



## 1. Company details

|                   |  |
|-------------------|--|
| Name of entity:   | Hazer Group Limited                      |
| ABN:              | 40 144 044 600                           |
| Reporting period: | For the half-year ended 31 December 2023 |
| Previous period:  | For the half-year ended 31 December 2022 |

## 2. Results for announcement to the market

|   |    |         | \$           |
|---|----|---------|--------------|
| Revenues from ordinary activities   | up | 57% to  | 1,586,313    |
| Loss from ordinary activities after tax attributable to the owners of Hazer Group Limited | up | 149% to | (12,065,719) |
| Loss for the half-year attributable to the owners of Hazer Group Limited                  | up | 149% to | (12,065,719) |

|                                  | 31 Dec 2023<br>Cents | 31 Dec 2022<br>Cents |
|----------------------------------|----------------------|----------------------|
| Basic and diluted loss per share | (6.29)               | (2.86)               |
| Diluted earnings per share       | (6.29)               | (2.86)               |

### Dividends

There were no dividends paid, recommended or declared during the current financial period.

### Comments

The loss for the consolidated entity after providing for income tax amounted to \$12,065,719 (31 December 2022: \$4,837,624).

Refer to the company announcement on xxx regarding the results for further information.

## 3. Net tangible assets

|   | Reporting<br>period<br>Cents | Previous<br>period<br>Cents |
|---|------------------------------|-----------------------------|
| Net tangible assets per ordinary security | <u>3.16</u>                  | <u>2.31</u>                 |

## 4. Control gained over entities

Not applicable.

## 5. Loss of control over entities

Not applicable.

## 6. Details of associates and joint venture entities

Not applicable.



### 7. Audit qualification or review

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to review by the auditors, and the review report is attached as part of the Interim Report.

---

### 8. Attachments

*Details of attachments (if any):*

The Interim Report of Hazer Group Limited for the half-year ended 31 December 2023 is attached.

---

### 9. Signed

Signed \_\_\_\_\_

Date: 22 February 2024

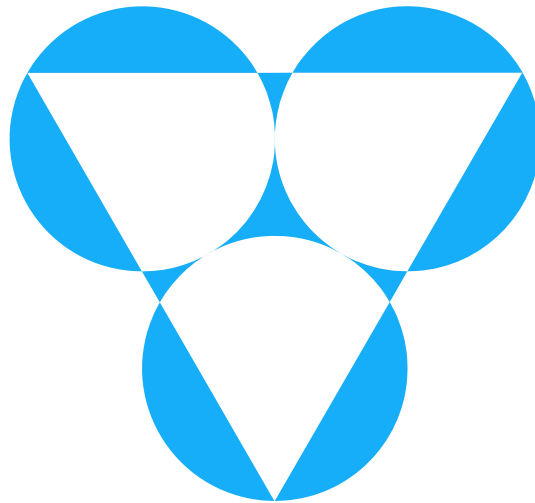
Tim Goldsmith  
Chairman

For personal use only

# Hazer Group Limited

ABN 40 144 044 600

## Interim Report – 31 December 2023



For personal use only

**Hazer Group Limited**  
**Corporate directory**  
**For the half-year ended 31 December 2023**



|                                |  |
|--------------------------------|--|
| Directors                      | Tim Goldsmith (Non-Executive Chairman)<br>Danielle Lee (Non-Executive Director)<br>Andrew Hinkly (Non-Executive Director)<br>Jack Hamilton (Non-Executive Director)<br>Glenn Corrie (Executive Director) |
| Company secretary              | Joan Dabon   |
| Registered office              | Level 9, 99 St Georges Terrace<br>Perth WA 6000  |
| Principal place of business    | Level 9, 99 St Georges Terrace<br>Perth WA 6000  |
| Share register                 | Automic Group Limited<br>Level 5/191 St Georges Terrace<br>Perth, WA 6000  |
| Auditor                        | RSM Australia Partners<br>Level 32, Exchange Tower, 2 The Esplanade<br>Perth WA 6000   |
| Solicitors                     | HopgoodGanim<br>Allendale Square, Level 27/77 St Georges Terrace<br>Perth WA 6000  |
| Bankers                        | Commonwealth Bank of Australia<br>150 St Georges Terrace<br>Perth WA 6000  |
| Stock exchange listing         | Hazer Group Limited shares are listed on the Australian Securities Exchange (ASX code: HZR)  |
| Website                        | <a href="http://www.hazergroup.com.au">www.hazergroup.com.au</a>   |
| Corporate Governance Statement | <a href="https://hazergroup.com.au/investors/#corporategovernance">https://hazergroup.com.au/investors/#corporategovernance</a>  |

For personal use only

**Hazer Group Limited**  
**Directors' report**  
**For the half-year ended 31 December 2023**



The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Hazer Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

### Directors

The following persons were directors of Hazer Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Tim Goldsmith  
Danielle Lee  
Andrew Hinkly  
Jack Hamilton  
Glenn Corrie

### Principal activities

During the financial half-year, the principal continuing activities of the company consisted of research and development of hydrogen and graphitic carbon production technology.

