	-	-
Issue of performance rights	33.2	-	-	-	600	-	600	-	600
Issue of performance rights in a subsidiary company	33.1	-	-	-	821	-	821	-	821
Reserves attributable to non-controlling interests	33.1	-	-	-	(886)	-	(886)	886	-
Transaction costs for issue of share capital	33.1	(14)	-	-	-	-	(14)	-	(14)
Treasury shares sold	33.4	-	94	3,113	-	-	3,207	-	3,207
Reserves of a Disposal Group held for sale	12	-	-	-	-	-	-	-	-
Dividends paid by in specie distribution	10(d)	-	-	(2,509)	-	-	(2,509)	-	(2,509)
Dividends paid		-	-	-	-	-	-	(1,029)	(1,029)
Return of Capital – Demerger	33.1	(13,490)	-	350	-	(350)	(13,490)	-	(13,490)
Issue of capital in a controlled entity	21.1	-	-	-	16,680	-	16,680	18,174	34,854
Change in a non-controlling interest held by a controlled entity, net of costs		-	-	-	3,017	-	3,017	191	3,208
Non-controlling interest arising in BNNTTPL's business combination	22.3	-	-	-	-	-	-	5,843	5,843
<b>At 30 June 2022</b>		62,175	(109)	(19,525)	38,969	-	81,510	31,075	112,585

The accompanying notes form part of these financial statements

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 1 CORPORATE INFORMATION

The financial statements of the consolidated entity, being PPK Group Limited and its 100% owned subsidiaries ("PPK" or "the Company") and its other controlled entities ("the "Group") for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Directors on 24 August 2023 and covers PPK Group Limited and its controlled entities as required by the *Corporation Act 2001*.

PPK is a for-profit company limited by shares, incorporated and domiciled in Australia. Its shares are publicly traded on the Australian Securities Exchange.

Separate financial statements for PPK Group Limited ("Parent Company") as an individual entity are not required to be presented, however, limited financial information for PPK Group Limited is provided as an individual entity in Note 11.

PPK invests capital and expertise in high potential science and technology opportunities with a current focus on nanomaterials, artificial intelligence, and energy solutions. PPK also invests in more advanced revenue and profit generating companies.

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation and Statement of Compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs, except for investments measured at fair value.

The consolidated financial statements provide comparative information in respect of the previous period. The accounting policies have been consistently applied to the entities of the consolidated entity unless otherwise stated.

PPK is a type of company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore, amounts in the financial statements and Directors' report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

### 2.2 New and revised standards that are effective for these financial statements

There were no first time standards and amendments effective for the financial period ended 30 June 2023 that are material to the Company. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards that became effective during the reporting period

#### *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to AASB 37*

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendment did not have a material impact on the financial statements.

#### *Reference to the Conceptual Framework – Amendments to AASB 3*

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of AASB 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of AASB 137 Provisions, Contingent Liabilities and Contingent Assets or Interpretation 21 Levies, if incurred separately. The exception requires entities to apply the criteria in AASB 137 or Interpretation 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to AASB 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 New and revised standards that are effective for these financial statements (continued)

#### *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to AASB 116 Property, plant and equipment*

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced whilst bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

#### *AASB 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for AASB 139 Financial Instruments: Recognition and Measurement. In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

### 2.3 Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of the entities that the Group controls at 30 June each year.

The Parent Company controls an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and could affect those returns through its power over the entity (Note 2.25). Potential voting rights that are substantive, whether or not they are exercisable or convertible, are considered when assessing control. All entities have a reporting date of 30 June.

All intercompany balances and transactions, including unrealised profits arising from intergroup transactions have been eliminated on consolidation. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective.

Profit or loss and other comprehensive income of entities acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of an entity's profit or loss and net assets that is not held by the Group.

The Group attributes total comprehensive income or loss of an entity between the owners of the parent and the non-controlling interests based on their respective ownership interests. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

### 2.4 Business combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of an entity is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. When a business combination arises and no consideration is paid, the fair value of the Group's investment prior to acquisition is used in lieu of consideration paid. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values unless otherwise required by the relevant accounting standard. Where there is no consideration transferred, the Group attributes to the owners of the acquiree the amount of the acquiree's net assets recognised in accordance with the relevant accounting standard.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.5 Investment in joint venture

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group has a contractual arrangement whereby decisions about the relevant activities of the joint venture require the unanimous consent of the joint venturers that control the joint venture. A joint venture is accounted for in the consolidated financial statements as an investment and accounts for the investment using the equity method of accounting. Under the equity method the Group's share of the post-acquisition profit or loss of the joint venture is recognised in consolidated profit or loss and the Group's share of the post-acquisition movements in other comprehensive income of the joint venture is recognised in consolidated other comprehensive income. However, before applying equity accounting, the Group adjusts for any post-acquisition movements attributable to investments in subsidiaries of the Group. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends and distributions received from the joint venture reduces the carrying amount of the investment in the consolidated financial statements.

Any goodwill or fair value adjustment attributable to the Group's share in the joint venture is not recognised separately and is included in the amount recognised as an investment.

When the Group's share of post-acquisition losses in a joint venture exceeds its interest in the joint venture (including any unsecured receivables), the Group does not recognise further losses unless it has obligations to, or has made payments, on behalf of the joint venture.

### 2.6 Investments in associates

Associates are entities over which the Group has significant influence but not control. Associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method the Group's share of the post-acquisition profit or loss of the associates is recognised in consolidated profit or loss and the Group's share of the post-acquisition movements in other comprehensive income of associates is recognised in consolidated other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends and distributions received from associates reduce the carrying amount of the investment in the consolidated financial statements.

Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment. When the Group's share of post-acquisition losses in an associate exceeds its interest in the associate (including any unsecured receivables), the Group does not recognise further losses unless it has obligations to, or has made payments, on behalf of the associate.

### 2.7 Foreign currency translation

The consolidated financial statements are presented in Australian Dollars (\$AUD), which is also the functional currency of the Parent Company and all subsidiaries, associates and joint ventures.

Foreign currency transactions during the period are converted to Australian currency at rates of exchange applicable at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses, whether realised or unrealised, resulting from the settlement of such transactions, amounts receivable and payable in foreign currency at the reporting date, and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year end and are measured at historical cost (translated using the exchange rate at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.8 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the procurement services, because it typically controls the goods or services before transferring them to the customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts or both.

To determine whether to recognise revenue, the Company follows a 5-step process:

- Identify the contract with a customer;
- Identify the performance obligations;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations; and
- Recognise revenue when/as performance obligations are satisfied.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods or services, the Group considers the effects of variable consideration, existence of a significant financing component, warranty obligations, and consideration payable to the customer (if any).

#### (i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts provide customers with a right to return the goods within a specified period. The Group also provides retrospective volume rebates to certain customers once the quantity of purchases during the period exceeds the threshold specified in the contract. The rights of return and volume rebates give rise to variable consideration.

##### 1. Rights of return

The Group uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer.

##### 2. Volume rebates

Under some customer contracts, batteries are sold with retrospective volume discounts based on aggregate sales over a specific period. Revenue from these sales is recognised based on the price specified in the contract, net of any estimated volume discounts. Accumulated experience is used to estimate and provide for these discounts using the most likely amount method, and revenue is only recognised to the extent that it is probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. The disclosures of significant estimates and assumptions relating to the estimation of variable consideration for returns and volume rebates are provided in Note 2.25.

#### (ii) Significant financing component

The Group receives advance payments from customers in instances where they do not hold a credit account or sufficient size, or where a custom project is entered into. Unsatisfied performance obligations in respect of sales receipts received in advance are recognised as a contract liability. The Group reviews these transactions to determine if there is a significant financing component for these contracts, considering the length of time between the customers' payment and the transfer of the equipment, as well as the prevailing interest rate in the market. Where a significant financing component is identified, the transaction price for these contracts is discounted, using the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price of the equipment to the amount paid in advance). This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

The Group applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.8 Revenue from contracts with customers (continued)

No element of financing is deemed present on sales credit terms provided to customers, as sales terms are short-term in nature, ranging from invoice date plus 30 days to end of month plus 60 days.

#### (iii) Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law, and in accordance with its standard warranty terms. The warranty period can be up to 10 years, depending on the product sold. These assurance-type warranties are accounted for as warranty provisions. Refer to the accounting policy on warranty provisions in Note 2.21.

The following specific recognition criteria must also be met before revenue is recognised:

#### *Sale of goods*

Revenue from the sale of BNNT is recognised at a point in time when they leave the manufacturing plant and control has passed to the buyer. Revenue is measured at the fair value of consideration received or receivable, net of returns, trade allowances and duties and taxes paid.

Revenue from the sale of manufactured batteries, cabinets and accessories is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods to the customer's location.

#### *Management fees*

Revenue is recognised as it accrues on a monthly basis for the performance of services provided under agreement.

#### *Interest income*

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

#### *Government grants*

Income from government grants is recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions. When the grant relates to an income item, it is recognised in the profit and loss when the Company will comply with all attached conditions. When the grant relates to an expense item, it is recognised in the profit and loss as other operating income on a systematic basis over the periods in which the Company recognises as expense the related costs for which the grants are intended to compensate. When the grant relates to an asset, it is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset.

### 2.9 Operating expenses

Operating expenses are recognised in the profit or loss upon utilisation of the services or at the date of their origin.

### 2.10 Share-based payments

The Group operates equity-settled share right-based incentive plans for its directors and employees. None of the Group's plans feature any share rights for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where directors and employees are rewarded using share right-based payments, the cost of directors' and employees' services is determined by the fair value at the date when the grant is made using an appropriate valuation model and revalued when modified. Market performance conditions and non-vesting conditions are reflected within the grant date fair value.

All share-based remuneration is ultimately recognised in employee benefits expense with a corresponding credit to share rights reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on best available estimate of the number of share rights expected to vest.

Non-market vesting conditions are included in assumptions about the number of share rights that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share rights expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share rights ultimately exercised are different to that estimated on vesting.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.11 Finance costs

All borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period that is necessary to complete and prepare the asset for its intended use or sale. Other finance and borrowing costs are expensed in accordance with the effective interest rate method.

### 2.12 Cash

For the purposes of the statement of cash flows, cash includes cash on hand, and at call deposits with banks or financial institutions that have a maturity of no more than three months, net of bank overdrafts as they are considered an integral part of the Group's cash management.

### 2.13 Trade receivables and other receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.16.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through the profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Group applies a simplified approach to calculating ECLs. The Group recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### 2.14 Inventories

Raw materials, consumables and finished goods are stated at the lower of cost or net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of standard costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.15 Property, plant and equipment

Land and buildings are brought to account at cost less, where applicable, any accumulated depreciation. After initial recognition, land and buildings are measured at fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation or amortisation and impairment. The cost of fixed assets constructed within the Group includes the cost of materials used in construction, direct labour and an appropriate proportion of fixed and variable overheads.

The depreciable amount of all fixed assets, including buildings and capitalised leased assets but excluding freehold land, is depreciated over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in the profit before income tax of the consolidated entity in the year of disposal.

Class of Fixed Asset	Depreciation Rate
Leasehold Improvements	Straight Line over the term of the lease
Plant & Equipment	10-50%
Building	4%

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.16 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

#### Research and Development

Research is recognised as an expense as incurred. Costs incurred on development (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets at cost less any accumulated amortisation and impairment losses and amortised over the period of expected future sales from the related projects which vary from 5 - 7 years. The carrying value of development costs is tested annually for impairment when the asset is not yet ready for use, or when events or circumstances indicate that the carrying value may be impaired.

#### Intellectual Property

Intellectual Property is recognised when it is probable that it will generate future economic benefits and its costs can be measured reliably. Intellectual Property has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. The asset is tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For intellectual property in BNNTTPL, amortisation is calculated on a straight line basis over the number of years of its expected benefit being the expiration of the exclusive global licence over the BNNT manufacturing technology on 31 May 2038.

For personal use only

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.17 Financial instruments

#### Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group's investments are at fair value through profit and loss.

#### i) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Financial assets are classified according to the characteristics of their contractual cash flow and the Group's business model for managing them. Except for those trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do contain a significant financing component for which the Group has applied the practical expedient are measured at the transaction price as disclosed in Note 2.13.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit and loss ("FVTPL"), irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date (i.e. the date that the Group commits to purchase or sell the asset).

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through the OCI with no recycling of cumulative gains or losses upon derecognition (equity instruments)
- Financial assets at FVTPL

#### Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised. The Group's financial assets at amortised cost includes trade receivables.

#### Financial assets fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, impairment losses or reversals are recognised in the statement of profit and loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition the cumulative fair value change recognised in OCI is recycled to profit or loss. The Group has no debt instruments at fair value through OCI.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.17 Financial instruments (continued)

#### Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group has no equity instruments at fair value through OCI.

#### Financial assets at FVTPL

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments, listed and unlisted equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement, and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all of the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### Impairment

Further disclosures relating to impairment of financial assets are also provided in Note 2.25.

#### ii) Financial liabilities

##### Initial measurement and recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.17 Financial instruments (continued)

#### Subsequent measurement

For the purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at FVTPL
- Financial liabilities at amortised cost (loans and borrowings)

#### Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated up initial recognition as FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are designated as hedging instruments in hedge relationships as defined by AASB 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied.

#### Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a current enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 2.18 Disposal Group held for sale

The Group classified a disposal group as held for sale when the carrying amounts of their assets were realised through a demerger of the assets by a return of capital to shareholders rather than through continuing use. A disposal group classified as held for sale is measured at the lower of their carrying amount and fair value less costs to demerge. Costs to demerge are the incremental costs directly attributable to the disposal of the asset of the disposal group, excluding finance and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the disposal group was available for immediate sale in its present condition.

Property, plant and equipment and intangible assets were not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale were presented separately as current items on the statement of financial position in the previous year.

The disposal group qualified as a discontinued operation as it was a component of an entity that has been classified as held for sale and represents a separate major line of business or geographic area of operations.

Held-for-sale assets were excluded from the results of continuing operations and were presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

The Discontinued Operations identified in the 30 June 2022 finance year is the Mining Equipment Group. Additional disclosures are provided in Note 12. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise. The Mining Equipment Group was demerged from the Group on 29 June 2022.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.19 Trade and other payables

These amounts represent unpaid liabilities for goods received and services provided to the Group prior to the end of the financial year. The amounts are unsecured and are normally settled within 30 to 60 days, except for imported items for which 90 or 120 day payment terms are normally available.

### 2.20 Borrowings

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss statement over the period of the loans and borrowings using the effective interest method. Bank loans are subject to set-off arrangements.

### 2.21 Provisions

#### Employee benefit provisions (salary, wages and annual leave)

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled are recognised in other liabilities or provision for employee benefits in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

#### Warranty Provisions

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law, and in accordance with its standard warranty terms. Provisions related to these assurance-type warranties are recognised when the product is sold, or the service is provided to the customer. Initial recognition is based on historical experience. The estimate of warranty-related costs is revised annually.

#### Long service leave

Liabilities for long service leave are recognised as part of the provision for employee benefits and measure as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and period of service. Expected future payments are discounted using high quality corporate bond rates at the end of the reporting period with terms to maturity that match as close as possible, the estimated future cash outflows.

#### Retirement benefit obligations

The Group contributes to defined contribution superannuation funds for employees. All funds are accumulation plans where the Group contributed various percentages of employee gross incomes, the majority of which were as determined by the superannuation guarantee legislation. Benefits provided are based on accumulated contributions and earnings for each employee. There is no legally enforceable obligation on the Group to contribute to the superannuation plans other than requirements under the superannuation guarantee legislation. Contributions are recognised as expenses as they become payable.

### 2.22 Income tax

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

Deferred tax assets are only recognised for deductible temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or liability if they arose in a transaction other than a business combination that at the time of the transaction did not affect either accounting profit or taxable profit.

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

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if there is reasonable certainty that future taxable amounts will be available to utilise those temporary differences and losses.

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

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.22 Income tax (continued)

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

PPK Group Limited and its wholly owned Australian subsidiaries have implemented the tax consolidation legislation and entered into a tax funding agreement and a tax sharing agreement for the whole of the financial year, where each subsidiary will compensate PPK Group Limited for the amount of tax payable that would be calculated as if the subsidiary was a tax paying entity. PPK Group Limited is the head entity in the tax consolidated group.

The separate taxpayer within a group approach has been used to allocate current income tax expense and deferred tax expense to wholly-owned subsidiaries that form part of the tax consolidated group. PPK Group Limited has assumed all the current tax liabilities and the deferred tax assets arising from unused tax losses for the tax consolidated group via intercompany receivables and payables because a tax funding arrangement has been in place for the whole of the financial year. The amounts receivable/payable under tax funding arrangements are due upon notification by the head entity. Interim funding notices may also be issued by the head entity to its wholly-owned subsidiaries in order for the head entity to be able to pay tax instalments.

### 2.23 Dividends

Provision is made for dividends declared, and no longer at the discretion of the Group, on or before the end of the financial year but not distributed at the end of the reporting period.

### 2.24 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### 2.24.1 Right-of-use assets

In the previous year, the Group recognised right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets were measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- |                       |              |
|-----------------------|--------------|
| - Buildings           | 2 to 9 years |
| - Plant and equipment | 2 to 4 years |

If ownership of the leased asset transfer to the Group at the end of the lease term or the costs reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

#### 2.24.2 Lease liabilities

At the commencement date of the lease, the Group recognised lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease payments included fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depended on an index or rate, and amounts expected to be paid under residual lease guarantees. The lease payments also included the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that did not depend on an index or a rate were recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.24 Leases (continued)

In calculating the present value of lease payments, the Group used its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease was not readily determinable. After the commencement date, the amount of lease liabilities was increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (i.e. changes to future payments resulting from a change in an index or rate to be used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### 2.24.3 Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

#### 2.24.4 Group as lessor

Leases in which the group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Variable lease payments are recognised as revenue in the period in which they are earned.

