

1414 Degrees Ltd
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	1414 Degrees Ltd
ABN:	57 138 803 620
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

2. Results for announcement to the market

			\$
Other income from ordinary activities	down	63.8% to	41,713
Loss from ordinary activities after tax attributable to the owners of 1414 Degrees Ltd	up	36.8% to	(2,505,500)
Loss for the year attributable to the owners of 1414 Degrees Ltd	up	36.8% to	(2,505,500)

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

Comments
The loss for the Company after providing for income tax amounted to \$2,505,500 (30 June 2023: \$1,831,251).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	2.66	3.15

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

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

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$	Previous period \$
SiliconAurora Pty Ltd	50.00%	50.00%	(342,571)	(375,488)
Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)				
Profit/(loss) from ordinary activities before income tax			(342,571)	(375,488)

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

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


The audit of the financial statements has not yet been finalised. At this stage no opinion had been issued.

11. Attachments

Details of attachments (if any):

The Unaudited Preliminary Financial Report of 1414 Degrees Ltd for the year ended 30 June 2024 is attached.

12. Signed

Signed 

Dr Kevin Moriarty - Executive Chairman

Date: 29 August 2024

1414 Degrees Ltd

ABN 57 138 803 620

Unaudited Preliminary Financial Report - 30 June 2024

For personal use only

1414 Degrees Ltd
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30 June 2024

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General information

The unaudited preliminary financial reports cover 1414 Degrees Ltd as an individual entity. The financial reports are presented in Australian dollars, which is 1414 Degrees Ltd's functional and presentation currency.

1414 Degrees Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Western Plant, Door 1
1 Watts Road, Tonsley
South Australia, 5042

The principal activity of the Company since 2009 is developing and commercialising its silicon-based thermal energy storage SiBrick to provide industrial high temperature heat from low-cost electricity and biogas. Its SiBox modular product uses SiBrick to provide a scalable decarbonisation pathway for diverse industrial energy users in, for example, manufacture of building products, mineral processing, and thermal power stations.

The Company acquired the exclusive rights to reactor patents for hydrogen production during the year, and is now incorporating its SiBrick technology to develop and commercialise an integrated reactor, SiPHyR, to decarbonise natural gas inexpensively.

The Company has been developing its Aurora Renewable Energy Precinct since 2019. The aim is to develop a hybrid renewable energy project delivering reliable electricity to the Upper Spencer Gulf region and National Electricity Market. The recent focus is developing a 140MW 2-hour battery energy storage system (BESS). The Aurora site is also an opportunity to build and demonstrate a large-scale pilot of the SiBox technology.

The unaudited preliminary financial reports were authorised for issue, in accordance with a resolution of Directors, on 29 August 2024.

1414 Degrees Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	30 June 2024	30 June 2023
		\$	\$
Revenue			
Other income	4	41,713	115,386
Total revenue		<u>41,713</u>	<u>115,386</u>
Expenses			
Administration and professional expenses		(1,282,421)	(1,226,067)
Depreciation and amortisation		(35,242)	(30,200)
Employee benefits expense		(245,301)	(338,035)
Finance costs		(40,529)	(1,022)
Loss on disposal of assets		(74,694)	-
Provision for Gas-TESS decommissioning (Glenelg project)	18	-	466,000
Relocation costs		(135,333)	-
Share based payments (equity settled)	33	165,081	87,175
Share of loss - SiliconAurora joint venture		(342,571)	(375,488)
Other expenses	5	(556,203)	(529,000)
Total expenses		<u>(2,547,213)</u>	<u>(1,946,637)</u>
Loss before income tax expense		(2,505,500)	(1,831,251)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of 1414 Degrees Ltd	21	(2,505,500)	(1,831,251)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of 1414 Degrees Ltd		<u>(2,505,500)</u>	<u>(1,831,251)</u>
		Cents	Cents
Basic earnings per share	32	(1.07)	(0.91)
Diluted earnings per share	32	(1.07)	(0.91)