The company has intellectual property rights to a technology (the 'Hazer Process') which enables the production of hydrogen gas from the thermo-catalytic decomposition of methane (natural gas) with low carbon dioxide emissions and the co-production of a high-purity graphite product.

### Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$12,065,719 (31 December 2022: \$4,837,624).

As an early-stage technology company, the company's business model is highly dependent on the achievement of continued technical development success as well as future funding, customer engagement and general financial and economic factors.

Hazer is a clean technology development company focused on the commercialisation of the Hazer Process – a novel, low cost, low carbon emission hydrogen and graphite production technology. The technology initially developed at the University of Western Australia has the potential to deliver two high-value products while reducing carbon emissions through both production and application.

Low-emission hydrogen and graphitic carbon are both key products in a de-carbonising economy, and there is a significant global focus on developing a hydrogen economy as part of a transition to a low-carbon environment.

During the half year to 31 December 2023, construction of the Commercial Demonstration Plant (CDP) was completed with the installation of the reactor and heat-exchange equipment. The furnace and reactor have been commissioned to full operating temperature and pressure marking a significant milestone for the CDP. Successful commissioning of this equipment significantly de-risks plant start-up by providing confidence in the equipment selection for demonstration at commercial scale.

Following the end of the reporting period, on 31st January Hazer announced first production of hydrogen and graphite. Hazer expects to ramp up operations through the first half of CY2024, safely executing the performance testing program to deliver data that demonstrates its commercial readiness.

As part of the performance testing program, alternative designs for the hot equipment, including the reactor and heat exchanger, are being developed concurrently. This equipment will be installed and tested following completion of the initial phase of the performance testing program that utilises the currently installed first generation hot reactor and heat exchanger. The alternative designs will also provide risk mitigation in the form of redundancy to ensure the outcomes of the performance testing program are achieved. The material for the alternative heat exchanger design was delivered in December 2023 and fabrication of the exchanger has commenced. Alongside this, Hatch has reached the final stages of detailed design for the next generation reactor technology and procurement activities are already underway.

Onboarding of technical specialist roles in the half year has allowed review and update of the Research and Technology Development strategic plan. The plan remains based around the key workstreams of process, catalyst, and graphite development with increased focus on scale-up and commercialisation targets. Progress during the half year was in line with expectations, with key highlights mentioned below:

#### Process Development

- o Operation and analysis of CDP data remains key to the process development workstream for scale up and commercialisation outcomes.
- o The CDP test plan was refreshed with a focus on demonstrating continuous operation to enable validation of commercial scale performance parameters.
- o Operational targets will enable production of significant volumes of Hazer graphite to facilitate the next stages of graphite marketing and development.
- o Simulation studies for the Hazer-BC project in Canada were also completed during the Quarter allowing finalisation of process technology input into the next scale reactor design.

For personal use only

**Hazer Group Limited**  
**Directors' report**  
**For the half-year ended 31 December 2023**



**Graphite & Catalyst Development**

- o To support scale up efforts, catalyst supply studies have commenced with consultants engaged to enable optimized catalyst supply cost for next scale plants.
- o Onboarding and training for the ARC (Australian Research Council) Hub research program was completed with early results further validating technology operating envelope.

During the half year, Hazer further progressed the collaboration with Chubu Electric and Chiyoda Corporation for a project in Japan (refer announcement 11 April 2023), as well as the collaboration with ENGIE for a project in France (refer announcement 9 May 2023). In close collaboration with ENGIE, Hazer has been preparing a proposal for a significant low emissions hydrogen project for heavy industry in Europe.

During the half year, Hazer and Mitsui advanced the collaboration relating to the joint investigation of the potential markets for Hazer graphite (refer announcement 30 October 2023). Under the original Memorandum of Understanding (refer announcement 16 November 2022), Hazer and Mitsui agreed to conduct an initial marketing survey of applications for Hazer's low emissions graphite in the steel making and chemicals industries, utilising Mitsui's global network. Following detailed evaluation and testing, the parties have received positive market feedback and successfully identified several potential customers showing initial interest in Hazer graphite. As a result, the parties have agreed to progress to the next phase of joint investigation, which involves further product evaluation and testing of larger samples to be provided from Hazer's CDP in Q1 2024.

In addition, Hazer has been initiating and developing discussions with several Tier 1 companies across North America, Asia and Europe. This includes steel making companies that have an interest in both Hazer graphite and hydrogen.

The Hazer-BC Project based in Vancouver, British Columbia, Canada, will develop a commercial Hazer plant designed to produce up to 2,500 tonnes per annum (tpa) of hydrogen, a scale-up of 25 times on the CDP. During the half year FortisBC and Hazer progressed the Project Development Agreement and conducted commercial discussions following which the parties agreed in principle, subject to formal legal documentation, that FortisBC will be the project lead developer and sole operator of the facility, and Hazer adopting the role of technology license provider. This is a significantly positive improvement from the previous joint operatorship arrangement as it aligns with Hazer's 'capex lite' business model drastically reducing capital expenditure exposure for Hazer at the project level.