When assets are leased out under finance leases, the present value of the lease payments is recognised as a lease receivable. Any difference between the present value of the lease receivable and the asset derecognised is recorded in the profit and loss. Interest income is recognised as the discount unwinds.

### 2.25 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

#### Significant Management Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

##### *Determining Control of an Entity*

With respect to the Group's assessment of its control of Li-S Energy Limited, management has used significant judgement to determine the power the Group has over the entities, the exposure or rights, to variable returns from its involvement with the entities and the ability to use its power over the entities to affect the amount of the returns from those entities to determine whether the Group controls the entity. In assessing its power over the entities, management considers:

- the direct and indirect interest the Group holds in each entity;
- the relationship the Group has with Deakin, the research and development provider and other large shareholder of each entity;
- and the relationship the Group has with BNNTTPL, 51.02% owned by the Group and 28.57% owned by Deakin, which is the supplier of BNNT to the entity, and whether there is a long term supply agreement in place.

The Group considers that it is contracted to provide both funding and commercialising the development of the BNNT application projects each entity undertakes, it provides key management personnel, critical services, technology, supplies and raw materials thus it is responsible for affecting the outcomes and economic returns of the entity.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.25 Significant accounting judgements, estimates and assumptions (continued)

#### *Determining the lease term of contracts with renewal and termination options – Group as lessee*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts with extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew (e.g., change in business strategy).

#### *Impairment of intangibles – development costs*

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on Management's judgement, after making inquiries from engineers, scientists and other qualified professionals that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, Management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and expected period of benefits.

This includes significant investment in the development of new manufacturing processes to fully automate the BNNT continuous production and to produce white graphene. Further investment is incurred in relation to BNNT application projects and white graphene application projects to undertake the research and development of new and existing technologies and products where nanomaterials such as BNNT and white graphene can be used to create and/or improve these technologies and products.

Intangible assets not yet ready for use require an annual impairment test. Management has used significant judgement to determine there was no impairment that occurred after the initial recognition of the intangible asset. Management made this assessment using either:

- estimated future cash flows from the investment; and
- Using a market capitalisation of the relevant subsidiary to determine the implied enterprise value of the company and its assets was significantly in excess of the carrying value of the intangible assets.

Based on the information available to support the estimates made, Management concluded there was no impairment charge of the intangibles at the reporting date (2022: nil);

#### *Impairment of non-current assets*

Management has used significant judgement to evaluate conditions specific to the Group that indicate individual assets may be impaired in relation to property, plant and equipment. Based on the information available to Management, there were no such indicators at the reporting date.

#### *Investment in a joint venture*

Management has used significant judgement to determine there was no objective evidence of impairment, as a result of one or more events that occurred after the recognition of the investment on the 30 June 2023, which might impact on the estimated future cash flows from the investment. Based on the information available to Management, there was no impairment indicators for the investments in a joint venture at the reporting date (see Note 22.2).

#### *Investment in equity instruments*

Management has used significant judgement to determine the fair value of the investment in Zeta Energy LLC which LIS has made an investment in (see Notes 17 and 20).

#### *Deferred consideration*

Deferred consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. As part of the acquisition of PowerPlus Energy Pty Ltd (PPE), deferred consideration with an estimated fair value of \$1,379,000 was recognised at the acquisition date, and remeasured to amortised cost of \$1,417,000 as at the reporting date. The deferred consideration is in the form of a fixed price path to purchase an additional 25.0% of PPE for \$1,800,000 at a future date of up to 23 months post-acquisition.



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.25 Significant accounting judgements, estimates and assumptions (continued)

#### *Recognition of goodwill and subsequent assessment for impairment*

Management uses significant judgement to identify and determine the fair value of the assets and liabilities acquired when PPK gains control of a subsidiary.

Management has used significant judgement to evaluate the recoverable amount of cash generating units which have goodwill allocated to them. Based on the information available to Management, no impairment expense was required to be recorded at the reporting date.

#### *Share-based payments*

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant.

PPK has a new long term incentive plan called the Executive Rights Plan which is managed by a Trust on behalf of executives and senior managers who are offered Performance Rights which can be converted to PPK shares on a one-for-one basis subject to meeting the vesting conditions. There were two tranches issued during the financial year; Special Catch-Up Grant and FY23 Performance Rights.

Management has reviewed the terms and conditions of each tranche to determine the value of each Right, the service period for which each Right pertained to, the vesting period for each Rights and the period for which the Rights are expensed (Note 5.1).

#### *Revenue recognition – Estimating variable consideration for returns and volume rebates*

The Group estimates variable consideration to be included in the transaction price for the sale of goods with rights of return and volume rebates.

The Group has developed a statistical model for forecasting sales returns. The model uses the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Group applied the statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future. As at 30 June 2023, the amount recognised as refund liabilities for the expected returns and volume rebates was \$0.189 million (2022: \$nil)

#### *Deferred Tax Asset*

Deferred tax asset, including tax losses carried forward, are only recognised to the extent that there is reasonable certainty of realising future taxable amounts sufficient to recover the carrying value. Due to carry forward tax losses and an expectation that the current challenging industry conditions would continue in the short term, the Directors assessed that deferred tax assets would only be recognised to the extent of, and offset against, available deferred tax liabilities.

For personal use only

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.26 Earnings per share

#### Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of PPK, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

#### Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### 2.27 GST

Revenues and expenses are recognised net of GST except where 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.

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 balance sheet. Cash flows are included in the cash flow statement 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. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### 2.28 Investment properties

Investment properties are initially measured at cost including transaction costs. Subsequent to initial measurement, investment properties are carried at cost, less depreciation and any impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Group. Depreciation on investment properties is calculated on a straight-line basis over the estimated useful life of the asset of 25 years. Land is not depreciated.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the statement of profit or loss in the year that the item is derecognised.

### 2.29 Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

On 24 August 2023, being the date of approval of the financial report, the Directors believe it is appropriate to prepare the financial report on a going concern basis.

In making this assessment the Directors have identified and considered:

- \$39.999 million of cash (2022: \$53.880 million) of which \$3.840 million is directly held by PPK (2022: \$4.810 million);
- PPK has a secured loan receivable from CIB of \$1.835 million, due to be repaid in the next financial year;
- PPK expects to receive circa \$1.700 million of management fees from non-wholly owned subsidiary companies and associates for providing shared support services in the next financial year;
- PPK has strategic ownership in ASX listed companies which have a market value of approximately \$0.287 million (2022: \$0.892 million) and would be available for sale, if required;
- LIS (a subsidiary in which PPK owns 290.849 million (2022: 290.849 million) shares) listed on the ASX on 28 September 2021. The shares are escrowed until 28 September 2023;
- WGL undertook a capital raise of \$3.623 million and received binding subscriptions for 7.247 million shares at 50 cents. PPK owns 81.000 million (2022: 81.000 million) shares in WGL, valuing PPK's shares at \$40.500 million. The shares would be available for sale, if required; and
- PPK has access to sufficient working capital funds to finance the planned research and development programs of the nanomaterial businesses.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 3 REVENUE AND OTHER OPERATING INCOME

### 3.1 Revenue from contracts with customers

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from the operating segments and other income as disclosed in Note 4 from contracts with customers:

Segments	Notes	Consolidated Entity	
		2023 \$'000	2022 \$'000
<b>Type of goods or services</b>			
Sale of goods		5,086	27
Rendering of services		1,266	1,620
<b>Total revenue from contracts with customers</b>		<b>6,352</b>	<b>1,647</b>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time		5,086	27
Services rendered over time		1,266	1,620
<b>Total revenue from contracts with customers</b>		<b>6,352</b>	<b>1,647</b>

#### Geographic location of Customers

In the 2023 financial year, the operating segments operate only in Australia.

#### Customer Concentration

In the 2023, financial year two customers in the energy storage segment individually made up more than 10.0% of the Group's revenues from contracts with customers. Customer 1 made up circa \$1.300 million, and Customer 2 made up circa \$0.800 million of the Group's revenues from contracts with customers.

In addition, the Corporate segment earned revenues from subsidiary companies which were eliminated on consolidation, and also from an associate or a joint venture and recognised in the rendering of services category of revenue (Note 38).

### 3.2 Other Operating Income (Loss)

	Notes	Consolidated Entity	
		2023 \$'000	2022 \$'000
Rental income	4.1	61	311
Foreign exchange gain (loss) on financial assets at FVTPL	6.1	87	251
Gain (loss) on financial assets at FVTPL	6.1	(2,169)	(419)
Gain (loss) on sale of financial assets at FVTPL		1,488	49
Finance income		1,593	174
Impairment of a loan		25	(112)
Grant income		-	-
		<b>1,084</b>	<b>254</b>

For personal use only

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 4 SEGMENT INFORMATION

The Group applies AASB 8 Operating Segments whereby segment information is presented using a “management approach” i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision makers.

Operating segments have been determined on the basis of reports reviewed by the Directors. The Directors are considered to be the chief operating decision makers of the Group.

PPK has become a technology incubation and commercialisation company with its main focus on the manufacture and sale of nanomaterials and energy storage solutions. As these companies mature into commercial operations, independent board and management are appointed to manage these companies on behalf of the various shareholders.

These companies are differentiated by the amount of involvement PPK has with their operations. As either the major shareholder or having responsibilities to commercialise the technologies, PPK maintains an active role in the management of these companies through the appointment of directors and other key management personnel.

PPK deems that it controls these companies and accounts for them as ‘technology subsidiary companies’ for segment reporting and includes:

- BNNT Technology Pty Ltd
- Li-S Energy Limited
- White Graphene Limited
- BNNT Precious Metals Limited
- Strategic Alloys Pty Ltd
- 3D Dental Technology Pty Ltd

PPK deems that it controls Powerplus Energy Pty Ltd and accounts for the company as a controlled subsidiary. Powerplus Energy is reported in the Energy Storage segment.

For those companies which PPK does not control the operations of the business and is reliant on the management to operate the business, PPK equity accounts these entities separately and for segment reporting. They include:

- Advanced Mobility Analytics Group Pty Ltd
- Craig International Ballistics Pty Ltd
- Ballistic Glass Pty Ltd

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 4 SEGMENT INFORMATION (continued)

### 4.1 Year ended 30 June 2023

Reportable Segments	Notes	Technology			<sup>1</sup> Corporate/ Unallocated \$'000	Total \$'000
		Energy Storage \$'000	Subsidiary Companies (Note 20) \$'000	Associates and Joint Ventures \$'000		
Revenue from contracts with customers <sup>2</sup>	3.1	5,081	5	-	1,266	6,352
Rental income	3.2	-	-	-	61	61
Foreign exchange gain (loss) on financial assets at FVTPL		31	59	-	(3)	87
Gain (loss) on financial assets at FVTPL		-	104	-	(2,273)	(2,169)
Gain (loss) on sale of financial assets at FVTPL		-	36	-	1,452	1,488
Finance income		-	1,373	-	220	1,593
Impairment of a loan		-	-	-	25	25
Share of profit (loss) of an associate and a joint venture		-	-	135	-	135
<b>Total revenue and other income</b>		<b>5,112</b>	<b>1,577</b>	<b>135</b>	<b>748</b>	<b>7,572</b>
<b>Segment expenses include</b>						
Cost of sales		(3,434)	(12)	-	-	(3,446)
Administration expenses	20	(1,234)	(5,471)	-	(6,145)	(12,850)
Share based payment expense	5.3	-	(273)	-	(775)	(1,048)
Costs to defend a dispute of a business acquisition		-	-	-	(820)	(820)
Short term leases		-	-	-	-	-
Interest expense		(130)	(139)	-	(103)	(372)
Depreciation and amortisation		(227)	(1,334)	-	(118)	(1,679)
<b>Total expenses</b>		<b>(5,025)</b>	<b>(7,229)</b>	<b>-</b>	<b>(7,961)</b>	<b>(20,215)</b>
<b>Segment profit (loss)</b>		<b>87</b>	<b>(5,652)</b>	<b>135</b>	<b>(7,213)</b>	<b>(12,643)</b>
Current assets		15,704	37,358	-	4,865	57,927
Non-current assets		7,539	62,674	9,814	(2,374)	77,653
<b>Total assets</b>		<b>23,243</b>	<b>100,032</b>	<b>9,814</b>	<b>2,491</b>	<b>135,580</b>
Current liabilities		15,296	2,164	-	597	18,057
Non-current liabilities		6,557	10,529	-	<sup>3</sup> (5,273)	11,813
<b>Total liabilities</b>		<b>21,853</b>	<b>12,693</b>	<b>-</b>	<b>(4,676)</b>	<b>29,870</b>
<b>Total net assets</b>		<b>1,390</b>	<b>87,340</b>	<b>9,814</b>	<b>7,166</b>	<b>105,710</b>

1 Does not include \$1,278,000 in management fees charged by the corporate office to provide shared support services to the subsidiary companies, eliminated on consolidation.

2 Does not include \$85,559 of intercompany sales in subsidiary companies, eliminated on consolidation

3 Includes adjustments eliminating interest in related party transactions.



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

**NOTE 4 SEGMENT INFORMATION** (continued)**4.2 Year ended 30 June 2022**

Reportable Segments	Notes	Technology			Total \$'000
		Subsidiary Companies \$'000	Associates and Joint Ventures \$'000	<sup>1</sup> Corporate/ Unallocated \$'000	
Revenue from contracts with customers <sup>2</sup>	3.1	27	-	1,620	1,647
Rental income	3.2	47	-	264	311
Gain on re-measurement of equity interest at fair value		-	-	11,648	11,648
Foreign exchange gain (loss) on financial assets at FVTPL		251	-	-	251
Gain (loss) on financial assets at FVTPL		-	-	(419)	(419)
Gain (loss) on sale of financial assets at FVTPL		-	-	49	49
Finance income		45	-	129	174
Impairment of a loan		-	-	(112)	(112)
Share of profit (loss) of an associate and a joint venture		-	(4,039)	-	(4,039)
<b>Total revenue and other income</b>		370	(4,039)	13,179	9,510
<b>Segment expenses include</b>					
Administration expenses	20	(7,884)	-	(5,080)	(12,964)
Share based payment expense	5.3	(821)	-	(600)	(1,421)
Costs to defend a dispute of a business acquisition		-	-	(839)	(839)
Short term leases		(70)	-	(220)	(290)
Interest expense		(36)	-	(43)	(79)
Depreciation and amortisation		(835)	-	(106)	(941)
<b>Total expenses</b>		(9,646)	-	(6,888)	(16,534)
<b>Segment profit (loss)</b>		(9,276)	(4,039)	6,291	(7,024)
Current assets		48,118	-	7,540	55,658
Non-current assets		49,190	10,762	5,366	65,318
<b>Total assets</b>		97,308	10,762	12,906	120,976
Current liabilities		1,875	-	338	2,213
Non-current liabilities		7,522	-	<sup>3</sup> (1,344)	6,178
<b>Total liabilities</b>		9,397	-	(1,006)	8,391
<b>Total net assets</b>		87,911	10,762	13,912	112,585

1 Does not include \$1,887,000 in management fees charged by the corporate office to provide shared support services to the subsidiary companies, eliminated on consolidation.

2 Does not include \$119,000 of intercompany sales in subsidiary companies, eliminated on consolidation.

3 Includes adjustments eliminating interest in related party transactions.

Included in total expenses reported above are the following employee benefits expenses:

	Notes	Consolidated Entity	
		2023 \$'000	2022 \$'000
Wages and salaries		6,846	4,354
Post-employment benefits		555	300
Share based payments		1,048	1,421
<b>Total employee benefits expense</b>		<b>8,449</b>	6,075

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 5 SHARE BASED PAYMENT EXPENSE

### 5.1 PPK Share Based Payments

PPK has two share payment programs for employee remuneration; the Executive Rights Plan and the Long Term Incentive Plan.

#### Executive Rights Plan

A summary of the grants currently on issue are as follows:

Grant	FY22	Special Catch up	FY23
Term (if not exercised within that Term the Rights will lapse).	15 years	15 years	15 years
Service condition	1 July 2021 to 30 June 2022	1 July 2021 to 30 June 2023	1 July 2022 to 30 June 2023
Performance Rights	Each vested Right can be exercised for one share in PPK Group Limited.	Each vested Right can be exercised for one share in PPK Group Limited.	Each vested Right can be exercised for one share in PPK Group Limited.
Measurement Period	The Measurement Period for the FY22 Performance Rights is a period of 3 years from 1 July 2021.	The Measurement Period for the Special Catch-Up Grant is a period of 2 years ending on 30 June 2023.	The Measurement Period for the FY23 Performance Rights is a period of 3 years from 1 July 2022.
Vesting Conditions <sup>1</sup>	Strategic – 40% Operational Goals – 40% ESG Goals – 20%	Strategic – 40% Operational Goals – 40% ESG Goals – 20%	Strategic – 30% Operational Goals – 35% ESG Goals – 10% aTSR – 25%

1 The nature and weighting of the vesting conditions are consistent for each Participant but the vesting conditions are tailored for the role than each Participant performs. The Remuneration & Nomination Committee will use their judgement to assess whether the vesting conditions have been met.