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

1414 Degrees Ltd
Statement of financial position
As at 30 June 2024

	Note	30 June 2024	30 June 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	7	1,707,352	1,948,457
Trade and other receivables	8	2,647,499	2,484,996
Financial assets	9	164,377	-
Other	12	155,006	172,486
Total current assets		4,674,234	4,605,939
Non-current assets			
Trade and other receivables	8	761,525	360,456
Joint venture investment	10	1,781,941	2,124,512
Property, plant and equipment	13	152,840	48,139
Right-of-use assets	11	910,697	226,192
Intangibles	14	1,110,783	2,362,069
Total non-current assets		4,717,786	5,121,368
Total assets		9,392,020	9,727,307
Liabilities			
Current liabilities			
Trade and other payables	15	760,767	485,546
Lease liabilities	16	150,039	227,357
Employee benefits	17	152,677	124,829
Provisions	18	34,000	34,000
Total current liabilities		1,097,483	871,732
Non-current liabilities			
Lease liabilities	16	704,747	-
Employee benefits	17	23,498	21,457
Provisions	18	70,000	-
Total non-current liabilities		798,245	21,457
Total liabilities		1,895,728	893,189
Net assets		7,496,292	8,834,118
Equity			
Contributed equity	19	34,334,940	33,002,185
Reserves	20	2,639	167,720
Accumulated losses	21	(26,841,287)	(24,335,787)
Total equity		7,496,292	8,834,118

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

1414 Degrees Ltd
Statement of changes in equity
For the year ended 30 June 2024

	Contributed equity \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	32,656,879	323,395	(22,504,536)	10,475,738
Loss after income tax expense for the year	-	-	(1,831,251)	(1,831,251)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,831,251)	(1,831,251)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 19)	276,806	-	-	276,806
Performance Rights Valuation	-	15,681	-	15,681
Performance Rights Lapsed	-	(102,856)	-	(102,856)
Conversion of Performance Rights	68,500	(68,500)	-	-
Balance at 30 June 2023	<u>33,002,185</u>	<u>167,720</u>	<u>(24,335,787)</u>	<u>8,834,118</u>
	Contributed equity \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	33,002,185	167,720	(24,335,787)	8,834,118
Loss after income tax expense for the year	-	-	(2,505,500)	(2,505,500)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,505,500)	(2,505,500)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 19)	1,332,755	-	-	1,332,755
Performance Rights Valuation	-	3,946	-	3,946
Performance Rights Lapsed	-	(1,435)	-	(1,435)
Options Lapsed	-	(167,592)	-	(167,592)
Balance at 30 June 2024	<u>34,334,940</u>	<u>2,639</u>	<u>(26,841,287)</u>	<u>7,496,292</u>

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

1414 Degrees Ltd
Statement of cash flows
For the year ended 30 June 2024

	Note	30 June 2024	30 June 2023
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		36,111	30,090
Payments to suppliers and employees (inclusive of GST)		(2,120,252)	(2,069,145)
Interest received		29,826	29,277
Interest and other finance costs paid		(40,529)	(1,022)
Net cash used in operating activities	31	(2,094,844)	(2,010,800)
Cash flows from investing activities			
Payments for property, plant and equipment	13	(142,439)	(9,715)
Payments for security deposits		(164,377)	-
Payments for product development activities		(1,749,626)	(2,924,637)
Partner project contributions		900,000	600,000
Research and development tax offset received and used for intangible asset	14	1,467,591	1,271,760
Government grant received and used for intangible asset	14	865,121	847,000
Proceeds from disposal of investments		-	900,000
Loans to SiliconAurora joint venture		(401,069)	(296,381)
Proceeds from disposal of property, plant and equipment		6,982	-
Net cash from investing activities		782,183	388,027
Cash flows from financing activities			
Proceeds from issue of shares	19	1,470,739	276,806
Share issue transaction costs		(137,984)	-
Repayment of lease liabilities		(261,199)	(254,992)
Net cash from financing activities		1,071,556	21,814
Net decrease in cash and cash equivalents		(241,105)	(1,600,959)
Cash and cash equivalents at the beginning of the financial year		1,948,457	3,549,416
Cash and cash equivalents at the end of the financial year	7	<u>1,707,352</u>	<u>1,948,457</u>

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

Note 1. Material accounting policy information

Going concern

The unaudited preliminary financial report ("financial report") has been prepared on the basis of a going concern. The financial report shows the Company incurred a net loss of \$2,505,500 and a net cash outflow from activities of \$241,105 during the reporting period. The Company's ability to continue as a going concern is contingent upon generation of cash inflow from its business and/or successfully raising additional capital. The circumstances represent a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. No allowance for such circumstances has been made in the financial report.

New or amended Accounting Standards and Interpretations adopted

The Company 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.