In parallel, FortisBC and Hazer have been progressing key project areas such as continuation of the FEED study by Wood Plc, new site selection, and CleanBC funding updates. After careful evaluation a new preferred project site has been identified and arrangements with the owner of the industrial site are under detailed discussion with FortisBC. As updated at the AGM, the FEED study report has moved into the final estimating phase and is targeted to be issued during February.

The company's cash and cash equivalents were \$10,681,322 as at 31 December 2023 (30 June 2023 : \$9,278,322) and net assets at 31 December 2023 were \$6,336,913 (30 June 2023:\$3,939,477 ). The company's cash includes \$2,451,000 of cash that is restricted from use by the company until certain conditions are satisfied.

The company spent \$5,072,869 on the Commercial Demonstration Project (CDP) in the current reporting period to the end of 31 December 2023 (\$1,069,167: 31 December 2022); the increase is associated with completion of the CDP construction.

Loss from ordinary activities after tax was \$12,065,719 for the half-year ending 31 December 2023 (31 December 2022 - \$4,837,624). The increased loss of \$7,228,095 was primarily due to increased spend on the CDP construction completion and therefore an increase in the impairment of the Commercial Demonstration Plant (CDP) to an expense of \$4,248,270 (31 December 2022 - \$156,524), which has been expensed to the profit and loss in line with the Australian accounting standard AASB 136 Impairment of Assets. Most of this impaired amount is expected to be eligible for a research and development tax incentive rebate in future years.

The company's total operating expenditure, including administration, consulting, research and development, and employee expenses and finance costs, increased by 60% to \$8,540,691 (31 December 2022: \$5,353,426). Increases in operating expenses predominantly related to increased consulting and research expenditure \$3,756,513 (31 December 2022: \$2,150,710) associated with CDP Operations; and increased employee benefits expenditure \$3,600,639 (31 December 2022: \$2,132,116) due to additional technical staff engaged in research and development activities and engineering activities related to the CDP, along with the accompanying corporate functions.

The net operating cash outflows to 31 December 2023 was \$6,963,036, compared to an outflow for the period ending 31 December 2022 of \$4,670,514, primarily driven by the increase in payments to suppliers and employees. Partially offset by the receipt of the net research and development tax incentive rebate of \$2,536,257 (31 December 2022: \$nil).

Investing cash outflows totalled \$5,140,006 to the end of 31 December 2023 (31 December 2022: \$2,843,968), predominantly related to increased capital costs associated with the Hazer Commercial Demonstration Plant.

For personal use only

**Hazer Group Limited**  
**Directors' report**  
**For the half-year ended 31 December 2023**



Financing cash inflows increased to \$13,506,042 in the current period (31 December 2023) driven by equity raisings of \$13,659,613 (31 December 2022: \$nil) due to the issue of 30,646,927 shares in the current period (31 December 2022: nil shares issued to the end of the half-year).

In the half-year to 31 December 2023 there were proceeds from short term borrowings with Radium Capital of \$1,757,820 (31 December 2022: \$2,000,000) and subsequent full repayment during the period of \$1,757,820 (31 December 2022: \$nil).

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Matters subsequent to the end of the financial half-year**

On 19<sup>th</sup> February 2024, the Company announced it had received firm, binding commitments from institutional, sophisticated, and professional investors of \$9.0 million (before costs) under a placement of fully paid ordinary shares at an issue price of \$0.50 per share, together with a free attached quoted HZRO class option exercisable at \$0.75 each and expiring 28 February 2025 on a 1-for-4 basis. Viriathus Capital Pty and Bell Potter Securities Ltd acted as Joint Lead Managers to the Placement. The Placement was not underwritten.

The company is also conducting a Share Purchase Plan ("SPP") to raise up to \$4 million (before costs). The SPP offers eligible shareholders an opportunity to purchase new shares on the same terms as the Placement (including the issue of free attaching HZRO Options).

Following successful start-up of the Company's CDP, the net proceeds from the Placement and SPP will be used to execute Hazer's commercialisation strategy to:

- Expedite existing commercial projects in Canada, Japan and Europe;
- Secure new global project and license deals; and
- For other corporate and strategic purposes.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

---

Tim Goldsmith  
Chairman

22 February 2024

For personal use only



**RSM Australia Partners**

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61(0) 8 92619100  
F +61(0) 8 92619111

[www.rsm.com.au](http://www.rsm.com.au)

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Hazer Group Limited for the half year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS

*A Whyte*

ALASDAIR WHYTE  
Partner

Perth, WA  
Dated: 22 February 2024

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

For personal use only



# Hazer Group Limited

## Contents

### For the half-year ended 31 December 2023



|   |    |
|---|----|
| Statement of profit or loss and other comprehensive income                | 7  |
| Statement of financial position   | 8  |
| Statement of changes in equity  | 9  |
| Statement of cash flows   | 10 |
| Notes to the financial statements   | 11 |
| Directors' declaration  | 17 |
| Independent auditor's review report to the members of Hazer Group Limited | 18 |

#### General information

The financial statements cover Hazer Group Limited as a consolidated entity consisting of Hazer Group Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Hazer Group Limited's functional and presentation currency.