	No of Rights (#)	Share Price (\$)	Rights Value (\$)	2023 Expense (\$)	2022 Expense (\$)
Special Catch-Up Grant	61,913	5.30	328,138	164,069	164,069
FY22 Performance Rights	82,298	5.30	436,180	-	436,180
FY23 Performance Rights	462,976	1.52	611,128	611,128	-
Total				775,198	600,249

The Special Catch-Up Grant Rights are expensed on a straight-line basis from 1 July 2021 to 30 June 2023 being the service period for each Participant.

The FY23 Performance Rights were fully expensed this financial year in line with their service period condition as they are in relation to the Participant's June 2023 remuneration, although the assessment of the vesting conditions are determined over a three year measurement period.

The share price on grant is determined based on a 20-day VWAP. There are no exercise prices for these rights.

#### LTI Plan

PPK previously had an LTI in place which is still managed as a Trust on behalf of the remaining participants, being one director, and one senior manager of PPK. The vested Performance Rights can be converted to PPK shares on a one-for-one basis. The previous LTI plan was approved by shareholders at the Annual General Meeting on 27 November 2018.

A McDonald was offered 50,000 performance rights due to the time and services provided in connection with the BNNTTPL acquisition and its subsequent development and advancement and this was approved by the shareholders at the Annual General Meeting on 26 November 2019. The performance rights have all vested but remain unexercised.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 5 SHARE BASED PAYMENT EXPENSE (continued)

### 5.2 Group Share Based Payments

Group companies also have share based payments. While the purpose and approach of each plan are consistent with that of PPK, the plans are tailored of the requirements of each individual entity and the directors and executives that participate may not be key management personnel of PPK.

#### 5.2.1 LIS Share Payments

LIS has two share payment programs, one for non-executive directors and one for executives.

##### *NED Equity Plan*

LIS has adopted the NED Equity Plan under which the Board of the Company may invite Non-Executive Directors to apply for Service Rights to be issued in accordance with, and subject to the terms of the Plan. Each Service Right is an entitlement, upon vesting and exercise, to an ordinary fully paid Share in the Company.

NEDs sacrifice total Director fees of \$80,000 for 160,000 Service Rights and the Chairman sacrifices total Director fees of \$120,000 for 240,000 Service Rights for each 12 month period. There is no amount payable other than the sacrificed fees for the Service Rights. The Directors believe that accepting Share Rights in lieu of cash remuneration aligns their risk/reward with that of the Shareholders.

The number of Service Rights are calculated by dividing the amount of sacrificed fees by the Share price of \$0.50 per Share being the price at which Shares were issued in the April 2021 capital raise. The fair value of these Service Rights at the time that they were granted have been independently valued at \$0.50 each.

The Service Rights were issued as at 1 May 2021 and vest in three equal tranches on 30 April 2022, 2023 and 2024, providing the NED holds the office of NED on those dates. Each consecutive tranche commences annually on the vesting date of the prior tranche. All NEDs met the vesting requirements for Tranche 1.

##### *Executive Rights Plan*

On 12 November 2020 the LIS CEO was granted 1,000,000 Service Rights which vest in four equal tranches on 30 April 2022, 2023, 2024 and 2025, subject to continuity of employment during the Measurement Periods. The Service Rights at the time that they were granted were independently valued at \$0.065 each and have a nil exercise price. Each consecutive tranche commences annually on the vesting date of the prior tranche and, if the CEO ceases employment during a tranche, then Service Rights for that tranche will vest in proportion to the time elapsed as served in the tranche and all subsequent tranches will lapse. The CEO has met the vesting requirements for Tranches 1 and 2.

On 15 June 2022 the LIS CTO was granted 200,000 Service Rights which vested on 30 June 2022. The Service Rights were valued at \$0.425 each, being the closing share price at the date of the grant and have a nil exercise price. Service Rights that have vested may be exercised any time after 30 June 2024.

Each Service Right is an entitlement, upon vesting and exercise, to an ordinary fully paid Share in the Company. The Board may at any time by written instrument, or by resolution of the Board, amend or repeal all or any of the provisions of the Plan. Non-Executive Directors are excluded from Participation in the Plan.

### 5.3 Share Based Payments

	Notes	Consolidated Entity	
		2023 \$'000	2022 \$'000
Subsidiary Companies	4.1	273	821
PPK Parent Company	4.1, 5.1	775	600
		1,048	1,421

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 6 CASH FLOW INFORMATION

		Consolidated Entity	
	Notes	2023 \$'000	2022 \$'000
<b>6.1 Reconciliation of profit (loss) after income tax to the cash provided by operating activities</b>			
Profit (loss) after income tax from continuing operations		(11,873)	(6,521)
Profit (loss) after income tax from discontinued operations		-	(649)
Profit (loss) after tax		(11,873)	(7,170)
Cash flows in operating activities but not attributable to operating result:			
Non-cash flows in operating profit:			
Income tax benefit	7	(770)	(503)
Unrealised foreign exchange (gain) loss		(233)	(251)
Unrealised (gain) loss on financial assets at FVTPL		(9)	419
Realised (gain) loss on sale of financial assets at FVTPL	4.1	2,169	(49)
Depreciation and amortisation	4.1	1,679	941
Finance costs		231	-
Impairments	4.1	(25)	112
Share of profit of associates and a joint venture, after tax	4.1	(135)	4,039
Share based payments expense	5.3	1,048	1,421
Gain on re-measurement of equity interest at fair value	22.3	-	(11,648)
Accounting loss on demerger of disposal group held for sale	12	-	4,391
Loss (gain) on sale of property, plant & equipment		(1,489)	-
Changes in assets and liabilities:			
Decrease (increase) in trade and other receivables		(819)	(1,663)
Decrease (increase) in prepayments		(250)	9
Decrease (increase) in inventories		(11,784)	697
(Decrease) increase in provisions		4,361	448
(Decrease) increase in deferred revenue		1,984	-
(Decrease) increase in trade creditors and accruals		6,366	737
Net cash (used in) provided by operating activities		(9,549)	(8,070)
<b>6.2 Reconciliation of Cash</b>			
For the purposes of the cash flow statement, cash includes:			
Cash on hand			-
At call deposits with financial institutions		39,999	53,008
	13	39,999	53,008

For personal use only

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 7 INCOME TAX EXPENSE

Notes	Consolidated Entity	
	2023 \$'000	2022 \$'000
<b>(a) The prima facie tax payable (benefit) on the profit (loss) before income tax is reconciled to the income tax expense as follows:</b>		
Profit (loss) before tax – Continuing Operations	(12,644)	(7,024)
Profit (loss) before tax – Disposal Group	-	(649)
Profit (loss) before tax	(12,644)	(7,672)
Prima facie tax payable (benefit) at 25.0% (2022: 25.0%)	(3,161)	(1,918)
(Non-assessable income) non-deductible expenses	(240)	(7)
Current year losses for which no deferred tax asset was recognised	1,604	2,124
Deferred tax assets related to equity transactions	(62)	(346)
Current year temporary differences for which no deferred tax asset or liability was recognised	1,261	242
Other	(172)	(598)
Income tax expense (benefit)	(770)	(503)
The applicable weighted average effective tax rates are as follows:	6.1%	6.6%
All income tax expense/(benefit) is attributable to continuing operations in 2022 and 2021.		
<b>(b) The components of tax expense comprise:</b>		
Current tax	(610)	1,172
Deferred tax	(54)	(1,729)
Share of associates tax expenses	-	-
(Over) under provision in respect of prior years	(107)	54
Income tax expense (benefit)	(770)	(503)
<b>(c) Recognised in the Statement of Financial Position</b>		
Deferred tax assets – tax losses	1,217	410
Deferred tax assets – temporary differences	3,020	624
Deferred tax liabilities – temporary differences	(2,801)	(1,288)
Total	1,436	(254)



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 7 INCOME TAX EXPENSE (continued)

		Consolidated Entity	
	Notes	2023 \$'000	2022 \$'000
<b>(d) Not recognised in the Statement of Financial Position</b>			
<i>Unrecognised deferred tax assets</i>			
Tax losses		8,395	7,274
Temporary differences		629	1,364
Total		9,024	8,638
<i>Movements</i>			
Opening balance		8,090	3,003
Tax losses not recognised current year		1,604	2,062
Adjustment for change in applicable tax rate		-	(131)
Reversal and de-recognition of deferred tax assets		(671)	2,853
Temporary differences not recognised current year		-	791
Adjustment related to transfer of losses from acquisition		-	60
Closing balance		9,024	8,638

The unrecognised tax loss asset is based on the Group's estimated available tax losses in the parent and its tax consolidated group and controlled entities totalling \$38.448 million (2022: \$30.736 million). These losses are subject to the finalisation of 2022 statutory income tax returns. The benefit of these losses will only be available in future periods should the Group a) continue to comply with the requirements of relevant legislation to carry these losses forward; b) generate sufficient taxable income to utilise; and changes to relevant legislation do not cause the losses to be lost.

## NOTE 8 AUDITORS' REMUNERATION

	Notes	Consolidated Entity	
		2023 \$	2022 \$
Remuneration of the auditor of the Company for:			
<u>Audit Services</u>			
Group audit fee per Financial Statements (including all subsidiaries)		525,815	400,701
<u>Audit-related Services</u>			
Independent Limited Assurance Report		-	43,350
<u>Non-audit Services</u>			
Tax compliance services and general taxation advice		145,100	232,975
Total fees for services provided		670,915	677,026

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 9 DIVIDENDS

Notes	Consolidated Entity	
	2023 \$'000	2022 \$'000
<b>(a) Dividends paid</b>		
2023 – Nil	-	-
2022 – 2.81 cents per share special ordinary dividend, which was fully satisfied by an in specie distribution of shares in PPK Mining Equipment Group Limited (PPKMEG) <sup>1</sup>	-	2,509
	-	2,509
<b>(b) Dividends declared after balance date</b>	-	-
<b>(c) Franked dividends</b>	-	-
Franking credits available for subsequent financial years based on a tax rate of 25% (2022 – 25%) <sup>2</sup>	234	234

1 PPK also completed a tax-free return of capital of 15.11 cents per share. The combined effect of the above is that PPK shareholders (other than foreign shareholders) received 1 share in PPKMEG for every 1 share held in PPK.

2 The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the current tax liability;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and
- franking credits that may be prevented from being distributed in subsequent financial years.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

## NOTE 10 EARNINGS PER SHARE

<b>(a) Reconciliation of Earnings to Net Profit</b>		
Earnings used in calculating Basic and Dilutive EPS from continuing operations	(7,815)	(1,915)
Earnings used in calculating Basic and Dilutive EPS from discontinued operations	-	(649)
Profit (loss) for the year	(7,815)	(2,564)

	No. of shares	No. of shares
<b>(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS</b>	89,289,296	87,621,784
<b>(c) Weighted average number of potential ordinary shares outstanding during the year used in calculation of diluted EPS)<sup>(1)</sup></b>	89,289,396	87,621,784

	Cents	Cents
Earnings per share (in cents)		
Basic	(8.8)	(2.9)
Diluted	(8.8)	(2.9)
Earnings per share from continuing operations (in cents)		
Basic	(8.8)	(2.2)
Diluted	(8.8)	(2.2)
Earnings per share from discontinued operations (in cents)		
Basic	-	(0.7)
Diluted	-	(0.7)

The weighted average number of ordinary shares outstanding used in calculating diluted earnings per share in FY22 has not been adjusted for the 61,913 Special Catch-Up Grant performance rights and the 82,298 FY22 Performance Rights issued during the financial right as they are anti-dilutive.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

### NOTE 11 PARENT ENTITY INFORMATION

The following detailed information relates to the parent entity, PPK Group Limited. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	Notes	Consolidated Entity	
		2023 \$'000	2022 \$'000
Current assets		2,147	151
Non-current assets		42,390	43,844
Total assets		44,537	43,995
Current liabilities		-	3
Non-current liabilities		2,000	-
Total liabilities		2,000	3
Net assets		42,537	43,992
Contributed equity <sup>(1)</sup>		62,173	62,173
Retained earnings		(19,636)	(18,181)
Total equity		42,537	43,992
Profit (loss) for the year (including impairments) <sup>(2)</sup>		(1,455)	(1,666)
Impairment relating to demerger of disposal group held for sale <sup>(3)</sup>		-	(6,813)
Dividends received		-	7,381
Dividends paid	10	-	(2,509)
Other comprehensive income (loss) for the year		-	-

(1) In addition to the Parent Entity contributed equity, the Group's consolidated Contributed Equity includes Treasury Shares of \$0.109 million (see Note 33.4).

(2) Non-current asset balances include investments in subsidiaries which are held at cost or net recoverable value after impairments.

(3) The impairment is the difference between the book value of the disposal group held for sale and the fair market value of \$16.000 million as determined by an independent third party.

See Note 37 for contingent assets and liabilities.

For personal use only

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 12 DISCONTINUED OPERATIONS

In the 2020 Annual Report, separation of the PPK mining equipment business (PPKMEG) was disclosed in the Chairman's Report and on 29 June 2022 PPKMEG was demerged from PPK.

At 30 June 2021 PPKMEG was classified as Disposal Group assets held-for-sale and the Mining Equipment segment was no longer presented in the segment note. The information presented in Note 13 includes the revenues, expenses and cashflow that were consolidated in PPK's financial results for the period to 29 June 2022, being the date that the demerger was effected.

The results of the Discontinued Operations for the year are presented below:

Statement of Profit or Loss	Notes	Consolidated Entity	
		2023 \$'000	2022 \$'000
Revenue from contracts with customers		-	36,659
Rental income		-	1,200
		-	37,859
Other income		-	12
Total revenue and other income		-	37,871
Expenses		-	
Cost of sales		-	(28,567)
Employee expenses		-	(2,586)
Share based payment expense	5.3	-	-
Administration expenses		-	(2,560)
Warranty costs		-	-
Short-term leases		-	(319)
Impairment of assets		-	-
Depreciation		-	-
Interest expense		-	(97)
Total expenses		-	34,129
<b>Profit (loss) before tax expense from discontinued operations</b>		-	(3,742)
Income tax expense (benefit) attributable to profit		-	-
<b>Profit (loss) after tax expense from discontinued operations</b>		-	(3,742)
<b>Accounting loss on demerger of disposal group held for sale</b>		-	<b>(4,391)</b>
		-	<b>(649)</b>

If PPKMEG was not classified as a disposal group held for sale, the depreciation and amortisation of the fixed assets, right-of-use assets and intangible assets would have been Nil (2022: \$2.459 million).

The net cash flows incurred by PPKMEG are:

Opening balance	-	545
Net cash inflow (outflow) from operating activities	-	3,584
Net cash inflow (outflow) from investing activities	-	(1,281)
Net cash inflow (outflow) from financing activities	-	(3,467)
<b>Closing balance</b>	-	<b>(619)</b>

Earnings per share	cents	cents
Basic from discontinued operations	-	(0.7)
<b>Diluted from discontinued operations</b>	-	<b>(0.7)</b>

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 13 CASH AND CASH EQUIVALENTS - CURRENT

	Notes	Consolidated Entity	
		2023 \$'000	2022 \$'000
Cash at bank and on hand	6.2	39,999	53,008

## NOTE 14 TRADE AND OTHER RECEIVABLES - CURRENT

Trade receivables	14.1	2,667	1,829
GST receivable		438	348
		3,105	2,177
Less: allowance for expected credit losses		(110)	-
<b>Total</b>		<b>2,995</b>	<b>2,177</b>

### 14. 1 Trade receivables

Current trade receivables are non-interest bearing and are generally 30 to 60 day terms. Included in the Group's trade receivables balance are debtors with a net carrying amount of \$123,000 (2022: \$Nil) which are past due at the reporting date. Refer to Note 2.13

## NOTE 15 INVENTORIES - CURRENT

<b>Inventories</b>		<b>12,077</b>	313
Held at net realisable value:			
Raw materials		4,776	-
Finished goods		5,763	313
Work in progress		1,538	-
		<b>12,077</b>	<b>313</b>

During the period \$nil was recognised as an expense in cost of sales, for adjusted to carry inventories at net realisable value (2022: \$nil). During the period \$3.315 million of inventories were recognised as an expense in cost of sales.

## NOTE 16 OTHER ASSETS

<b>CURRENT</b>			
Prepayments		407	160
Other Receivables		3	-
Loan Receivable from Associate - secured		1,835	-
<b>TOTAL</b>		<b>2,246</b>	<b>160</b>

### NON-CURRENT

Deposits		639	97
----------	--	-----	----

For personal use only



## Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

### NOTE 17 INVESTMENTS RECOGNISED AT FAIR VALUE - NON-CURRENT

	Notes	Consolidated Entity	
		2023 \$'000	2022 \$'000
Financial assets at FVTPL		2,895	3,402
Listed equity investments	2.17	287	892
Unlisted equity investment	2.17	2,608	2,510
		2,895	3,402

The fair value of listed equity investments are determined by reference to the published closing price of the shares on the ASX on 30 June 2023.

LIS has 1,729,000 Class B common shares in Zeta Energy valued at USD\$1.00 per share at 30 June 2023. The number of shares and their value, based on the most recent capital raise, has been confirmed by Zeta Energy and the investment at USD\$1,729,000 equates to AUD\$2,607,843 at the prevailing exchange rate on 30 June 2023 of \$0.6630 with the movement of \$98,000 recognised as a gain on investment at FVTPL.

### NOTE 18 INTEREST BEARING LOANS - NON-CURRENT

Interest bearing loan - unsecured	-	2,000
-----------------------------------	---	-------

As a consideration of the demerger of PPK Mining Equipment Group Limited, PPK provided an unsecured loan. Interest was fixed for the period of the loan at 4.52%, capitalised monthly against the loan. The loan was repaid during the period.