Basis of preparation

The unaudited preliminary financial reports have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial reports have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

The preparation of the financial reports requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Other material accounting policies

Other material accounting policies are separately disclosed in their corresponding note.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Key estimates - impairment

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

With respect to cash flow projections for intangible assets and those with a finite useful life but not yet considered ready for use, relevant inputs have been factored into valuation models on the basis of management's expectations regarding the growth of the market and the Company's ability to capture market share. Pre-tax discount rates of 15.8% have been used in all models.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Key judgements - product development

Included within intangible assets at the end of the reporting period is Product Development with a net carrying value of \$386,991 (30 June 2023: \$2,349,225). The Directors believe that while the development and commercialisation of the technology remains in-progress and the asset is not yet generating economic benefits (beyond customer trials), it is not considered ready for use. A reliable estimate for the useful life of the asset will only be capable of being determined once the asset is assessed as ready for use, after which point, amortisation will commence. The Directors are satisfied that it is probable that the intangible asset will generate future economic benefits based on internal financial models and potential project scenario analysis.

SiliconAurora Joint Control

Management have determined that the Company has joint control of SiliconAurora Pty Ltd ("SiliconAurora") with Vast Solar Pty Ltd ("Vast"). The arrangement between the two parties is governed by a contractual agreement requiring the unanimous consent of the parties involved when relevant activities are undertaken.

Note 3. Restatement of comparatives

Statement of profit or loss and other comprehensive income

When there is a restatement of comparatives, it is mandatory to provide a statement of profit or loss and other comprehensive income for the year ended 30 June 2023. However, as there were no adjustments made, the Company has elected not to show the statement of profit or loss and other comprehensive income.

Statement of financial position at the beginning of the earliest comparative period

When there is a restatement of comparatives, it is mandatory to provide a third statement of financial position at the beginning of the earliest comparative period, being 1 July 2022. However, as there were no adjustments made as at 1 July 2022, the Company has elected not to show the 1 July 2022 statement of financial position.

Note 4. Other income

	30 June 2024	30 June 2023
	\$	\$
Gain on sale of plant and equipment	6,982	-
Interest received	29,826	29,290
Other income	4,905	86,096
	<u>41,713</u>	<u>115,386</u>

Note 5. Other expenses

	30 June 2024	30 June 2023
	\$	\$
Directors fees	100,000	160,132
Marketing	135,562	129,639
Other expenses	320,641	239,229
	<u>556,203</u>	<u>529,000</u>

Note 6. Income tax expense

	30 June 2024	30 June 2023
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(2,505,500)	(1,831,251)
Tax at the statutory tax rate of 25%	(626,375)	(457,813)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	(41,270)	(21,794)
Share of loss - SiliconAurora Joint Venture	85,643	93,872
Non-deductible expenses	196	658
	(581,806)	(385,077)
Current year tax losses not recognised	524,096	464,873
Current year temporary differences not recognised	57,710	(79,796)
Income tax expense	-	-

	30 June 2024	30 June 2023
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	9,301,428	7,205,044
Potential tax benefit @ 25%	2,325,357	1,801,261

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	30 June 2024	30 June 2023
	\$	\$
<i>Deferred tax assets/liabilities not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Right of use assets	(227,674)	(56,548)
Lease liabilities	213,697	56,839
Employee benefits	51,680	43,731
Provision for lease make good	17,500	-
Provision for remediation	8,500	8,500
Accrued expenses	45,250	2,792
Accrued income	-	(3)
Total deferred tax not recognised	108,953	55,311

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 7. Cash and cash equivalents

	30 June 2024	30 June 2023
	\$	\$
<i>Current assets</i>		
Cash at bank	1,707,352	1,948,457

Note 7. Cash and cash equivalents (continued)

Accounting policy for cash and cash equivalents

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

Note 8. Trade and other receivables

	30 June 2024	30 June 2023
	\$	\$
<i>Current assets</i>		
Trade receivables	165,440	31,206
R & D refundable tax offset	970,733	878,000
SiliconAurora sale proceeds receivable	1,500,000	1,500,000
Other receivables	11,326	75,790
	<u>2,647,499</u>	<u>2,484,996</u>
<i>Non-current assets</i>		
SiliconAurora Pty Ltd loan	<u>761,525</u>	<u>360,456</u>
	<u><u>3,409,024</u></u>	<u><u>2,845,452</u></u>

SiliconAurora sale proceeds receivable

On 19 June 2022 the Company entered into an agreement for the sale of 50% of the shares in SiliconAurora Pty Ltd to a wholly owned subsidiary of Vast Solar Pty Ltd (Vast Solar). Part of the consideration for the sale is deferred until 30 days after SiliconAurora receives a written offer to connect to the transmission system from the relevant Network Service Provider under the rules of the National Electricity Market.