Hazer Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 9, 99 St Georges Terrace  
Perth WA 6000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 February 2024.

For personal use only

**Hazer Group Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2023**



|  | <b>Consolidated</b>        |                           |
|--|----------------------------|---------------------------|
|  | <b>31 Dec 2023</b>         | <b>31 Dec 2022</b>        |
|  | \$                         | \$                        |
| <b>Revenue</b>   |                            |                           |
| Interest received  | 222,120                    | 78,799                    |
| R&D tax rebate   | 1,364,193                  | 934,655                   |
| <b>Total revenue</b>   | <u>1,586,313</u>           | <u>1,013,454</u>          |
| <b>Expenses</b>  |                            |                           |
| Administration   | (1,055,095)                | (964,757)                 |
| Consulting and research expenses   | (3,756,513)                | (2,150,710)               |
| Employee benefits expenses   | (3,600,639)                | (2,132,116)               |
| Share based payments   | (803,542)                  | (291,920)                 |
| Finance costs  | (128,444)                  | (105,843)                 |
| Depreciation and amortisation expense  | (59,529)                   | (49,208)                  |
| Impairment expense on commercial demonstration plant   | <u>(4,248,270)</u>         | <u>(156,524)</u>          |
| <b>Loss before income tax expense</b>  | (12,065,719)               | (4,837,624)               |
| Income tax expense   | <u>-</u>                   | <u>-</u>                  |
| <b>Loss after income tax expense for the half-year attributable to the owners of Hazer Group Limited</b> | (12,065,719)               | (4,837,624)               |
| Other comprehensive income for the half-year, net of tax   | <u>-</u>                   | <u>-</u>                  |
| <b>Total comprehensive loss for the half-year attributable to the owners of Hazer Group Limited</b>      | <u><u>(12,065,719)</u></u> | <u><u>(4,837,624)</u></u> |
|  | <b>Cents</b>               | <b>Cents</b>              |
| Basic and diluted loss per share   | (6.29)                     | (2.86)                    |
| Diluted earnings per share   | (6.29)                     | (2.86)                    |

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

For personal use only

**Hazer Group Limited**  
**Statement of financial position**  
**As at 31 December 2023**



For personal use only

|                                      |      | Consolidated        |                     |
|--------------------------------------|------|---------------------|---------------------|
|                                      | Note | 31 Dec 2023<br>\$   | 30 Jun 2023<br>\$   |
| <b>Assets</b>                        |      |                     |                     |
| <b>Current assets</b>                |      |                     |                     |
| Cash and cash equivalents            | 2    | 10,681,322          | 9,278,322           |
| Trade and other receivables          | 3    | 1,999,325           | 2,939,084           |
| Other current assets                 | 4    | 255,624             | 161,457             |
| <b>Total current assets</b>          |      | <u>12,936,271</u>   | <u>12,378,863</u>   |
| <b>Non-current assets</b>            |      |                     |                     |
| Plant and equipment                  |      | 15,783              | 21,162              |
| Commercial demonstration plant       |      |                     |                     |
| Leases - Right-of-use assets         | 5    | -                   | -                   |
| <b>Total non-current assets</b>      |      | <u>251,613</u>      | <u>265,350</u>      |
|                                      |      | <u>267,396</u>      | <u>286,512</u>      |
| <b>Total assets</b>                  |      | <u>13,203,667</u>   | <u>12,665,375</u>   |
| <b>Liabilities</b>                   |      |                     |                     |
| <b>Current liabilities</b>           |      |                     |                     |
| Trade and other payables             | 6    | 3,189,091           | 5,146,293           |
| Provisions                           |      | 284,144             | 254,360             |
| Contract liabilities                 | 7    | 1,451,000           | 951,000             |
| Lease Liabilities                    |      | 101,340             | 87,029              |
| <b>Total current liabilities</b>     |      | <u>5,025,575</u>    | <u>6,438,682</u>    |
| <b>Non-current liabilities</b>       |      |                     |                     |
| Contract liabilities                 | 7    | 1,000,000           | 1,500,000           |
| Lease Liabilities                    |      | 170,059             | 174,233             |
| Provisions                           |      | 671,120             | 612,983             |
| <b>Total non-current liabilities</b> |      | <u>1,841,179</u>    | <u>2,287,216</u>    |
| <b>Total liabilities</b>             |      | <u>6,866,754</u>    | <u>8,725,898</u>    |
| <b>Net assets</b>                    |      | <u>6,336,913</u>    | <u>3,939,477</u>    |
| <b>Equity</b>                        |      |                     |                     |
| Equity - issued capital              | 8    | 75,165,046          | 61,505,433          |
| Equity - reserves                    | 9    | 2,433,630           | 1,630,088           |
| Equity – Accumulated losses          | 10   | <u>(71,261,763)</u> | <u>(59,196,044)</u> |
| <b>Total equity</b>                  |      | <u>6,336,913</u>    | <u>3,939,477</u>    |