### NOTE 19 INVESTMENT PROPERTY - NON-CURRENT

Investment Property	-	4,102
Land	-	1,663
Buildings - at cost	-	2,516
Less: Accumulated depreciation	-	(77)
	-	2,439
	-	4,102

The purchase price of the land and building was \$4.102 million, including transaction costs. It was apportioned between the land and the building based on an estimate of the cost to purchase development land in the same location and the cost to build a comparable building at the time the investment property was purchased. The building was being depreciated on a straight-line basis over the estimated useful life of 25 years. The investment property was being leased to Mask Innovation (Note 37.2), a subsidiary of an associated company, for \$240,000 per annum, plus outgoings.

The investment property was sold on 4 May 2023 for \$5.500 million. Transaction costs in relation to the sale were \$0.110 million.

### NOTE 20 SUBSIDIARY COMPANIES

During the 2023 financial year, PPK had four subsidiaries that had material transactions which were consolidated into the PPK financial statements; LIS, WGL, BNNTTPL and PPE.

Refer to the Review of Active Operations for detailed information relating to the subsidiaries.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

**NOTE 20 SUBSIDIARY COMPANIES** (continued)**2023****SUBSIDIARY**

Summarised statement of financial position	LI-S \$'000	BNNTTPL \$'000	WGL \$'000	PPE \$'000
<b>Assets</b>				
Cash and cash equivalents	33,451	273	1,112	1,303
Trade and other receivables	188	29	48	2,482
Inventories and other current assets	90	304	3	10,919
Property, plant and equipment	2,864	3,817	1,816	1,054
Intangible assets	6,145	2,479	1,164	1,595
Investments <sup>1</sup>	2,607	13,500	-	-
Deferred tax asset	723	922	-	1,865
Other non-current assets	4,054	924	-	4,810
Total assets	50,122	22,248	4,143	24,029
<b>Liabilities</b>				
Trade and other payables	(1,114)	(249)	(220)	(12,625)
Lease and provisions	(1,139)	(1,165)	(15)	(6,480)
Deferred Tax Liability	-	(4,356)	-	-
Interest bearing loans	-	-	-	(2,749)
Total liabilities	(2,253)	(5,770)	(235)	(21,854)
Total identifiable net assets	47,869	16,478	3,908	2,175
Non-controlling interest	(28,350)	3,002	(1,928)	(595)
<b>Net assets attributable to the Group</b>	<b>19,519</b>	<b>19,480</b>	<b>1,980</b>	<b>1,580</b>
<b>Summarised statement of profit or loss</b>				
Revenue from contracts with customers	-	77	-	5,081
Other income	1,282	95	37	-
Cost of sales	-	(12)	-	(3,434)
Administration expenses	(2,353)	(1,594)	(688)	(1,205)
Professional fees	(816)	(106)	(221)	(29)
Management fees	(720)	(264)	(264)	-
Directors' fees	-	-	(80)	-
Finance costs	(61)	(75)	-	(130)
Share based payments expense	(273)	-	-	-
Depreciation and amortisation expense	(462)	(621)	(250)	(227)
Forex gains/(losses)	68	(6)	(2)	31
Unrealised gain (loss) on investment at FVTPL	-	(2,900)	-	-
Profit (loss) for the year before income tax (continuing operations)	(3,335)	(5,406)	(1,468)	87
Income tax benefit (expense)	-	1,459	-	131
Profit (loss) for the year after income tax (continuing operations)	(3,335)	(3,947)	(1,468)	218
Attributable to:				
Equity holders of parent	(1,373)	(3,078)	(884)	224
Non-controlling interest	(1,962)	(869)	(584)	(6)

1 BNNTTPL holds investments in LIS and WGL, which are eliminated on consolidation.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 20 SUBSIDIARY COMPANIES (continued)

During the 2022 financial year, PPK had three subsidiaries that had material transactions which were consolidated in the PPK financial statements; LIS, WGL and BNNTTPL.

### 2022

#### SUBSIDIARY

Summarised statement of financial position	LI-S \$'000	BNNTTPL \$'000	WGL \$'000
<b>Assets</b>			
Cash and cash equivalents	43,853	3,912	422
Trade and other receivables	157	-	58
Other current assets	63	2,182	-
Property, plant and equipment	1,092	1,932	563
Intangible assets	3,317	2,629	1,675
Investments	2,540	16,400	-
Deferred tax asset	785	-	-
Other non-current assets	240	1,037	-
Total asset	52,017	28,092	2,718
<b>Liabilities</b>			
Trade and other payables	(743)	(893)	(87)
Other current liabilities	-	(1,172)	-
Deferred tax liability	-	(4,656)	-
Lease and provisions	(281)	-	-
Total liabilities	(1,024)	(6,721)	(87)
Total identifiable net assets	50,993	21,371	2,631
Non-controlling interest	26,647	10,519	940
<b>Net assets attributable to the Group</b>	24,346	10,852	1,691
<b>Summarised statement of profit or loss</b>			
Revenue from contracts with customers	-	82	-
Cost of sales	-	(58)	-
Other income	90	2	-
Employee benefit expense	-	(787)	-
Administration expenses	(1,679)	(385)	(229)
IPO expenses	(2,382)	(1,052)	-
Professional fees	(891)	-	(1,275)
Management fees	(660)	-	(120)
Directors' fees	-	-	(60)
Finance costs	(7)	(29)	-
Share based payments expense	(821)	-	-
Depreciation and amortisation expense	(232)	(531)	(72)
Unrealised gain (loss) on investment at FVTPL	251	-	-
Profit (loss) for the year before income tax (continuing operations)	(6,271)	(2,758)	
Income tax benefit (expense)	-	698	
Profit (loss) for the year after income tax (continuing operations)	(6,271)	(2,060)	(1,756)
Attributable to:			
Equity holders of parent	(3,193)	(1,051)	(1,033)
Non-controlling interest	(3,078)	(1,009)	(723)

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 21 INVESTMENTS IN ASSOCIATES - NON-CURRENT

	Consolidated Entity	
	2023 \$'000	2022 \$'000
Investment in associates	9,814	10,762
Craig International Ballistics Pty Ltd	6,084	5,417
AMAG Holdings Australia Pty Ltd	3,654	3,791
Ballistic Glass Pty Ltd	76	62
Survivon Limited	-	1,492
	9,814	10,762

During the 2023 financial year, PPK had four investments that were accounted for as associates, Mask Innovation (refer to Note 22.1 for information in relation to the closure of Mask Innovation), Ballistic Glass, AMAG and CIB.

### 2023

	MI \$'000	BG \$'000	AMAG \$'000	CIB \$'000
<b>Summarised Statement of financial position</b>				
Current assets	-	1	1,668	5,144
Non-current assets	-	71	12,020	15,336
Current liabilities	-	(78)	(1,039)	(2,443)
Non-current liabilities	-	-	(1,405)	(4,516)
<b>Equity</b>	-	(6)	12,244	13,521
Group's share in equity %	47.6%	40%	32.5%	45%
Group's share in equity \$	-	(2)	3,654	6,084
Adjustment for loan from PPK	-	78	-	-
<b>PPK's carrying amount of the investment</b>	-	76	3,654	6,084
<b>Summarised statement of profit (loss)</b>				
Revenue from contracts with customers	-	-	933	13,415
Cost of sales	-	-	-	(7,876)
<b>Gross Profit</b>	-	-	933	5,539
Other Income	-	-	-	82
Employee expenses	-	-	(950)	(861)
Administration expenses	(122)	-	(976)	(1,820)
Depreciation and amortisation	-	-	(1,381)	(869)
Finance costs	-	-	-	(353)
Profit (loss) for the year before income tax	(122)	-	(2,374)	1,718
Income tax benefit (expense)	-	-	962	(436)
Profit (loss) for the year after income tax	(122)	-	(1,412)	1,282
Total comprehensive income (loss) for the year after tax	(122)	-	(1,412)	1,282
Group's share of profit (loss) for the year	(60)	-	(472)	577
Adjustment for investment in Li-S at Fair Value	-	-	-	90
<b>PPK's share of profit (loss)</b>	(60)	-	(472)	667

For personal use only

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

### NOTE 21 INVESTMENTS IN ASSOCIATES - NON-CURRENT (continued)

During the 2022 financial year, PPK had three investments that were accounted for as associates, BG, AMAG and CIB, and two investments that were accounted for an investment in a joint venture, Survivon and BNNTL:

#### 2022

	BG \$'000	AMAG \$'000	CIB \$'000
<b>Summarised Statement of financial position</b>			
Current assets	2	1,097	7,877
Non-current assets	57	11,264	14,284
Current liabilities	(5)	(520)	(5,953)
Non-current liabilities	(66)	(1,009)	(3,869)
<b>Equity</b>	(12)	10,832	12,339
Group's share in equity %	40%	35%	45%
Group's share in equity \$	(4)	3,791	5,553
Adjustment of investment in LIS at fair value	-	-	(127)
Adjustment for interest charged by PPK	-	-	(9)
Adjustment for loan from PPK	66	-	-
<b>PPK's carrying amount of the investment</b>	62	3,791	5,417
<b>Summarised statement of profit (loss)</b>			
Revenue from contracts with customers	-	595	15,943
Profit (loss) for the year before income tax	(5)	(272)	(536)
Income tax benefit (expense)	-	68	234
Profit (loss) for the year after income tax	(5)	(204)	(302)
Total comprehensive income (loss) for the year after tax	(5)	(204)	(302)
Group's share of profit (loss) for the year	2	(69)	(136)
Adjustment of investment in LIS at fair value			20
Adjustment for interest charged by PPK	(2)		9
PPK's share of profit (loss)	-	(69)	(107)



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 22 INVESTMENTS IN JOINT VENTURES - NON-CURRENT

During the 2023 financial year, Survivon was accounted for as a Joint Venture up until 2 August 2022. Refer to Note 22.1,

During the 2022 financial year. PPK had two investments that were accounted for as a Joint Ventures, Survivon (Note 22.1) and BNNTTPL (Note 22.2).

### 22.1 Investment in Survivon

#### Disposal of Survivon Limited and acquisition and closure of Mask Innovation

Survivon owned the intellectual property for the copper mask technology and the mask manufacturing company Mask Innovations (MI). PPK had a 47.62% interest which was accounted for using the equity method in the consolidated financial statements.

On 2 August 2022, Survivon completed a selective share buyback from its shareholders with both shareholders selling 100% of its shareholding to Survivon. PPK received \$0.864 million for its interest in Survivon and used these funds to acquire 91% of the shares in MI from Survivon. The shareholders then terminated the Shareholder Agreement on the same date. As a result, PPK's interest in Survivon as a joint venture ceased and PPK had a 91% interest in MI as a subsidiary.

PPK completed its strategic review of MI and decided to begin winding-up the business. As a result, PPK wrote off the value of its investment in the joint venture of \$0.693 million and in the subsidiary of \$1.461 million, total losses during this period are \$2.154 million.

	Consolidated Entity	
	2023 \$'000	2022 \$'000
<b>Summarised Statement of financial position</b>		
Current assets	-	880
Non-current assets	-	5,611
Current liabilities	-	(4,381)
Non-current liabilities	-	(294)
<b>Equity</b>		1,816
Group's share in equity – 47.62%	-	864
Adjustment for loan from PPK	-	628
<b>PPK's carrying amount of the investment</b>	-	1,492
<b>Summarised statement of profit (loss)</b>		
Revenue from contracts with customers	-	923
Profit (loss) for the year before income tax	(135)	(7,634)
Income tax benefit (expense)	-	-
Profit (loss) for the year after income tax	(135)	(7,634)
Total comprehensive income (loss) for the year after income tax	(135)	(7,634)
Group's share of profit (loss) for the year	(64)	(3,636)
Adjustment for interest charged by PPK	4	7
<b>PPK's share of profit (loss)</b>	(60)	(3,629)

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 22 INVESTMENTS IN JOINT VENTURES - NON-CURRENT (continued)

### 22.2 Investment in BNNTTPL

PPK gained control of BNNTTPL on 4 August 2021 and accounted for the change as a business combination in accordance with AASB 3 Business Combinations. Following the business combination, PPK consolidates BNNTTPL as a subsidiary and no longer accounts for its interest as a joint venture (Note 22.3).

		Consolidated Entity	
	Notes	2023 \$'000	2022 \$'000
<b>Summarised statement of profit or loss<sup>1</sup></b>			
Revenue from contracts with customers		-	-
Cost of sales		-	-
Gross profit		-	-
Other income		-	14,000
Employee expenses		-	(70)
Administration expenses		-	(331)
Depreciation and amortisation		-	(58)
Finance costs		-	-
Profit (loss) for the year before income tax (continuing operations)		-	13,541
Income tax benefit (expense)		-	(3,200)
Profit (loss) for the year after income tax (continuing operations)		-	10,342
Total comprehensive income (loss) for the year after income tax (continuing operations)		-	10,341
Adjustment for investment in LIS at fair value		-	(14,000)
Adjustment for tax effect of investment in LIS at fair value		-	5,655
Adjustment for investment in WGL at fair value		-	-
Adjustment for tax effect of investment in WGL at fair value		-	832
Adjustment for intercompany sales of BNNT		-	-
Adjustment for tax effect of intercompany sales of BNNT		-	-
Adjustment for interest charged by PPK		-	-
Adjusted total comprehensive income (loss) for the year after income tax (continuing operations)		-	(459)
PPK's share of profit (loss)		-	<b>(234)</b>

<sup>1</sup> For the period ending 4 August 2021 when the investment was a joint venture and equity accounted.

Subsequent to this, BNNTTPL became a subsidiary as a result of a business combination (Note 22.3).

See Note 2.25 for more detail.

On 16 July 2021, BNNTTPL sold 10,000,000 shares in Li-S for \$8,500,000.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 22 INVESTMENTS IN JOINT VENTURES - NON-CURRENT (continued)

### 22.3 Change in Accounting for BNNTTPL

On 4 August 2021, the Shareholders and Directors of BNNTTPL executed a Deed of Variation of Shareholders Agreement with BNNTTPL pursuant to which a number of material changes were made, relevantly resulting in:

- Deakin having a single nominee on the board;
- AIC Investment Corporation being entitled to nominate two directors being Robin Levison and Mark Winfield;
- The directors appointed Glenn Molloy as Chairman;
- Ordinary Decisions of Shareholders will require a simple of votes cast by the Shareholders;
- Special Majority Decisions of the Board is 75%;

As a result of the above changes, PPK gained control of BNNTTPL on 4 August 2021 and accounted for the change as a business combination in accordance with AASB 3 *Business Combinations*. PPK was required to re-measure its previously held equity interest in BNNTTPL at fair value as at 4 August 2021 and recognise the resulting gain or loss in profit or loss. Following the business combination, PPK consolidates BNNTTPL as a subsidiary and no longer accounts for its interest as a joint venture (Note 22.3). To determine the resulting gain or loss and the value of the goodwill recognised, PPK performed the following three step process:

*Step 1 - Re-measure previously held equity interest in a joint venture at its acquisition fair value and recognise the resulting gain or loss:*

	Notes	4 August 2021 \$'000
Fair value of equity interest in BNNTTPL <sup>1</sup>		35,357
Less: Carrying value of investment in a joint venture		(23,709)
Gain on re-measurement of equity interest at fair value		11,648

*Step 2 - Identify the fair value of identifiable net assets:*

#### Assets

Cash and cash equivalents	8,677
Trade and other current assets	1,741
Property, plant and equipment	2,798
Intangibles	2,780
<b>Total assets</b>	<b>15,996</b>

#### Liabilities

Trade and other payables	(643)
Income tax payable	(2,715)
Deferred tax liability	(709)
<b>Total liabilities</b>	<b>(4,067)</b>
<b>Fair value of identifiable net assets acquired</b>	<b>11,929</b>

*Step 3 - Calculate the amount of goodwill acquired:*

Consideration transferred	35,357
Less: Fair value of BNNTTPL's identifiable net assets acquired	(11,929)
	23,428
Non-controlling interest in BNNTTPL, based on proportionate share of identifiable net assets	5,843
Goodwill	29,271

1 Where the Group owns an associate or joint venture which has a holding in a subsidiary, the Parent's interest in the subsidiary is determined based on both the directly held interest and the effective interest indirectly held by the associate or joint venture (a look through approach). Accordingly, in accounting for the business combination of BNNTTPL, the fair value of the previously held equity interest in BNNTTPL, the identifiable net assets of BNNTTPL acquired, and non-controlling interest in BNNTTPL will be adjusted to exclude BNNTTPL's interest in LIS and WGL.

If BNNTTPL had been acquired on 1 July 2021, revenue for PPK to 4 August 2021 would have been nil and PPK would have recognised a pre-tax loss of \$0.234 million (Note 22.2).

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

### NOTE 23 PROPERTY PLANT AND EQUIPMENT - NON-CURRENT

	Notes	Consolidated Entity	
		2023 \$'000	2022 \$'000
Plant and equipment - at cost		12,664	7,771
Less: accumulated depreciation and impairment		(2,022)	(2,332)
		10,642	5,439
Reclassified to assets-held-for sale		-	-
Total property, plant and equipment		10,642	5,439

	Leasehold Improvements \$'000	Plant & Equipment \$'000	Total \$'000
<b>Consolidated - 2023</b>			
Carrying amount at start of year	-	5,439	5,439
Revaluation	-	-	-
Additions <sup>(1)</sup>	24	5,117	5,141
Acquired as part of business combination	622	432	1,054
Disposals	-	(82)	(82)
Transfers	-	-	-
Depreciation & amortisation expense	(2)	(908)	(910)
Carrying amount at end of year	644	9,998	10,642
<b>Consolidated - 2022</b>			
Carrying amount at start of year	-	530	530
Revaluation	-	-	-
Additions	-	3,108	3,108
Acquired as part of business combination	-	2,798	2,798
Disposals	-	(1)	(1)
Transfers	-	-	-
Depreciation & amortisation expense	-	(466)	(466)
Carrying amount at end of year	-	5,439	5,439

(1) Included in additions of Plant and Equipment of \$5.117 million is \$0.270 million (2022: \$0.118 million) of employee costs capitalised for the work undertaken in relation to equipment being built.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 24 RIGHT-OF-USE ASSETS

	Notes	Consolidated Entity	
		2023 \$'000	2022 \$'000
Right-of-use assets - Properties at cost		6,788	1,420
Less: accumulated depreciation and impairment		(642)	(164)
		6,146	1,256
<b>Consolidated</b>			
Carrying amount at start of year		1,256	-
Revaluation		-	-
Additions		983	1,427
Acquired as part of business combination		4,385	-
Disposals		-	-
Transfers		-	69
Depreciation & amortisation expense		(478)	(240)
		6,146	1,256
<b>Carrying amount at end of year</b>		<b>6,146</b>	<b>1,256</b>

Right of use assets are depreciated over the shorter of the useful life of the underlying asset or the lease term.

The leases recognised are at commercial rates, and vary in term from 12 months to 7 years plus options. Refer to Note 2.24 for the accounting policy applied by the Group. Refer to Note 27.3 for reconciliation of total amounts recognised in the profit or loss under AASB 16.

## NOTE 25 INTANGIBLE ASSETS AND GOODWILL - NON-CURRENT

Intangibles		44,617	37,475
BNNT application projects - at cost		9,743	6,912
Less: accumulated amortisation and impairment		(548)	(383)
		9,195	6,529
WGL application projects - at cost		1,164	1,675
Less: accumulated amortisation and impairment		-	-
		1,164	1,675
PPE Intangibles as a result of business combination		1,680	-
Less: Accumulated amortisation and impairment		(84)	-
		1,596	-
Goodwill		32,662	29,271
Less: Accumulated amortisation and impairment		-	-
		32,662	29,271
<b>Carrying amount at end of year</b>		<b>44,617</b>	<b>37,475</b>
Not yet ready for use		8,231	5,575
Other		37,510	31,900
		44,617	37,475

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 25 INTANGIBLE ASSETS AND GOODWILL - NON-CURRENT (continued)

Consolidated - 2023	Notes	Energy Storage Intangibles \$'000	Development Costs White Graphene Applications \$'000	Development Costs BNNT Applications \$'000	Goodwill \$'000	Total \$'000
Carrying amount at start of year		-	1,675	6,529	29,271	37,475
Additions <sup>1</sup>		-	712	2,831	-	3,543
Disposals						
Transfers		-	(1,223)	-	-	(1,223)
Acquired as part of business combination <sup>2</sup>	32	1,680	-	-	3,391	5,071
Amortisation and impairment expense		(84)	-	(165)	-	(249)
Carrying amount at year end		1,596	1,164	9,195	32,662	44,617

### Consolidated - 2022

Carrying amount at start of year		-	-	1,622	-	1,622
Additions <sup>(2)</sup>		-	1,675	2,510	-	4,185
Disposals		-	-	-	-	-
Transfers		-	-	-	-	-
Acquired as part of business combination <sup>(1)</sup>	22.3	-	-	2,780	29,271	32,051
Amortisation and impairment expense		-	-	(383)	-	(383)
Carrying amount at year end		-	1,675	6,529	29,271	37,475

1 Included in Development Costs BNNT Applications additions for the period is \$0.615 million (2022: \$0.311 million) of employee costs capitalised for the work undertaken in relation to intangible assets being developed.

2 Intangibles and Goodwill has been recognised on the acquisition of PPE, which has been provisionally accounted for at the date of this report. Further details are included at Note 31 – Business Combinations.

### Impairment Testing

The Group performed its annual impairment testing in June 2023. In calculating the recoverable amount of assets, a discounted cash flow (DCF) utilising the fair value less costs of disposal approach was used to determine the forecast future cash flows. In addition to performing a DCF on forecast future cash flows, management also considered alternative valuation procedures to take into consideration the observable asset price in the marketplace. In addition, at 30 June 2023, the market capitalisation of the Group was above the book value of its equity.

The Group has three cash generating units (CGU), being 1) BNNT Applications and 2) White Graphene Applications and 3) Energy Storage. The goodwill arising for the acquisition of PPE of \$3.391 million has been applied to the Energy Storage CGU, with the remaining balance of goodwill of \$29.271 million has been allocated to the BNNT Applications CGU.

The recoverable amount of a CGU or group of CGU's to which goodwill and other indefinite life intangible assets is allocated is determined based on the greater of its value-in-use and its fair value less costs of disposal. Fair value is determined either based on observable market transactions related to the CGU or through a discounted cash flows methodology. A fair value less costs of disposal assessment was conducted by using a discounted cash flow (DCF) methodology requiring Management to estimate future cash flows expected to arise from the CGU's and then applying a discounted rate to calculate present value. The recoverable amount excludes any estimated future cash inflows or outflows expected to arise from future restructuring or from improving or enhancing an assets performance.



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 25 INTANGIBLE ASSETS AND GOODWILL - NON-CURRENT (continued)

### Energy Storage CGU

The Group undertook impairment testing of this CGU using a fair value less costs of disposal model, utilising a discounted cash flow (DCF) requiring Management to estimate the future cash flows expected to arise from the CGU's and then applying a post-tax discount rate of 15.4% to calculate the present value. Each assumption is subject to significant judgement about future market conditions in which the CGU's operate. Forecasted cashflows are risk-adjusted allowing for estimated changes in the business operating conditions.

The key assumptions used in the estimation of the recoverable amount are set out below. The cash flow projections include estimates for eleven years and a terminal growth rate thereafter of 3.0%.

During the period ended 30 June 2023 the Group acquired a controlling interest in PowerPlus. PowerPlus is recorded in the Energy Storage CGU. As the investment in PowerPlus was undertaken on an arm's length basis at fair value, any decline in the recoverable value of the PowerPlus business may cause an impairment in the Energy Storage CGU.

### White Graphene Applications CGU

Intangible assets not yet ready for use require an annual impairment test. Management has used significant judgement to determine the recoverable amount based on discounted future cash flows as well as the current estimated enterprise value of the Group significantly exceeds the carrying amount of the Group's net assets and determined that no impairment charge after the initial recognition of the intangible assets was required. Management made this assessment using the equity raising price achieved in October 2022 by the operations in the CGU which implied a value for the CGU in excess of the recorded assets. No adverse events were noted post this equity raising to indicate a decline in recoverable value to 30 June 2023.

### BNNT Applications CGU

The Group undertook impairment testing of this CGU using a fair value less costs of disposal model, utilising a discounted cash flow (DCF) requiring Management to estimate the future cash flows expected to arise from the CGU's and then applying a post-tax discount rate of 17.5% to calculate the present value. Each assumption is subject to significant judgement about future market conditions in which the CGU's operate. Forecasted cashflows are risk-adjusted allowing for estimated changes in the business operating conditions.

The key assumptions used in the estimation of the recoverable amount are set out below. The cash flow projections include estimates for seven years and a terminal growth rate thereafter.

### Key Assumptions used in Fair Value calculations and sensitivity to changes in assumptions

The key assumptions determined by Management as being the most sensitive are as follows:

#### Cash flow growth rates

Budgeted cashflows were estimated based on expectations of future performance. Significant assumptions used in impairment testing are inherently subjective and changes in certain assumptions can lead to significant changes in the recoverable amount of these assets. The Group has based its impairment testing based on market conditions at 30 June 2023 and what Management believe can reasonably be expected at that date. Key assumptions in the cash flows include expansionary capital investment, revenue growth, cost of sales and operating expenses. These assumptions take into account management's expectations of market demand and operational performance.

#### Terminal growth rates

A terminal growth rate of 3% is applied into the terminal period. The terminal growth rate is not deemed to exceed the generally accepted future consumer price index (CPI) rate.

#### Discount rate

Discount rates represent the current market assessment of the risks specific to a CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on specific circumstances of the Group and its CGU's and is derived from its weighted average cost of capital (WACC). Management engaged a third-party specialist to provide the discount rates utilised in the fair value calculation of its CGU's.

The Group has performed sensitivity analysis of the reasonable possible changes in the key assumptions.

The sensitivity analysis focused on changes to the WACC, with movements of +/-0.5% not leading to a shortfall between the recoverable value and the carrying amount. A 1.0% increase in the WACC would result in a shortfall of circa \$9.846 million in the recoverable amount versus the carrying value.

For personal use only

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 26 TRADE AND OTHER PAYABLES - CURRENT

	Notes	Consolidated Entity	
		2023 \$'000	2022 \$'000
Trade payables - unsecured		8,368	787
Sundry payables and accruals - unsecured		1,682	885
		10,050	1,672

## NOTE 27 LEASE LIABILITIES

Current	803	171
Non-current	5,524	1,129
<b>Total</b>	<b>6,327</b>	<b>1,300</b>

### 27.1 Maturity analysis of contracted undiscounted cashflows

Not later than 1 year	1,281	276
Later than 1 year and not later than 3 years	2,450	429
Later than 3 years	4,334	977
<b>Total undiscounted lease payments</b>	<b>8,065</b>	<b>1,682</b>
Less: Present value adjustment	(1,738)	(382)
<b>Present value of future lease payments</b>	<b>6,327</b>	<b>1,300</b>

### 27.2 Reconciliation of movement in Lease Liabilities

Opening balance	1,300	-
New leases entered into	5,352	1,274
Modifications	-	-
Payments	(518)	-
Interest expense	193	26
<b>Closing lease liability</b>	<b>6,327</b>	<b>1,300</b>

The leases recognised are at commercial rates, and vary in term from 12 months to 7 years plus options. Refer to Note 2.24 for the accounting policy applied by the Group.

### 27.3 Total amounts recognised in the profit or loss under AASB 16:

Amortisation of right of use assets	358	240
Interest expense on lease liabilities	231	-
Expenses related to short-term leases	246	252
	835	492

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 28 DEFERRED REVENUE

	Notes	Consolidated Entity	
		2023 \$'000	2022 \$'000
Deferred Revenue		1,984	-

Refer to Note 2.8(ii) for the accounting policy applied by the Group for recognition of deferred revenue.

## NOTE 29 PROVISIONS

<b>Current</b>			
Annual leave		710	311
Long service leave		47	61
Warranty		3,994	-
<b>Total current</b>		<b>4,751</b>	372
<b>Non-Current</b>			
Make good		60	80
<b>Total Non-current</b>		<b>60</b>	80

Annual leave and current long service leave comprise amounts payable that are vested and could be expected to be settled within 12 months of the end of the reporting period.

Provisions for warranties comprises the estimated costs of future warranty claims under the assurance type warranty offered by PPE on its products sold. Refer to Note 2.21 for the accounting policy applied for warranty provisions.

Make good provision comprise estimated costs to return leased premises and assets to their contractual agreed condition on expiry of the lease.

## NOTE 30 INTEREST-BEARING LOANS AND BORROWINGS - NON-CURRENT

Other loans - unsecured <sup>1</sup>	597	506
Other loans - secured <sup>2</sup>	2,749	2,250
<b>Total</b>	<b>3,346</b>	2,756

1 Per the Shareholders Agreements with the BNNT application projects, shareholders may provide financing in the form of loans to the entities responsible for the application projects. In 2023, loans were charged interest at 6.00% (2022: 4.52%) per annum, are unsecured and payable within three years from the date drawn down. For loans to entities which are subsidiaries, the Group's proportion of the loans are eliminated on consolidation and the loans outstanding are payable to the minority interests shareholders of the subsidiaries.

2 Secured interest-bearing loans consist of the following:

- \$2.749 million loan acquired as part of the business combination entered into during the year. PPE have a fully drawn loan facility of \$3.890 million, secured by a GSA over all of the assets of the business, repayable within 23 months of the date acquisition. The interest rate on the loan is fixed at 2.50% for the first 11 months from the date of acquisition (pari-passu with an existing loan agreement), before reverting to a commercial interest rate for the remainder of the loan term. PPE has an option to extend the term of the loan, at its discretion, for an additional 12 months. PPK's loan amount of \$1.000 million has been eliminated on consolidation, with the balance of the loan outstanding representing the face value of the \$2.890 million repayable to an existing shareholder of PPE at the date of loan maturity.
- \$2.250 million loan with a major bank which was secured by a registered first mortgage over the investment property (Note 19). The investment property was sold and loan fully repaid in during the year.

Refer to Note 35 for financial instrument and loan maturity analysis.

## NOTE 31 OTHER NON-CURRENT LIABILITIES

Other	1,417	-
-------	-------	---

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 32 BUSINESS COMBINATIONS

On 4 May 2022, PPK announced to the ASX that it had completed the acquisition of a majority interest in one of Australia's largest privately owned lithium battery manufacturer, PowerPlus Energy (PPE). PPK paid 1.8 million to acquire a 33% interest in PPE and at the same time PPK subscribed for newly issued shares in PPE for \$1 million, thereby taking its total shareholding to 51%. The acquisition is strongly aligned with PPK's objective of developing sovereign capability in the clean energy revolution and supporting Australian 'Made and Owned' growth.

The initial accounting for the assets and liabilities acquired is provisional as PPK continues to receive information required to assess the fair value of the assets and liabilities acquired.

PPK has a path to purchase an additional 25% of the issued capital in PPE for \$1.800 million (fair value at acquisition date of \$1.377 million). This will however only occur should certain future events take place, including the repayment by the business of certain loans. For accounting purposes, this is included in the purchase consideration for acquisition accounting and recognition purposes.

Details of the purchase consideration, the net assets acquired and goodwill are as follow:

	<b>\$'000</b>
<b>Purchase consideration</b>	
Cash	1,800
Other consideration	1,377
Loan converted to equity on acquisition	1,000
Loan receivable eliminated on acquisition	1,000
<b>Total purchase consideration</b>	<b>5,177</b>
The assets and liabilities recognised as a result of the acquisition are as follows:	
<b>Assets acquired</b>	
Cash and cash equivalents	1,399
Trade, receivables and other current assets	2,995
Inventory	13,126
Property, plant and equipment	1,071
Right of Use Asset	4,385
Intangible Assets	1,680
DTA	1,828
<b>Total assets</b>	<b>26,484</b>
<b>Liabilities assumed</b>	
Trade and other payables	(10,852)
Deferred Revenue	(1,869)
Warranty Provision	(4,262)
Lease Liability	(4,385)
Interest bearing loans	(2,735)
<b>Total liabilities</b>	<b>(24,103)</b>
<b>Fair value of identifiable net assets acquired</b>	<b>2,381</b>
<b>Acquisition cost</b>	<b>5,177</b>
Less: Fair Value of identifiable net assets acquired	(2,381)
Add: Non-Controlling Interest	595
<b>Goodwill arising on acquisition<sup>1</sup></b>	<b>3,391</b>

1 The goodwill is not deductible for tax purposes.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

### NOTE 32 BUSINESS COMBINATIONS (continued)

The reconciliation of total consideration to the statement of cash flows is as follows:

	\$'000
Total consideration	5,177
Less:	
Other consideration	(1,377)
Loan converted to equity on acquisition	(1,000)
Loan receivable eliminated on acquisition	(1,000)
<b>Addback:</b>	
Cash acquired on acquisition	1,399
<b>Net cash outflow for acquisition of business - net of cash acquired</b>	<b>401</b>

The acquired PPE business contributed revenues of \$5.081 million and a net profit before tax of \$0.087 million to the Group for the period from the date of acquisition to 30 June 2023.

If the PPE business acquisition had occurred on 1 July 2022, consolidated pro-forma Group revenues and loss before tax for the year ended 30 June 2023 would have been \$36.841 million and \$12.121 million respectively.

### NOTE 33 SHARE CAPITAL

#### 33.1 Issued capital

	Notes	Consolidated Entity	
		2023 \$'000	2022 \$'000
89.289 million (2022: 89.289 million) ordinary shares fully paid		62,175	75,348
Movements in ordinary share capital			
Balance at the beginning of the financial year		62,175	75,348
Capital reduction on demerger of PPKMEG		-	(13,490)
Shares issued on acquisition, net of costs		(20)	-
Shares issued for Long Term Incentive Plan		-	317
<b>Total</b>		<b>62,155</b>	<b>62,175</b>

#### 33.2 New shares issued

Issue to Long Term Incentive Plan Trust Account	-	331
Less transaction costs for issued share capital	-	(14)
	-	317

The shares have no par value and each share is entitled to one vote at shareholder meetings. Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 33 SHARE CAPITAL (continued)

### 33.2 New shares issued (continued)

Reconciliation of transaction costs on issue of shares:

	Notes	Consolidated Entity	
		2023 \$'000	2022 \$'000
For the raising of cash		-	-
For the Long Term Incentive Plan Trust Account		-	(14)
For the dividend reinvestment plan		-	-
Transaction costs attributable to PPK		-	(819)
For the raising of cash in LIS and WGL		-	(1,176)
		-	(1,995)

Movements in number of ordinary shares:

	2023 #	2022 #
Balance at the beginning of the financial year	89,289,293	89,051,793
New shares issued	-	237,500
<b>Total</b>	<b>89,289,293</b>	<b>89,289,293</b>

### 33.4 Treasury share movements

	2023 No. of Shares	2023 \$'000	2022 No. of Shares	2022 \$'000
Opening balance of treasury shares	250,000	(109)	454,367	(203)
Shares purchased in the Dividend Reinvestment Plan	-	-	-	-
Shares purchased	-	-	-	-
Shares sold	-	-	(204,367)	94
<b>Closing balance of treasury shares</b>	<b>250,000</b>	<b>(109)</b>	<b>250,000</b>	<b>(109)</b>

No shares were sold during the year ended 30 June 2023. During 30 June 2022, shares with a cost of \$0.094 million were sold for a cash consideration of \$3.114 million. The gain on this transaction was recorded as an increase in equity attributable to members of the parent.