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

**Hazer Group Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2023**



For personal use only

| <b>Consolidated</b>  | <b>Issued capital</b><br>\$ | <b>Reserves</b><br>\$ | <b>Accumulated losses</b><br>\$ | <b>Total equity</b><br>\$ |
|--|-----------------------------|-----------------------|---------------------------------|---------------------------|
| Balance at 1 July 2022                                       | 58,859,172                  | 2,585,976             | (48,993,181)                    | 12,451,967                |
| Loss after income tax expense for the half-year              | -                           | -                     | (4,837,624)                     | (4,837,624)               |
| Other comprehensive income for the half-year, net of tax     | -                           | -                     | -                               | -                         |
| <b>Total comprehensive loss for the half-year</b>            | <b>-</b>                    | <b>-</b>              | <b>(4,837,624)</b>              | <b>(4,837,624)</b>        |
| <i>Transactions with owners in their capacity as owners:</i> |                             |                       |                                 |                           |
| Shares issued pursuant to the exercise of convertible notes  | 2,646,261                   | -                     | -                               | 2,646,261                 |
| Share-based payments   | -                           | 291,920               | -                               | 291,920                   |
| <b>Balance at 31 December 2022</b>                           | <b>61,505,433</b>           | <b>2,877,896</b>      | <b>(53,830,805)</b>             | <b>10,552,524</b>         |

| <b>Consolidated</b>  | <b>Issued capital</b><br>\$ | <b>Reserves</b><br>\$ | <b>Retained profits</b><br>\$ | <b>Total equity</b><br>\$ |
|--|-----------------------------|-----------------------|-------------------------------|---------------------------|
| Balance at 1 July 2023                                       | 61,505,433                  | 1,630,088             | (59,196,044)                  | 3,939,477                 |
| Loss after income tax expense for the half-year              | -                           | -                     | (12,065,719)                  | (12,065,719)              |
| Other comprehensive income for the half-year, net of tax     | -                           | -                     | -                             | -                         |
| <b>Total comprehensive loss for the half-year</b>            | <b>-</b>                    | <b>-</b>              | <b>(12,065,719)</b>           | <b>(12,065,719)</b>       |
| <i>Transactions with owners in their capacity as owners:</i> |                             |                       |                               |                           |
| Contributions of equity, net of transaction costs (note 8)   | 13,659,613                  | -                     | -                             | 13,659,613                |
| Share-based payments   | -                           | 803,542               | -                             | 803,542                   |
| <b>Balance at 31 December 2023</b>                           | <b>75,165,046</b>           | <b>2,433,630</b>      | <b>(71,261,763)</b>           | <b>6,336,913</b>          |

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

**Hazer Group Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2023**



|   | Note | Consolidated             |                          |
|---|------|--------------------------|--------------------------|
|   |      | 31 Dec 2023              | 31 Dec 2022              |
|   |      | \$                       | \$                       |
| <b>Cash flows from operating activities</b>                           |      |                          |                          |
| Payments to suppliers and employees (inclusive of GST)                |      | (9,716,266)              | (4,744,943)              |
| Interest received   |      | 222,120                  | 78,799                   |
| Interest and other finance costs paid                                 |      | (5,147)                  | (4,370)                  |
| Grant & rebate income received  |      | 2,536,257                | -                        |
| Net cash used in operating activities                                 |      | <u>(6,963,036)</u>       | <u>(4,670,514)</u>       |
| <b>Cash flows from investing activities</b>                           |      |                          |                          |
| Payments for commercial demonstration plant                           |      | (5,140,006)              | (2,829,738)              |
| Other property plant and equipment                                    |      | -                        | (14,230)                 |
| Net cash used in investing activities                                 |      | <u>(5,140,006)</u>       | <u>(2,843,968)</u>       |
| <b>Cash flows from financing activities</b>                           |      |                          |                          |
| Proceeds from issue of shares   | 8    | 14,710,525               | -                        |
| Share issue transaction costs   |      | (1,050,913)              | (20,406)                 |
| Proceeds from borrowings  |      | 1,757,820                | 1,997,800                |
| Repayment of borrowings   |      | (1,757,820)              | -                        |
| Repayment of leases   |      | (62,002)                 | (41,882)                 |
| Interest and other finance costs paid                                 |      | (91,568)                 | -                        |
| Net cash from financing activities                                    |      | <u>13,506,042</u>        | <u>1,935,512</u>         |
| Net increase/(decrease) in cash and cash equivalents                  |      | 1,403,000                | (5,578,970)              |
| Cash and cash equivalents at the beginning of the financial half-year |      | <u>9,278,322</u>         | <u>18,027,924</u>        |
| Cash and cash equivalents at the end of the financial half-year       |      | <u><u>10,681,322</u></u> | <u><u>12,448,954</u></u> |