### 33.5 Capital risk management

The Group considers its capital to comprise its ordinary shares, treasury shares, reserves and retained earnings.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through capital growth and distributions and through the payment of annual dividends to its shareholders. In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, share buy-backs, or the increase/reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 33 SHARE CAPITAL (continued)

### 33.5 Capital risk management (continued)

For the 2023 financial year, the Group's policy is to maintain its gearing ratio within the range of 0% - 20% (2022: 0% - 20%). The Group's gearing ratio at the balance sheet date is shown below:

	Notes	Consolidated Entity	
		2023 \$'000	2022 \$'000
<b>Gearing Ratios</b>			
Total borrowings		3,346	2,756
Less cash and cash equivalents <sup>(1)</sup>		(39,999)	(53,008)
Net debt (cash surplus)		(36,653)	(50,252)
Total equity		105,710	112,585
Total capital		105,710	112,585
Gearing ratio		0%	0%

(1) Of the Group's \$39,999,000 cash on hand, \$3,840,000 is held directly by PPK, with the remaining funds being held in subsidiaries with minority interests.

The gearing ratio is calculated excluding lease liabilities.

The Group intends to minimise debt, but have the ability to access debt should it be necessary, with a focus on funding the technology application projects, energy storage CGU, and maintaining dividend payments. There is no change as to what the Group considers to be its capital.

## NOTE 34 CAPITAL RESERVES

	Notes	Consolidated Entity	
		2023 \$'000	2022 \$'000
Reserves		40,875	38,969
Share options reserve	34.1	1,375	600
Share premium reserve	34.2	37,561	36,430
Dividend revaluation reserve	34.3	1,939	1,939
		40,875	38,969

For personal use only

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 34 CAPITAL RESERVES (continued)

### Movement in reserves

#### 34.1 Share options reserve

	Notes	Consolidated Entity	
		2023 \$'000	2022 \$'000
Opening balance		600	396
Issue of performance rights		775	600
Shares transferred to trust		-	(331)
Issue of performance rights in a subsidiary company		274	821
Reserves belonging to non-controlling interests		(274)	(886)
Closing balance		1,375	600

The share options reserve is used to recognise the value of equity settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

The fair value of the options at issue date is deemed to represent the value of employee services received over the vesting period, recognised as a proportional share-based payment expense during each reporting period, with the corresponding credit taken to a share option reserve.

#### 34.2 Share premium reserve

	Notes	Consolidated Entity	
		2023 \$'000	2022 \$'000
Opening balance		36,430	16,733
Increase/(decrease) in PPK's and related entities interest in LIS's issued capital and reserves		(32)	19,257
Increase in PPK's and related entities interest in WGL's issued capital and reserves		1,833	1,707
Other movements		(670)	-
Closing balance		37,561	36,430

The share premium reserve is used to recognise gains and losses on the change of PPK's interest in subsidiaries that do not result in a change of control. During the period, PPK's interest in LIS and WGL has decreased due to capital raises and share disposal transactions to non-controlling interests. As these changes did not result in PPK losing control, the corresponding gains were recognised in the share premium reserve.

#### 34.3 Dividend revaluation reserve

Opening balance	1,939	1,939
Revaluation of LIS's shares distributed as an in-specie dividend	-	-
Closing balance	1,939	1,939

The dividend revaluation reserve was used to recognise the internal profits generated from issue of LIS shares to PPK shareholders in the form of a special dividend of \$0.025 per PPK share held by PPK shareholders on 17 December 2020.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

### NOTE 35 FINANCIAL INSTRUMENTS RISK

The Group's financial instruments include investments in deposits with banks, receivables, payables and interest-bearing liabilities. The accounting classifications of each category of financial instruments, as defined in Note 2.12, Note 2.13, Note 2.19, Note 2.20 and Note 2.24 and their carrying amounts are set out below.

	Weighted Average Interest Rate	Notes	Non- Interest Bearing \$'000	Floating Interest Rate \$'000	Within 1 Year \$'000	1 to 9 Years \$'000
<b>Consolidated 2023</b>						
<b>Financial assets</b>						
Loans	0.0%	18	-	-	-	-
Receivables	0.0%	14	2,667	-	2,667	-
Cash and cash equivalents	4.2%	13	-	39,999	39,999	-
Total financial assets			2,667	39,999	42,666	-
<b>Financial liabilities</b>						
Interest-bearing loans and borrowings	5.0%	30	-	-	-	3,346
Trade and other payables – current	0.0%	26	10,050	-	10,050	-
Lease liabilities	7.2%	27	-	-	803	5,524
Deferred Consideration	0.0%	-	1,984	-	-	1,984
Total financial liabilities			12,034	-	10,871	10,836
<b>Consolidated 2022</b>						
<b>Financial assets</b>						
Loans	4.52%	18	-	-	-	2,000
Receivables	0.0%	14	560	-	560	-
Cash and cash equivalents	0.0%	13	-	53,008	53,008	-
Total financial assets			560	53,008	53,568	2,000
<b>Financial liabilities</b>						
Interest-bearing loans and borrowings	5.0%	30	-	-	-	2,756
Trade and other payables – current	0.0%	26	1,672	-	1,672	-
Lease liabilities	7.2%	27	-	-	171	1,129
Total financial liabilities			1,672	-	1,843	3,885

### Financial risk management

The Board of Directors have overall responsibility for the establishment and oversight of the financial risk management framework. The Group's activities expose it to a range of financial risks including market risk, credit risk and liquidity risk. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Board receives monthly reports, which it reviews and regularly discuss the effectiveness of the processes put in place and the appropriateness of the objectives and policies to support the delivery of the Group's financial targets while protecting future financial security. The Group does not use derivatives.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 35 FINANCIAL INSTRUMENTS RISK (continued)

### 35.1 Market risk

Market risk is the risk that the fair value of future cash flows of the Group's and parent entity's financial instruments will fluctuate because of changes in market prices.

Market risk comprises three types of risk: equity price risk, interest rate risk and currency risk.

#### (i) Equity price risk

The Group has a listed and unlisted equity investments which are susceptible to market price risk arising from uncertainties about future value of the investment securities. The Group manages the equity price risk through reviewing company information for the listed equity investments and updates with the unlisted equity investment's executives to keep abreast of its activities and plans. As the equity investment intends to complete an IPO in the near future, the Group will have access to a market price and public information to manage the market price risks.

At the reporting date, the exposure to the listed equity investments was \$0.287 million and the unlisted equity investment was \$2.608 million at fair value.

The Group has performed sensitivity analysis relating to its equity price risk based on the Group's year end exposure. This sensitivity analysis demonstrates the effect on pre-tax results and equity which could result from a movement of market value of +/- 10%.

	Notes	2023 \$'000	2022 \$'000
<b>Change in profit before tax</b>			
- increase in market value by 10%		290	340
- decrease in market value by 10%		(290)	(340)

#### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a security will fluctuate due to changes in interest rates. Exposure to interest risk arises due to holding floating rate interest bearing liabilities, investments in cash and cash equivalents and loans to related parties and other entities.

Loans to and from related parties and other entities are at fixed rates. The Group has performed sensitivity analysis relating to its interest rate risk based on the Group's year end exposure. This sensitivity analysis demonstrates the effect on pre-tax results and equity which could result from a movement of interest rates of +/- 1%.

<b>Change in profit before tax</b>			
- increase in interest rates by 1%		400	530
- decrease in interest rates by 1%		(400)	(530)

#### (iii) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial item will fluctuate as a result of movements in international exchange rates. The Group was not exposed to exchange rate transaction risk on foreign currency sales or foreign currency purchases during the year. Sales revenue for the Group for the year was all denominated in Australian dollars (2022: 100%). The Group does not take forward cover or hedge its risk exposure.

The Group is exposed to currency risk in relation to its equity investment which is in US dollars (see Note 35.1(i)). At the year end, the equity investment was converted from United States Dollars to Australian Dollars at the exchange rate of \$0.6630 at 30 June 2023.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 35 FINANCIAL INSTRUMENTS RISK (continued)

### 35.1 Market risk (continued)

	Notes	2023 \$'000	2022 \$'000
<b>Change in profit before tax</b>			
- increase in USD currency rate by \$0.05		(665)	(125)
- decrease in USD currency rate by \$0.05		774	125

### 35.2 Credit risk

The Group's maximum exposure to credit risk is generally the carrying amount trade and other receivables, net of any allowance for credit losses, and loans. The Group has in place formal policies for establishing credit approval and limits so as to manage the risk. For loans to unrelated third parties, the Group takes adequate security generally by a registered first mortgage over property of the borrower and/or a registered security interest (fixed and circulating) on the Personal Property Securities Register by way of a loan offer, loan agreement, general security interest agreement and deed of guarantee and indemnity and mortgage.

For related party loans, the Group has oversight to the operations of the business through Directors appointed to the Board of these entities, and regular operating and financial information being provided to the Group. As a result, the Group can influence the financial performance of the related parties and take appropriate actions to protect its loans.

The Group also has a credit risk exposure in relation to cash at bank. The Group's policy is to ensure funds are invested with Tier 1 Australian banks thus minimising the Group's exposure to this credit risk. Refer to Note 15 for detail on the Group's trade and other receivables.

The geographic location of customers, relating to these trade receivables, is disclosed in Note 3.1 of these accounts.

	Notes	2023	2022
Australia		100%	100%

### 35.3 Liquidity risk

Liquidity risk is the risk that the Group and parent will encounter difficulty in meeting obligations associated with financial liabilities. The Group's objective to mitigate liquidity risk is to maintain a balance between continuity of funding and flexibility through the use of bank loans, other loans and lease agreements. The Group is in negotiations with several major Australian banks to establish a long term financing facility should the Group require additional liquidity.

### Financial liabilities maturity analysis

The tables below reflect the undiscounted contractual settlement terms for the Group's financial liabilities of a fixed period of maturity, as well as the earliest possible settlement period for all other financial liabilities. As such the amounts may not reconcile to the balance sheet.

	Carrying amount \$'000	<6 months \$'000	6-12 months \$'000	1-3 years \$'000	>3 years \$'000	Contractual Cash flows \$'000
<b>Consolidated 2023</b>						
<b>Financial liabilities (current &amp; non-current)</b>						
Trade and other payables	10,050	7,160	3,193	-	-	10,353
Interest-bearing loans and borrowings	3,346	54	91	3,135	596	3,876
Lease liabilities	6,327	659	622	2,450	4,334	8,065
Total financial liabilities	19,723	7,873	3,906	5,585	4,930	22,294
<b>Consolidated 2022</b>						
<b>Financial liabilities (current &amp; non-current)</b>						
Trade and other payables	1,669	1,669	-	-	-	1,669
Interest-bearing loans and borrowings	2,000	-	-	2,180	-	2,180
Lease liabilities	1,300	95	101	341	977	1,514
Total financial liabilities	4,969	1,764	101	2,521	977	5,363

For personal use only

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 36 FAIR VALUE MEASUREMENT

### Fair value

The carrying values of financial assets and liabilities listed below approximate their fair value.

Estimated discounted cash flows were used to measure fair value, except for fair values of financial assets that were traded in active markets that are based on quoted market prices.

### Hierarchy

The following tables classify financial instruments recognised in the statement of financial position of the Group according to the hierarchy stipulated in AASB13 as follows:

- Level 1 – the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – a valuation technique is used using inputs other than quoted prices within Level 1 that are observable for financial instruments, either directly (i.e. as prices), or indirectly (i.e. derived from prices); or
- Level 3 – a valuation technique is used using inputs that are not based on observable market data (unobservable inputs).

Assets	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group 2023</b>					
<b>Non-current assets</b>					
Listed securities	17	287	-	-	287
Unlisted equity securities	17	-	-	2,608	2,608
		287	-	2,608	2,895
<b>Group 2022</b>					
<b>Non-current assets</b>					
Listed securities	17	892	-	-	892
Unlisted equity securities	17	-	-	2,510	2,510
		892	-	2,510	3,402

The level 3 fair value assessment of unlisted equity securities has been based on advice provided by the investee company. LIS has 1,729,000 Class B common shares in Zeta Energy valued at USD\$1.00 per share at 30 June 2023. The number of shares and their value, based on the most recent capital raise, has been confirmed by Zeta Energy and the investment at USD\$1,729,000 equates to AUD\$2,607,843 at the prevailing exchange rate on 30 June 2023 of \$0.6630 with the movement of \$98,045 recognised as a gain on investment at FVTPL.

## NOTE 37 CONTINGENT ASSETS AND LIABILITIES

The Group has the following contingent liabilities:

The Group is defending a claim in the Supreme Court of NSW in relation to a dispute pertaining to the vesting conditions of a business acquired in 2014 with a vendor employee for the second tranche of \$0.500 million of shares plus interest and costs. As advised in the 2016 Annual Report, the Group does not believe the vesting conditions were met and still maintains this position.

As previously communicated, on 2 December 2022 the Supreme Court of NSW found in favour of the Company including a substantial award of costs. The plaintiff subsequently appealed this decision and the proceedings were set down by the Court of Appeal for 27 and 28 July 2023. The Company is currently awaiting judgment in those proceedings. The Company has incurred \$0.820 million this financial year to defend this position.



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 38 RELATED PARTIES

For details on transactions between related parties refer to Note 9, Note 21, Note 22 and Note 34.

### 38.1 PPK Group Limited

Key management personnel remuneration

	Notes	Consolidated Entity	
		2023 \$	2022 \$
Short-term benefits		1,761,920	2,249,133
Share-based payments		530,795	590,144
Post-employment benefits		85,046	55,000
		<b>2,357,761</b>	2,894,277

The above table discloses remuneration of KMP in their capacity as KMP of PPK Group Limited. During the reporting period, the Group recognises the Directors and the Chief Financial Officer/Chief Operating Officer of PPK Group Limited as being the key management personnel (see Note 38). See the Directors' Report for details of their remuneration policy and benefits as well as remuneration received from other related entities.

### 38.2 Equity Instruments

PPK's Chief Operating Officer (subsequently appointed Chief Executive Officer from 1 July 2023) and the Chief Financial Officer participate in the PPK Executive Rights Plan, subject to retention of services to meet the vesting conditions. A PPK Director participated in the PPK LTI Plan and all his Rights have vested but remain unexercised.

### 38.3 Loans

There were no loans or advances to PPK's key management personnel or their related parties in the current financial or previous financial years.

### 38.4 Remuneration from controlled entities

Directors and key management personnel were also remunerated by LIS and WGL for the year ended 30 June 2023 as follows, in addition to the above table:

2023	Salary & Fees (\$)	<sup>(1)</sup> Share Based Payments (\$)	Total (\$)
<b>LI-S ENERGY LIMITED</b>			
<b>Directors</b>			
<i>Non-Executive</i>			
<b>R Levison</b>	-	48,183	48,183
<b>A McDonald</b>	-	48,183	48,183
<b>Total Directors</b>	-	96,366	96,366
<b>Other KMP</b>			
<b>G Molloy<sup>(2)</sup></b>	70,000	-	70,000
<b>K Hostland<sup>(3)</sup></b>	-	-	-
<b>S Price<sup>(3)</sup></b>	-	-	-
<b>Total Other</b>	70,000	-	70,000
<b>Total KMP</b>	70,000	96,366	166,366

(1) Equity settled share based payments. Each tranche of the service rights granted are expensed over the vesting period from the date of granting to the date that the last tranche vests resulting in a proportionally larger expense recognised in the earlier years. Share based payments for directors are not performance related but are in lieu of salary and fees.

(2) Remunerated through a consulting agreement on 12 June 2021 at an agreed hourly rate for work undertaken on behalf of LIS.

(3) Remunerated by PPK Group Limited.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

**NOTE 38 RELATED PARTIES** (continued)**38.4 Remuneration from controlled entities** (continued)

2023	Salary & Fees (\$)	Share Based Payments (\$)	Total (\$)
<b>WHITE GRAPHENE LIMITED</b>			
<b>Directors</b>			
R Levison	20,000	-	20,000
G Molloy	20,000	-	20,000
A McDonald	20,000	-	20,000
G Pullen	20,000	-	20,000
<b>Total Directors</b>	<b>80,000</b>	<b>-</b>	<b>80,000</b>
<b>Other KMP</b>			
K Hostland <sup>(1)</sup>	-	-	-
S Price <sup>(1)</sup>	-	-	-
<b>Total Other</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total KMP</b>	<b>80,000</b>	<b>-</b>	<b>80,000</b>

(1) Remunerated by PPK Group Limited.

Directors and key management personnel were also remunerated by LIS and WGL for the year ended 30 June 2022 as follows:

2022	Salary & Fees (\$)	<sup>(1)</sup> Share Based Payments (\$)	Total (\$)
<b>Li-S ENERGY LIMITED</b>			
<b>Directors</b>			
<i>Non-Executive</i>			
R Levison	-	157,122	157,122
A McDonald	-	157,122	157,122
<b>Total Directors</b>	<b>-</b>	<b>314,244</b>	<b>314,244</b>
<b>Other KMP</b>			
G Molloy <sup>(2)</sup>	196,000	-	196,000
K Hostland <sup>(3)</sup>	-	-	-
<b>Total Other</b>	<b>196,000</b>	<b>-</b>	<b>196,000</b>
<b>Total KMP</b>	<b>196,000</b>	<b>314,244</b>	<b>510,244</b>

(1) Equity settled share based payments. Each tranche of the service rights granted are expensed over the vesting period from the date of granting to the date that the last tranche vests resulting in a proportionally larger expense recognised in the earlier years. Share based payments for directors are not performance related but are in lieu of salary and fees.

(2) Remunerated through a consulting agreement on 12 June 2021 at an agreed hourly rate for work undertaken on behalf of LIS.

(3) Remunerated by PPK Group Limited.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

### NOTE 38 RELATED PARTIES (continued)

#### 38.4 Remuneration from controlled entities (continued)

2022	Salary & Fees (\$)	Cash Bonus (\$)	Total (\$)
<b>WHITE GRAPHENE LIMITED</b>			
<b>Directors</b>			
R Levison	20,000	100,000	120,000
G Molloy	20,000	400,000	420,000
A McDonald	20,000	100,000	120,000
<b>Total Directors</b>	<b>60,000</b>	<b>600,000</b>	<b>660,000</b>
<b>Other KMP</b>			
K Hostland <sup>(1)</sup>	-	100,000	100,000
<b>Total Other</b>	<b>-</b>	<b>100,000</b>	<b>100,000</b>
<b>Total KMP</b>	<b>60,000</b>	<b>700,000</b>	<b>760,000</b>

(1) Remunerated by PPK Group Limited.

#### LIS

As at the end of the financial year, the number of ordinary shares in LIS held by directors and Key Management Personnel during the 2023 and 2022 reporting periods is set out below:

2023	Share Balance at Start of Year (#)	Shares Acquired (#)	Shares Sold (#)	Share Balance at End of Year (#)
<b>Directors</b>				
<i>Non-Executive</i>				
R Levison <sup>(2)</sup>	2,790,549	-	(250,000)	2,540,549
A McDonald	866,961	-	-	866,961
<b>Total Directors</b>	<b>3,657,510</b>	<b>-</b>	<b>(250,000)</b>	<b>3,407,510</b>
<b>Other KMP</b>				
G Molloy <sup>(1)</sup>	6,440,784	-	-	6,440,784
S Price	-	-	-	-
K Hostland	529,066	-	-	529,066
<b>Total Other</b>	<b>6,969,850</b>	<b>-</b>	<b>-</b>	<b>6,969,850</b>
<b>Total KMP</b>	<b>10,627,360</b>	<b>-</b>	<b>(250,000)</b>	<b>10,377,360</b>

(1) Entered into a consulting agreement on 12 June 2021.

(2) Transfer to family members.

For personal use only

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

**NOTE 38 RELATED PARTIES** (continued)**38.4 Remuneration from controlled entities** (continued)

2022	Share Balance at Start of Year (#)	Shares Acquired (#)	Shares Sold (#)	Share Balance at End of Year (#)
<b>Directors</b>				
<i>Non-Executive</i>				
<b>R Levison</b>	2,776,917	13,632	-	2,790,549
<b>A McDonald</b>	866,961	-	-	866,961
<b>Total Directors</b>	3,643,878	13,632	-	3,657,510
<b>Other KMP</b>				
<b>G Molloy<sup>(1)</sup></b>	6,440,784	-	-	6,440,784
<b>K Hostland</b>	504,295	24,771	-	529,066
<b>Total Other</b>	6,945,079	24,771	-	6,969,850
<b>Total KMP</b>	10,588,957	38,403	-	10,627,360

(1) Entered into a consulting agreement on 12 June 2021.

As at the end of the financial year, the number of Service Rights in LIS held by directors and Key Management Personnel during the 2023 and 2022 reporting periods is set out below:

	Balance at start of year		Movements during the year								Balance at end of year		
			Granted	Vested		Exercised		Forfeited					
2023	Vested No.	Unvested No.	Unvested No.	No.	%	No.	%	No.	%	Vested and Unexercised No.	Unvested No.	Maximum \$ value to vest <sup>(1)</sup>	
Directors													
R Levison	160,000	320,000	-	160,000	100.0%	-	-	-	-	320,000	160,000	10,251	
A McDonald	160,000	320,000	-	160,000	100.0%	-	-	-	-	320,000	160,000	10,251	
Total Directors	320,000	640,000	-	320,000	100.0%	-	-	-	-	640,000	320,000	20,502	

(1) The maximum value of service rights to vest has been calculated as the amount of the grant date fair value of the service rights yet to be expensed.

	Balance at start of year		Movements during the year								Balance at end of year		
			Granted	Vested		Exercised		Forfeited					
2022	Vested No.	Unvested No.	Unvested No.	No.	%	No.	%	No.	%	Vested and Unexercised No.	Unvested No.	Maximum \$ value to vest <sup>(1)</sup>	
Directors													
R Levison	-	480,000	-	160,000	100.0%	-	-	-	-	160,000	320,000	64,251	
A McDonald	-	480,000	-	160,000	100.0%	-	-	-	-	160,000	320,000	64,251	
Total Directors	-	960,000	-	320,000	100.0%	-	-	-	-	320,000	640,000	128,502	

(1) The maximum value of service rights to vest has been calculated as the amount of the grant date fair value of the service rights yet to be expensed.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

### NOTE 38 RELATED PARTIES (continued)

#### 38.4 Remuneration from controlled entities (continued)

WGL

As at the end of the financial year, the number of ordinary shares in WGL held by directors and Key Management Personnel during the 2023 and 2022 reporting periods is set out below:

2023	Share Balance at Start of Year (#)	<sup>(1)</sup> Shares Acquired (#)	Shares Sold (#)	Commenced as KMP (#)	Ceasing to be a KMP (#)	Shares Held at the End of the Reporting Period (#)
<b>Directors</b>						
R Levison	500,000	250,000	-	-	-	750,000
G Molloy	1,000,000	500,000	-	-	-	1,500,000
A McDonald	250,000	125,000	-	-	-	375,000
G Pullen	-	-	-	-	-	-
<b>Total Directors</b>	<b>1,750,000</b>	<b>875,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,625,000</b>
<b>Other KMP</b>						
M Fenton <sup>(2)</sup>	-	15,000	-	-	-	15,000
S Price <sup>(2)(4)</sup>	-	-	-	50,000	-	50,000
K Hostland <sup>(3)</sup>	250,000	125,000	-	-	(375,000)	0
<b>Total Other</b>	<b>250,000</b>	<b>140,000</b>	<b>-</b>	<b>50,000</b>	<b>(375,000)</b>	<b>65,000</b>
<b>Total</b>	<b>2,000,000</b>	<b>1,015,000</b>	<b>-</b>	<b>50,000</b>	<b>(375,000)</b>	<b>2,690,000</b>

(1) Shares were increased as a result of 1 for 2 bonus issue on 17 August 2022.

(2) Share were acquired at \$0.50 per share as part of the capital raise process.

(3) Removes K Hostland as a shareholder as ceased as CFO on 23 May 2023.

(4) Sarah Price was appointed CFO on 23 May 2023.

2022	Share Balance at Start of Year (#)	<sup>(1)</sup> Shares Acquired (#)	Shares Sold (#)	Shares Held at the End of the Reporting Period (#)
<b>Directors</b>				
R Levison	250,000	250,000	-	500,000
G Molloy	-	1,000,000	-	1,000,000
A McDonald	-	250,000	-	250,000
G Pullen	-	-	-	-
<b>Total Directors</b>	<b>250,000</b>	<b>1,500,000</b>	<b>-</b>	<b>1,750,000</b>
<b>Other KMP</b>				
K Hostland	-	250,000	-	250,000
<b>Total Other</b>	<b>-</b>	<b>250,000</b>	<b>-</b>	<b>250,000</b>
<b>Total</b>	<b>250,000</b>	<b>1,750,000</b>	<b>-</b>	<b>2,000,000</b>

(1) Shares were acquired at \$0.40 per share as part of the capital raise process.

For personal use only

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 38 RELATED PARTIES (continued)

### 38.5 The Group has the following related party agreements in place:

#### Supply Agreement between LIS and BNNTTPL

A supply agreement for the supply of BNNTs, with a purity of at least 95% or otherwise agreed, for the purpose of using BNNTs in the development, testing and manufacture of the LIS batteries. The key terms of the supply agreement are as follows:

- LIS may only order from BNNTTPL to use BNNTs in the Customer's development, testing and manufacture of batteries or any other purpose agreed between the parties in writing; and
- the initial term of the agreement is 5 years and it automatically renews for further 2 year terms unless LIS elects not to renew the agreement by giving at least 3 months' notice prior to the expiry of the latest term.

#### Distribution Agreement between LIS and BNNTTPL

A worldwide exclusive distribution agreement pursuant to which LIS is appointed as distributor for BNNT products, with a purity of at least 95% or otherwise agreed, within the battery industry, with certain exclusive distribution rights in respect of lithium-sulphur batteries. The key material terms of the distribution agreement are as follows:

LIS may only buy BNNTs from BNNTTPL to:

- distribute on an exclusive basis BNNTs to third party customers (**Customers**), provided the Customers are only permitted to use BNNTs to develop, test or manufacture lithium-sulphur batteries; and
- distribute on a non-exclusive basis BNNTs to Customers, provided the Customers are only permitted to use BNNTs to:
  - develop, test or manufacture batteries that are not lithium-sulphur batteries (including to stockpile BNNTs for later use in accordance with forecasts); and
  - manufacture nanomesh products incorporating BNNTs (including Li-Nanomesh) for the use in any form or type of battery;
  - and any other purpose agreed between the parties in writing.

LIS is not restricted from distributing Li-Nanomesh (or other nanomesh products), or BNNTs to LIS's customers who have a licence from LIS to manufacture Li-Nanomesh (or other nanomesh products).

The initial term of the agreement is 5 years and it automatically renews for further 2 year terms unless LIS elects not to renew the agreement by giving at least 3 months' notice prior to the expiry of the latest term.

#### Management Services Agreement between LIS and PPK Aust. Pty Ltd

A management services agreement pursuant to which PPK Aust. Pty Ltd (PPK Aust) will provide administrative functions such as accounting, record keeping, reporting, legal, company secretarial support, IT/systems support, etc. It is also appointed, to the extent permitted by law, facilitate/oversee the funding and capital raising requirements of the company and is paid a funding fee of up to 1% of any debt or capital raised that it facilitates. PPK Aust will also provide staff to act in key officer roles including the public officer, chief financial officer and company secretary. The key material terms of the management services agreement are as follows:

- PPK Aust is paid a fee for providing the management services, which the scope of services to be provided and the fee is reviewed and agreed between the parties every 3 months;
- the agreement is for an initial term of 3 years and can be renewed by PPK Aust for a further 3 year term upon notice being provided by PPK Aust not later than 3 months prior to the expiry of the initial term;
- PPK Aust may terminate the agreement on 30 days' notice if it is not satisfied with the Annual Plan of LIS; and
- LIS may terminate the agreement at will on 6 months' notice.
- LIS indemnifies PPK Aust for any loss that arises from the performance by PPK Aust of its obligations under the agreement.



# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 38 RELATED PARTIES (continued)

### 38.5 The Group has the following related party agreements in place: (continued)

#### Research Framework Agreement between LIS and Deakin

A research framework agreement which governs all research projects conducted between LIS and Deakin as set out in Project Schedules made under the agreement. The key material terms of the research framework agreement are as follows:

- The parties may from time to time enter into Project Schedules made under the agreement for research projects proposed and negotiated by the parties. Such Project Schedules include terms around payment, steering committees, specified personnel of the parties and insurances required ; and
- Each party will retain ownership of their respective intellectual property developed prior to the date a Project commences or is acquired or developed independent of the agreement but grants a non-transferrable licence to the other party to use such background intellectual property for the purposes of the relevant Project. Any new intellectual property created, developed or discovered in the conduct of a Project vests in LIS (Project IP) and Deakin is granted a non-exclusive, perpetual, non-transferable, royalty free licence to use the Project IP for the purposes of the Project and for non-commercial research, teaching and scholarly pursuits.

The Shareholders Agreement between PPK Aust., Deakin and BNNTTPL was terminated on 20 July 2021.

#### A Joint Venture Agreement between PPK Group, BNNTTPL and Deakin

A Joint Venture Agreement for the research, development and commercialisation of new and existing technologies and products where BNNT can be used to create and/or improve these technologies and products whereby:

- BNNTTPL provides BNNT and related technologies, products, technical skills and know how;
- Deakin provides existing intellectual property, services of specialist personnel from the Institute of Frontier Materials and other equipment including the university's specialist facilities where required; and
- PPK provides all other services to commercialise the new technologies and services, including the procurement of other specialists with experience in the respective industries, and source or assist with funding and industry partners.

The agreement provides for an initial six BNNT application projects with a joint ownership of PPK having a 65% interest, Deakin University having a 25% interest and BNNT having a 10% interest of those entities incorporated for each project. However, the agreement provides for alternative ownership arrangements for BNNT application projects that are entered into outside of the initial six BNNT application projects.

#### Technology Licence Agreement between BNNTTPL and Deakin

A Technology Licence Agreement for an exclusive global 20 years to commercialise the BNNT manufacturing technology patented by Deakin University expiring on 31 May 2038. The Agreement has a quarterly royalty payment of 5% of the gross revenue received by or payable to BNNT Technology Limited or any of its sub-licensees payable to Deakin. The commitment to generate \$50.000 million of gross revenues within the first three years after the Evaluation Completion Date was terminated on 19 July 2021.

#### Lease Agreements

BNNTTPL has a three-year lease with Deakin with two three-year options for approximately 986 m<sup>2</sup> at Waurnd Pond, Geelong commencing 7 March 2022. The initial rent charges commenced 1 July 2022 at \$13,147 per month, plus building outgoings, with a 3% increase on the annual anniversary date of the lease and a market review at the commencement of each option period. The landlord must be notified by the tenant within six months and not more than twelve months if the tenant wants to exercise the option period. The lease includes all electrical, air conditioning, fixtures and fittings that are installed. The lease also provides for first right of refusal for an additional 284 m<sup>2</sup> expansion space on similar terms and conditions as the existing lease.

BNNTTPL had a one year lease extension with Deakin for the premises at Waurnd Pond, Geelong which finished on 1 May 2023, for \$6,601 per month. BNNTTPL had sub-leased these premises to WGL on the same terms and conditions as the existing lease extension.

The following conditions of the previous lease with Deakin were waived in August 2022:

- an initial \$0.500 million payment for Deakin to develop a research plan for BNNTTPL; and
- a \$2.000 million per annum payment for research funding once BNNTTPL revenue exceeds \$5.000 million per annum.

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 38 RELATED PARTIES (continued)

### 38.6 Related Party Transactions

#### Management Services

PPK charged the following companies for management support services during the financial year:

Company	2023 \$	2022 \$
BNNTTPL	264,000	1,052,000
LIS	720,000	600,000
Strategic Alloys	30,000	15,000
WGL	264,000	120,000
AMAG	170,000	-
CIB	400,000	1,600,000
<b>TOTAL</b>	<b>1,848,000</b>	<b>3,387,000</b>

#### Research and Development

The following research and development charges were made during the financial year:

Deakin charged the following companies for research and development during the financial year:

Company	2023 \$	2022 \$
BNNTTPL	-	52,832
LIS	2,503,347	1,941,678
Precious Metals	54,500	100,000
Strategic Alloys	-	52,500
WGL	709,667	1,637,703
<b>TOTAL</b>	<b>3,267,513</b>	<b>3,784,713</b>

#### Leases

Deakin charged the following companies for leases during the financial year:

Company	2023 \$	2022 \$
BNNTTPL	153,571	84,054
LIS	223,730	133,448
WGL	72,611	-
<b>TOTAL</b>	<b>449,912</b>	<b>217,502</b>

### 38.7 Related Party Balances

The related party balances as at 30 June 2023 and 30 June 2022 are as follows:

Receivable from	Payable to	Notes	2023 \$	2022 \$
Craig International Ballistics	PPK	18	1,835,000	-
Ballistic Glass	PPK	21	78,000	66,000
PPKMEG	PPK	18	-	2,000,000
Survivor	PPK	22.1	-	628,000

On 9 December 2022, PPK entered into a finance facility for \$4,500,000 to CIB for a period of 12 months at 8.0% interest, secured by a 1st ranking General Security Agreement over all the present and after acquired property of CIB. As at 30 June 2023, CIB had drawn down \$1,835,000 against this finance facility. The loan is repayable in December 2023. Interest received for the period ended 30 June 2023 was \$37,000.

See also Note 16 (Other Assets).

# Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

## NOTE 39 INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

	Country of Incorporation	Notes	Percentage Owned	
			2023 %	2022 %
Subsidiaries of PPK Group Limited				
PPK Aust. Pty Ltd	Australia		100%	100%
PPK Investment Holdings Pty Ltd	Australia		100%	100%
Li-S Energy Limited	Australia		45.4%	45.4%
LIS Plans Pty Ltd	Australia		45.4%	45.4%
White Graphene Limited	Australia	39.11	56.3%	58.7%
WGL Plans Pty Ltd	Australia		56.3%	58.7%
BNNT Technology Limited	Australia	39.5	51%	51%
BNNT Precious Metals Limited	Australia	39.9	45%	45%
Strategic Alloys Pty Ltd	Australia	39.9	45%	45%
3D Dental Technology Pty Ltd	Australia	39.9	45%	45%
PPK Prop Co 1 Pty Ltd	Australia		100%	100%
PPK Plans Pty Ltd	Australia	39.3	100%	100%
PPK Plans 2 Pty Ltd	Australia	39.4	100%	100%
BNNT Ballistics Pty Ltd	Australia		100%	100%
AIC Investment Corporation Pty Ltd	Australia		100%	100%
Willoughby NSW Holdings Pty Ltd	Australia	39.1	100%	100%
Willoughby NSW Pty Ltd	Australia	39.2	100%	100%
Rutuba Pty Limited	Australia	39.7	100%	100%
Mask Innovation Pty Ltd	Australia	39.8	91%	–
PowerPlus Energy Pty Ltd	Australia	39.10	51%	–
Joint venture of PPK Group Limited				
Survivon Pty Ltd	Australia	39.8	–	47.6%
Associates of PPK Group Limited				
Craig International Ballistics Pty Ltd	Australia		45%	45%
Ballistic Glass Pty Ltd	Australia		40%	40%
AMAG Holdings Australia Pty Ltd	Australia	39.6	32.5%	35%

39.1 Willoughby NSW Holdings Pty Ltd (formerly PPK Willoughby Holdings Pty Ltd) acts as the trustee company of the PPK Willoughby Funding Unit Trust. The Group holds 22.86% of issued units of this trust which is considered an associate of the Group.