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

For personal use only



|  |    |
|--|----|
| Note 1. Material accounting policy information | 12 |
| Note 2. Cash and cash equivalents              | 12 |
| Note 3. Trade and other receivables            | 12 |
| Note 4. Other current assets                   | 13 |
| Note 5. Commercial demonstration plant         | 13 |
| Note 6. Trade and other payables               | 14 |
| Note 7. Contract liabilities                   | 14 |
| Note 8. Equity - issued capital                | 14 |
| Note 9. Equity - reserves                      | 15 |
| Note 10. Equity – Accumulated losses           | 15 |
| Note 11. Contingent assets and liabilities     | 15 |
| Note 12. Segment information                   | 15 |
| Note 13. Commitments                           | 15 |
| Note 14. Events after the reporting period     | 16 |

For personal use only



### Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

#### New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### Going concern

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

### Note 2. Cash and cash equivalents

|                           | Consolidated |             |
|---------------------------|--------------|-------------|
|                           | 31 Dec 2023  | 30 Jun 2023 |
|                           | \$           | \$          |
| Cash at bank              | 7,897,780    | 6,494,780   |
| Cash on deposit           | 332,542      | 332,542     |
| Cash at bank – restricted | 2,451,000    | 2,451,000   |
|                           | 10,681,322   | 9,278,322   |
|                           | 10,681,322   | 9,278,322   |

#### Cash on deposit

The company has amounts held in term deposits with varying maturities. Amounts held in term deposits are predominantly for the purpose of fulfilling collateral and security requirements associated with lease arrangements and corporate credit card facilities held.

#### Cash at bank - restricted

The company has received grant funding from ARENA, an independent agency of the Australian federal government, to support the design, procurement, construction and operation of the commercial demonstration plant. To access the grant funding, the company must meet the operational and technical requirements of agreed funding milestones in a form acceptable to ARENA. This restricted cash represents the grant funding received where the milestone criteria are yet to be satisfied, and the funds are not yet freely available for use by the company.

### Note 3. Trade and other receivables

|                           | Consolidated |             |
|---------------------------|--------------|-------------|
|                           | 31 Dec 2023  | 30 Jun 2023 |
|                           | \$           | \$          |
| <i>Current assets</i>     |              |             |
| GST refundable            | 286,675      | 281,305     |
| R&D tax rebate receivable | 1,712,650    | 2,657,779   |
|                           | 1,999,325    | 2,939,084   |
|                           | 1,999,325    | 2,939,084   |

For personal use only



**Note 3. Trade and other receivables (continued)**

*GST refundable*

GST refundable relates to amounts receivable from the Australian Taxation Office (ATO) in relation to the GST portion paid or payable to trade creditors, which are claimable as input tax credits. GST refunds are generally received from the ATO in the following month, and no allowance for expected credit losses have been recognised in the period ended 31 December 2023.

*R&D tax rebate receivable*

R&D tax rebate receivable represents refundable tax offsets from the Australian Taxation Office (ATO) in relation to expenditure incurred in the current year for eligible research and development activities. Research and development activities are refundable at a rate of 43.5% for each dollar spent, subject to meeting certain eligibility criteria. Funds are expected to be received subsequent to the lodgement of the income tax return and research and development tax incentive schedule for the current financial year.

**Note 4. Other current assets**

|             | Consolidated |             |
|-------------|--------------|-------------|
|             | 31 Dec 2023  | 30 Jun 2023 |
|             | \$           | \$          |
| Prepayments | 245,026      | 150,859     |
| Deposits    | 10,598       | 10,598      |
|             | 255,624      | 161,457     |

**Note 5. Commercial demonstration plant**

|  | Consolidated |              |
|--|--------------|--------------|
|  | 31 Dec 2023  | 30 Jun 2023  |
|  | \$           | \$           |
| <i>Non-current assets</i>  |              |              |
| Commercial demonstration plant   | 34,616,002   | 29,543,133   |
| Plant and equipment - at independent valuation                         | (8,748,683)  | (7,924,084)  |
| Commercial demonstration plant – restoration provision                 | 592,983      | 592,983      |
| Commercial demonstration plant – accumulated amortisation & impairment | (19,501,302) | (15,253,032) |
| Commercial demonstration plant – ARENA grant offset                    | (6,959,000)  | (6,959,000)  |
| <b>Net book value for the period ended</b>                             | -            | -            |

|   | Consolidated |             |
|---|--------------|-------------|
|   | 31 Dec 2023  | 30 Jun 2023 |
|   | \$           | \$          |
| <b>Net book value</b>                         |              |             |
| <b>At 1 July</b>                              | -            | -           |
| - Additions                                   | 5,072,869    | 3,971,687   |
| - ARENA grant - release of contract liability | -            | (2,969,000) |
| - R&D Offset                                  | (824,599)    | (855,932)   |
| - Impairment                                  | (4,248,270)  | (146,755)   |
| <b>Net book value for the period ended</b>    | -            | -           |

The Commercial Demonstration Plant (CDP) is a key stage in the development and scale up of the Hazer process. Development costs directly attributable to create, produce and prepare the CDP for the purpose intended by management is recognised as an intangible asset when the criteria under AASB 138 Intangible Assets are satisfied.