39.2 Willoughby NSW Pty Ltd (formerly PPK Willoughby Pty Ltd) acts as the trustee company of the PPK Willoughby Purchaser Unit Trust. PPK Willoughby Funding Unit Trust holds 80% of issued units of this trust.

39.3 PPK Plans Pty Ltd is the trustee for the PPK Long Term Incentive Plan.

39.4 PPK Plans 2 Pty Ltd was incorporated on 14 February 2022 is the trustee for the PPK Executive Rights Plan.

39.5 BNNT Technology Limited was previously a joint venture but became a subsidiary on 4 August 2021.

39.6 In November 2022, AMAG raised \$3 million in capital to support the expansion of the business. PPK invested \$0.085 million in July 2022 and a further \$0.0250 million in November 2022 as part of the raise.

39.7 The company has applied to be deregistered.

## Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

### NOTE 39 INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (continued)

- 39.8 On 2 August 2022, PPK sold all its shares in Survivon in exchange for 91% of the shares in Mask Innovation, obtaining control of the entity. The new Mask Innovation board completed a strategic review of the operation of Mask Innovation and decided to wind up operations.
- 39.9 The Group considers that it is contracted to provide both funding and commercialising the development of the BNNT application projects each entity undertakes, it provides key management personnel, critical services, technology, supplies and raw materials thus it is responsible for affecting the outcomes and economic returns of the entity and accounts for these entities as a subsidiary.
- 39.10 On 4 May 2023, PPK Investment Holdings completed the acquisition of shares in Power Plus Energy Pty Ltd, obtaining control of the entity. PPK paid \$1.8 million to acquire a 33% interest as the same time PPK IH subscribed for newly issued shares for \$1 million taking its total shareholding to 51%.
- 39.11 On 12 August 2022, WGL completed a bonus issue of 1 new fully paid shares for every 2 ordinary shares held in the company. The bonus shares were issued for Nil consideration. In October 2022, WGL undertook a \$3.6 million capital raise. The company received binding subscriptions for 7.2 million shares at \$0.50. At 30 June 2023, 5.9 million shares had been issued. A further 1.3 million shares were issued post 30 June 2023.

### NOTE 40 EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There are no matters or circumstances which have arisen since reporting the date that have significantly affected or may affect the operations, results or state of affairs of the Company in the financial years subsequent to the financial year ended 30 June 2023.

## Directors' Declaration

for the year ended 30 June 2023

1. In the opinion of the Directors of PPK Group Limited;
  - a) The consolidated financial statements and notes of PPK Group Limited are in accordance with the *Corporations Act 2001*, including
    - (i) Giving a true and fair view of its financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
    - (ii) Complying with Australia Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
  - b) There are reasonable grounds to believe that PPK Group Limited will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2023.
3. Note 2 confirms that the consolidation financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



**Robin Levison**  
Non-Executive Chairman



**Glenn Molloy**  
Executive Director

Dated this 24<sup>th</sup> day of August 2023

For personal use only

# Independent Auditor's Report



**Building a better  
working world**

Ernst & Young  
111 Eagle Street  
Brisbane QLD 4000 Australia  
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333  
Fax: +61 7 3011 3100  
ey.com/au

## Independent auditor's report to the members of PPK Group Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of PPK Group 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 profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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 consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We 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.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, 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, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.



# Independent Auditor's Report



**Building a better  
working world**

## Impairment testing of intangible assets and property, plant and equipment

Why significant	How our audit addressed the key audit matter
<p>As disclosed in Notes 25, 24 and 23 to the financial report, the Group's continuing operations recorded intangible assets of \$44,617,000, property, plant and equipment of \$10,642,000 and right of use assets of \$6,146,000 as at 30 June 2023. These assets represent 79% of the Group's total non-current assets as at 30 June 2023.</p> <p>The Group performs an annual impairment assessment for indicators of impairment for property, plant and equipment, right-of-use assets and intangible assets other than goodwill and intangible assets not yet available for use. Where indicators of impairment are present for an individual development asset the recoverable amount of the asset is assessed and compared to its carrying value. Goodwill and intangibles not yet available for use are tested annually regardless of indicators. An assessment is also made of indicators of impairment for each individual Cash Generating Unit (CGU).</p> <p>The significant assumptions used in the impairment testing referred to above are inherently subjective and in times of economic uncertainty the degree of subjectivity is higher than it might otherwise be. Based on the size of the assets amounts and the judgement involved in determining the recoverable amount, we have considered this a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>▶ Evaluating the Group's assessment of its CGUs for consistency with the requirements of Australian Accounting Standards.</li> <li>▶ Evaluating the completeness of the Group's assessment of impairment indicators for property, plant and equipment, right-of-use assets and intangible assets in use in each CGU.</li> <li>▶ Assessing management's commercial basis for the development and commercialisation of products in process development.</li> <li>▶ Assessing the key assumptions within the impairment assessment of each CGU including the commercial prospects, growth rate and discount rate, involving EY's internal valuation and modelling specialists where required.</li> <li>▶ Applying our knowledge of the business and corroborating our work with external information where possible.</li> <li>▶ Assessing the adequacy of the disclosures included in Notes to the financial report.</li> </ul>

## Accounting for non-controlled investments

Why significant	How our audit addressed the key audit matter																										
The Group holds a number of significant non-controlled investments in its portfolio. The investments (which are individually significant) are recorded as non-current assets and are accounted for by the Group as follows:	<b>All Investments</b> Our procedures included the following:																										
<table><tr><th>Investee</th><th>Classification</th><th>Accounting Method</th><th>Note</th></tr><tr><td>Craig International Ballistics Pty Ltd</td><td>Associate Entity</td><td>Equity method</td><td>21</td></tr><tr><td>AMAG Holdings Australia Pty Ltd</td><td>Associate Entity</td><td>Equity method</td><td>21</td></tr><tr><td>Survivon Pty Ltd*</td><td>Associate Entity</td><td>Equity Method</td><td>21</td></tr><tr><td>Zeta Energy LLC</td><td>Financial Asset at Fair Value Through Profit and Loss</td><td>Fair Value Through Profit and Loss</td><td>17</td></tr><tr><td>Listed Investments</td><td>Financial Asset at Fair Value Through Profit and Loss</td><td>Fair Value Through Profit and Loss</td><td>17</td></tr></table>	Investee	Classification	Accounting Method	Note	Craig International Ballistics Pty Ltd	Associate Entity	Equity method	21	AMAG Holdings Australia Pty Ltd	Associate Entity	Equity method	21	Survivon Pty Ltd*	Associate Entity	Equity Method	21	Zeta Energy LLC	Financial Asset at Fair Value Through Profit and Loss	Fair Value Through Profit and Loss	17	Listed Investments	Financial Asset at Fair Value Through Profit and Loss	Fair Value Through Profit and Loss	17	<ul style="list-style-type: none"><li>▶ Reading investment and shareholder documents and correspondence in relation to each investment.</li><li>▶ Challenging the Group's assessment as to the method of accounting for each investment for compliance with Australian Accounting Standards.</li><li>▶ Agreeing the Group's interest in each investee entity to share certificates or other supporting documentation.</li><li>▶ Testing management's impairment assessment of the investment by considering forecasts of forward earnings, commercial activities and discount rates or recent arm's length capital raisings.</li><li>▶ Assessing the adequacy of the related disclosures within the financial report.</li></ul>		
Investee	Classification	Accounting Method	Note																								
Craig International Ballistics Pty Ltd	Associate Entity	Equity method	21																								
AMAG Holdings Australia Pty Ltd	Associate Entity	Equity method	21																								
Survivon Pty Ltd*	Associate Entity	Equity Method	21																								
Zeta Energy LLC	Financial Asset at Fair Value Through Profit and Loss	Fair Value Through Profit and Loss	17																								
Listed Investments	Financial Asset at Fair Value Through Profit and Loss	Fair Value Through Profit and Loss	17																								
<i>Survivon Pty Ltd ("Survivon"), Craig International Ballistics Pty Ltd ("CIB") and AMAG Holdings Australia Pty Ltd ("AMAG").</i>																											
Our procedures included the following:																											
<ul style="list-style-type: none"><li>▶ Evaluating the Group's accounting for disposal of Survivon for consistency with Australian Accounting Standards.</li><li>▶ Scoping and testing (based on the scoping) of selected transaction and account balances in the underlying</li></ul>																											

\* Disposed of during the year ended 30 June 2023.

A member firm of Ernst & Young Global Limited  
Liability limited by a scheme approved under Professional Standards Legislation

# Independent Auditor's Report



Why significant	How our audit addressed the key audit matter
<p>The accounting policies applied in recognising and measuring the Group's investments are disclosed in Note 2 of the Group's financial report.</p> <p>This area is a key audit matter due to the significance of the carrying amount of the investments to the Group's Statement of Financial Position, and the judgement involved in assessing whether control, joint control, significant influence or no influence exists. Subjectivity also exists in assessing the value of investments recorded at fair value.</p>	<p>financial information of CIB and AMAG to provide sufficient appropriate audit evidence as to the profit and financial positions of CIB and AMAG investments for the purpose of the Group audit.</p> <ul style="list-style-type: none"> <li>▶ Assessing the accounting policies of CIB and AMAG for consistency with the Group's policies.</li> <li>▶ Evaluating the Group's share of net gains and the equity method investment movement for the year ended 30 June 2023.</li> <li>▶ Assessing the carrying amount of the Group's equity method investment at 30 June 2023.</li> </ul> <p><i>Zeta Energy LLC ("Zeta")</i> Our procedures included the following:</p> <ul style="list-style-type: none"> <li>▶ Agreeing the Group's interest in Zeta to share certificates or other supporting documentation.</li> <li>▶ Recalculating the fair value of the Group's investment at 30 June 2023 using current share valuations, supported by recent capital raising transactions and converting the US dollar denominated investment value to Australian dollars at 30 June 2023.</li> </ul> <p><i>Listed Investments</i> Our procedures included the following:</p> <ul style="list-style-type: none"> <li>▶ Agreeing the Group's shareholding at 30 June 2023 to share certificate or other supporting documentation.</li> <li>▶ Recalculating the fair value of the Group's investment at 30 June 2023 using last trade price information from the Australian Securities Exchange.</li> <li>▶ Recalculating the gain on disposal of shares during the period recognised in the statement of profit or loss and other comprehensive income.</li> </ul>

## Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report, 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, with the exception of the Remuneration Report and our related assurance opinion.

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.

# Independent Auditor's Report



## 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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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 judgment 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.

# Independent Auditor's Report



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within 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 our audit.

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

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our 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 our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

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

### Responsibilities

The directors of the Company 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.

Ernst & Young

Brad Tozer  
Partner  
Brisbane  
24 August 2023

A member firm of Ernst & Young Global Limited  
Liability limited by a scheme approved under Professional Standards Legislation

## Shareholder Information

as at 18 August 2023

### Fully paid ordinary shares:

- (a) Total shares issued: 89,289,293
- (b) Percentage held by 20 largest shareholders: 54.76%
- (c) Total number of PPK shareholders: 4,941
- (d) Shareholders with less than marketable parcel of shares: 1,520
- (e) There is not a current on market buy-back.
- (f) Voting rights: Every shareholder present personally or by proxy or attorney etc, shall, on a show of hands, have one vote and on a poll shall have one vote for every share held. No voting rights attach to options.
- (g) Distribution schedule of fully paid ordinary shares:

Holdings Ranges	Total holders	Units	% Units
1 - 1,000	2,477	909,860	1.02
1,001 - 5,000	1,466	3,645,759	4.08
5,001 - 10,000	415	3,136,914	3.51
10,001 - 100,000	476	13,595,441	15.23
100,001 Over	107	68,001,319	76.16
<b>Total</b>	<b>4,941</b>	<b>89,289,293</b>	<b>100.00%</b>

(h) Voting rights: Every member present personally or by proxy or attorney etc, shall, on a show of hands, have one vote and on a poll shall have one vote for every share held.

(i) Top 20 Holders of Ordinary Fully Paid Shares

Rank	Name	Shares	%
1	WAVET FUND NO 2 PTY LTD <WAVET SUPER FUND NO 2 A/C>	14,011,998	15.69
2	EQUIPMENT COMPANY OF AUSTRALIA PTY LTD	7,974,336	8.93
3	SMN HOLDINGS PTY LTD	3,230,000	3.62
4	BUYCO PTY LTD <BUYCO A/C>	3,153,000	3.53
5	CITICORP NOMINEES PTY LIMITED	2,802,150	3.14
6	MCNAMARA SUPER GROUP PTY LTD <MCNAMARA SUPER FUND A/C>	2,775,919	3.11
7	IGNITION CAPITAL PTY LTD <THE IGNITION A/C>	2,336,788	2.62
8	CONTEMPLATOR PTY LTD <ARG PENSION FUND A/C>	2,326,000	2.61
9	IGNITION CAPITAL NO 2 PTY LTD <IGNITION SUPER FUND A/C>	1,527,692	1.71
10	NATIONAL NOMINEES LIMITED	1,128,659	1.26
11	JOHN E GILL OPERATIONS PTY LIMITED <JOHN E GILL NO 2 A/C>	1,102,221	1.23
12	MR LESLIE JOHN FIELD + MRS EVE FIELD	1,007,584	1.13
13	SASH INVESTMENT GROUP PTY LTD <SAMANTHA MOLLOY FAMILY A/C>	955,000	1.07
14	UBS NOMINEES PTY LTD	752,855	0.84
15	HOUGHTON WATERVILLE PTY LTD <A & J HURWITZ S/F A/C>	700,000	0.78
16	MINOAN CORPORATION LIMITED	700,000	0.78
17	NN CAPITAL PTY LTD	686,672	0.77
18	EST MR FRANCESCO MARIO NAPOLI	597,181	0.67
19	RUMINATOR PTY LTD	568,425	0.64
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	555,966	0.62
<b>Top 20 holders of Ordinary Fully Paid Total</b>		<b>48,892,446</b>	<b>54.76</b>
<b>Total Remaining Holders Balance</b>		<b>40,396,847</b>	<b>45.24</b>

## Shareholder Information

as at 18 August 2023

### (j) Substantial Holders

Substantial Holder	Number of Shares Held	% of Issued Capital
Wavet Fund No 2 Pty Ltd	14,011,998	15.69
Equipment Company of Australia Pty Ltd	7,974,336	8.93

### (k) Unquoted Securities:

Security	Total Holders	Number	Terms
Performance Rights	2	90,000	Each Performance Right is an entitlement, upon vesting and exercise, to an ordinary fully paid share in the Company. The Performance Rights all vested on 30 June 2021 but remain unexercised.
Performance Rights	3	40,704	Each Performance Right is an entitlement, upon vesting and exercise, to an ordinary fully paid share in the Company. The Performance Rights all vested on 30 June 2023 but remain unexercised.
Performance Rights	8	82,298	Each Performance Right is an entitlement, upon vesting and exercise, to an ordinary fully paid share in the Company. The Performance Rights will be assessed against the vesting conditions in June 2024.
Performance Rights	8	462,976	Each Performance Right is an entitlement, upon vesting and exercise, to an ordinary fully paid share in the Company. The Performance Rights will be assessed against the vesting conditions in June 2025.



# Corporate Directory

## PPK Group Limited ABN 65 003 964 181

A public company incorporated in New South Wales and listed on the Australian Securities Exchange (ASX Code: PPK)

### Directors

Robin Levison	(Chairman)
Glenn Molloy	(Executive Director)
Anthony John McDonald	(Non-Executive Director)
Anne-Marie Birkill	(Non-Executive Director)

### Company Secretaries

Will Shiel  
Liam Fairhall

### Registered Office and Principal Place of Business

#### PPK Group Limited

Level 27, 10 Eagle Street  
Brisbane QLD 4000 Australia

Telephone: +61 7 3054 4555  
Email: [info@ppkgroup.com.au](mailto:info@ppkgroup.com.au)  
Web Site: [www.ppkgroup.com.au](http://www.ppkgroup.com.au)

### Share Register

#### Computershare Investor Services Pty Ltd

Level 3, 60 Carrington Street  
Sydney NSW 2000 Australia

Telephone  
(within Australia): 1300 556 161  
Telephone  
(international): +61 2 8234 5000  
Contact: <https://www.computershare.com/au/business/registry-services/contact-us>

### Solicitors

#### Mills Oakley

Level 23, 66 Eagle Street  
Brisbane QLD 4000 Australia

### Bankers

#### National Australia Bank Limited

Level 17, 259 Queen Street  
Brisbane QLD 4000 Australia

### Auditors

#### Ernst & Young

Level 51, 111 Eagle Street  
Brisbane QLD 4000 Australia

For personal use only



[www.ppkgroup.com.au](http://www.ppkgroup.com.au)