For personal use only





**Note 5. Commercial demonstration plant (continued)**

*Impairment of the Commercial Demonstration Plant*

At 31 December 2023, the company performed its impairment test in relation to intangible assets not yet available for use and identified indicators of impairment in line with AASB 136 Impairment of Assets. At the test date, it was determined that due to the experimental nature of the CDP, future cash flows associated with operating the CDP asset over its expected useful life of 3 years are not expected to exceed potential revenue from the sale of hydrogen and graphite products. Key assumptions used in the value in use calculation are based on market rates for the cost of labour and feedstock required to operate the CDP, along with potential sale price for hydrogen & graphite products.

Accordingly, the Company has concluded that the recoverable amount of the asset derived through its value in use did not exceed the carrying amount, and an impairment charge was recognised for the difference.

**Note 6. Trade and other payables**

|                  | <b>Consolidated</b> |                    |
|------------------|---------------------|--------------------|
|                  | <b>31 Dec 2023</b>  | <b>30 Jun 2023</b> |
|                  | <b>\$</b>           | <b>\$</b>          |
| Accounts payable | 2,459,109           | 3,627,453          |
| Other payables   | 729,982             | 1,518,840          |
|                  | <u>3,189,091</u>    | <u>5,146,293</u>   |

**Note 7. Contract liabilities**

|                                  | <b>Consolidated</b> |                    |
|----------------------------------|---------------------|--------------------|
|                                  | <b>31 Dec 2023</b>  | <b>30 Jun 2023</b> |
|                                  | <b>\$</b>           | <b>\$</b>          |
| Current Contract liabilities     | 1,451,000           | 951,000            |
| Non-current Contract liabilities | 1,000,000           | 1,500,000          |
|                                  | <u>2,451,000</u>    | <u>2,451,000</u>   |

The Group has received grant funding from ARENA, an independent agency of the Australian federal government, to support the design, procurement, construction and operation of the commercial demonstration plant. To access the grant funding, the company must meet the operational and technical requirements of agreed funding milestones in a form acceptable to ARENA. Contract liabilities represent the grant funding received where the milestone criteria are yet to be satisfied and the funds are not yet available to the Group.

The amount of contract liabilities are allocated by grant milestones relating to the practical completion and commencement of commissioning for the commercial demonstration plant, along with the completion of 12, 24 and 36 months of operations.

The Company achieved practical completion in November 2023 (Milestone 3.b) with receipt expected in February 2024.

Current contract liabilities include Milestone 3.b and Milestone 4 (first 12 months of operations) to be released in the November 2024.

Amounts relating to operational Milestones are 5 – 6 classified as non-current as the Company is required to fulfill a minimum of 24 and 36 months operations prior to being eligible for the application of funds.

**Note 8. Equity - issued capital**

|                              | <b>Consolidated</b> |                    |                    |                    |
|------------------------------|---------------------|--------------------|--------------------|--------------------|
|                              | <b>31 Dec 2023</b>  | <b>30 Jun 2023</b> | <b>31 Dec 2023</b> | <b>30 Jun 2023</b> |
|                              | <b>Shares</b>       | <b>Shares</b>      | <b>\$</b>          | <b>\$</b>          |
| Ordinary shares - fully paid | 201,090,670         | 170,443,743        | 75,165,046         | 61,505,433         |
|                              | <u>201,090,670</u>  | <u>170,443,743</u> | <u>75,165,046</u>  | <u>61,505,433</u>  |

For personal use only

**Hazer Group Limited**  
**Notes to the financial statements**  
**For the half-year ended 31 December 2023**



**Note 8. Equity - issued capital (continued)**

*Movements in spare share capital*

| Details                                   | Date             | Shares             | Issue price | \$                |
|---|------------------|--------------------|-------------|-------------------|
| Opening balance                           | 1 July 2023      | 170,443,743        |             | 61,505,433        |
| Rights Issue                              | 22 August 2023   | 16,063,594         | \$0.48      | 7,710,525         |
| Rights Issue                              | 25 August 2023   | 13,145,381         | \$0.48      | 6,309,783         |
| Rights Issue                              | 2 October 2023   | 1,437,952          | \$0.48      | 690,217           |
| Share issue transaction costs, net of tax |                  | -                  | \$0.00      | (1,050,912)       |
| Balance                                   | 31 December 2023 | <u>201,090,670</u> |             | <u>75,165,046</u> |

**Note 9. Equity - reserves**

*Option reserve*

The option reserve records items recognised as expenses on the valuation of share options.

|  | Number of Options | Value \$         |
|--|-------------------|------------------|
| <b>Balance at 1 July 2023</b>  | 10,632,890        | 1,630,088        |
| Pro-rata attaching options to rights issue                             | 15,324,256        | -                |
| Existing options issued in prior periods vesting over multiple periods | -                 | 803,542          |
| <b>Balance at 31 December 2023</b>                                     | <u>25,957,146</u> | <u>2,433,630</u> |

**Note 10. Equity – Accumulated losses**

|  | Consolidated        |                     |
|--|---------------------|---------------------|
|  | 31 Dec 2023         | 30 Jun 2023         |
|  | \$                  | \$                  |
| Accumulated losses at the beginning of the financial half-year | (59,196,044)        | (48,993,183)        |
| Loss after income tax expense for the half-year                | (12,065,719)        | (12,205,597)        |
| Transfer from options reserve to accumulated losses            | -                   | 2,002,736           |
| Accumulated losses at the end of the financial half-year       | <u>(71,261,763)</u> | <u>(59,196,044)</u> |

**Note 11. Contingent assets and liabilities**

The Company has given bank guarantees as at 31 December 2023 of \$297,542 (30 June 2023: \$297,542) to various landlords and Western Power in association with the Commercial Demonstration Plant.

**Note 12. Segment information**

The company has considered the requirements of AASB8 – Operating Segments and has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision-makers) in assessing performance and determining the allocation of resources.

The company operates as a single segment being research and development of novel graphite-and-hydrogen-production technology. There is no difference between the audited financial report and the internal reports generated for review. The company is domiciled in Australia and its subsidiary is domiciled in Canada. The Group is currently in the development phase and hence has not begun to generate revenue from operations. All the assets are located in Australia.

**Note 13. Commitments**

Committed at the reporting date but not recognised as liabilities:

For personal use only



**Note 13. Commitments (continued)**

|   | Consolidated          |                         |
|---|-----------------------|-------------------------|
|   | 31 Dec 2023           | 30 Jun 2023             |
|   | \$                    | \$                      |
| Committed at the reporting date but not recognised as liabilities, payable: |                       |                         |
| <i>Research collaboration agreement:</i>                                    |                       |                         |
| Within one year   | -                     | 100,000                 |
| Later than 1 year but not later than 5 years                                | -                     | -                       |
|   | <u>-</u>              | <u>100,000</u>          |
| <br><i>Construction of Commercial Demonstration Plant:</i>                  |                       |                         |
| Within one year   | 167,690               | 2,251,460               |
| Later than 1 year but not later than 5 years                                | -                     | -                       |
|   | <u>167,690</u>        | <u>2,251,460</u>        |
|   | <u><u>167,690</u></u> | <u><u>2,351,460</u></u> |

Hazer's contracting and procurement strategy is for all commitments to be cancellable in nature where possible.

**Note 14. Events after the reporting period**

On 19<sup>th</sup> February 2024, the Company announced it had received firm, binding commitments from institutional, sophisticated, and professional investors of \$9.0 million (before costs) under a placement of fully paid ordinary shares at an issue price of \$0.50 per share, together with a free attached quoted HZRO class option exercisable at \$0.75 each and expiring 28 February 2025 on a 1-for-4 basis. Viriathus Capital Pty and Bell Potter Securities Ltd acted as Joint Lead Managers to the Placement. The Placement was not underwritten.

The company is also conducting a Share Purchase Plan ("SPP") to raise up to \$4 million (before costs). The SPP offers eligible shareholders an opportunity to purchase new shares on the same terms as the Placement (including the issue of free attaching HZRO Options).

Following successful start-up of the Company's CDP, the net proceeds from the Placement and SPP will be used to execute Hazer's commercialisation strategy to:

- Expedite existing commercial projects in Canada, Japan and Europe;
- Secure new global project and license deals; and
- For other corporate and strategic purposes.

For personal use only

**Hazer Group Limited**  
**Directors' declaration**  
**For the half-year ended 31 December 2023**



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

---

Tim Goldsmith  
Chairman

22 February 2024

For personal use only



**RSM Australia Partners**

Level 32 Exchange Tower  
2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61(0) 8 9261 9100

F +61(0) 8 9261 9111

[www.rsm.com.au](http://www.rsm.com.au)

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of HAZER GROUP LIMITED

### Report on the Half-Year Financial Report

#### *Conclusion*

We have reviewed the accompanying half-year financial report of Hazer Group Limited (the Company) which comprises statement of financial position as at 31 December 2023, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hazer Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

#### *Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Hazer Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

### THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

For personal use only

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Hazer Group Limited are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

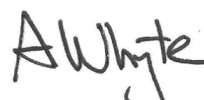
### *Auditor's Responsibility for the Review of the Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

RSM

RSM AUSTRALIA PARTNERS



ALASDAIR WHYTE  
Partner

Perth, WA  
Dated: 22 February 2024