SiliconAurora Pty Ltd loan

The loan to SiliconAurora Pty Ltd is unsecured with a term of 36 months. No interest is charged on the loan balance.

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 9. Financial assets

	30 June 2024	30 June 2023
	\$	\$
<i>Current assets</i>		
Term deposit - 12 month maturity	<u>164,377</u>	<u>-</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	-	-
Additions	<u>164,377</u>	<u>-</u>
Closing fair value	<u>164,377</u>	<u>-</u>

Note 10. Joint venture investment

	30 June 2024	30 June 2023
	\$	\$
<i>Non-current assets</i>		
SiliconAurora Pty Ltd	<u>1,781,941</u>	<u>2,124,512</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	2,124,512	2,500,000
Share of loss	<u>(342,571)</u>	<u>(375,488)</u>
Closing fair value	<u>1,781,941</u>	<u>2,124,512</u>

Joint ventures

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. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

On 19 June 2022 the Company entered into an agreement for the sale of 50% of the shares in SiliconAurora Pty Ltd to a wholly owned subsidiary of Vast Solar Pty Ltd (Vast).

Under the terms of the sale agreement the purchase price of \$2,500,000 was payable in two instalments. An initial \$1,000,000 was received upon completion and a further \$1,500,000 will be paid when SiliconAurora receives a written offer to connect to the transmission system from the relevant Network Service Provider under the rules of the National Electricity Market. The \$1,500,000 was still outstanding as at 30 June 2024 (note 8).

In addition to the sale agreement Vast and the Company have executed a Shareholders Agreement that will govern the ongoing operation of SiliconAurora and the development of the Aurora Energy Project.

Note 11. Right-of-use assets

	30 June 2024	30 June 2023
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	958,629	761,469
Less: Accumulated depreciation	<u>(47,932)</u>	<u>(535,277)</u>
	<u><u>910,697</u></u>	<u><u>226,192</u></u>

Reconciliations

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

	Daws Road	Watts Road	Total
	\$	\$	\$
Balance at 1 July 2022	414,705	-	414,705
Revaluation increments	45,162	-	45,162
Depreciation expense	<u>(233,675)</u>	<u>-</u>	<u>(233,675)</u>
Balance at 30 June 2023	226,192	-	226,192
Additions	-	958,629	958,629
Depreciation expense	<u>(226,192)</u>	<u>(47,932)</u>	<u>(274,124)</u>
Balance at 30 June 2024	<u><u>-</u></u>	<u><u>910,697</u></u>	<u><u>910,697</u></u>

During the year the Company relocated its principal place of business to Western Plant, Door 1, 1 Watts Road, Tonsley, South Australia 5042. The lease expires on 31 March 2029, with a right to renew for an additional five years.

Accounting policy for right-of-use assets

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

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

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

Note 12. Other

	30 June 2024	30 June 2023
	\$	\$
<i>Current assets</i>		
Prepayments	153,834	169,798
Other current assets	<u>1,172</u>	<u>2,688</u>
	<u><u>155,006</u></u>	<u><u>172,486</u></u>

Note 13. Property, plant and equipment

	30 June 2024 \$	30 June 2023 \$
<i>Non-current assets</i>		
Plant and equipment - at cost	80,780	2,830
Less: Accumulated depreciation	(5,231)	(391)
	<u>75,549</u>	<u>2,439</u>
Fixtures and fittings - at cost	118,073	140,515
Less: Accumulated depreciation	(45,903)	(103,975)
	<u>72,170</u>	<u>36,540</u>
Office equipment - at cost	52,133	71,351
Less: Accumulated depreciation	(47,012)	(62,191)
	<u>5,121</u>	<u>9,160</u>
	<u><u>152,840</u></u>	<u><u>48,139</u></u>

Reconciliations

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

	Plant and equipment \$	Fixtures and fittings \$	Office equipment \$	Total \$
Balance at 1 July 2022	-	51,228	9,732	60,960
Additions	2,830	-	6,885	9,715
Depreciation expense	(391)	(14,689)	(7,456)	(22,536)
Balance at 30 June 2023	<u>2,439</u>	<u>36,539</u>	<u>9,161</u>	<u>48,139</u>
Additions	77,950	59,909	1,750	139,609
Write off of assets*	-	(16,586)	(551)	(17,137)
Depreciation expense	(4,840)	(7,693)	(5,238)	(17,771)
Balance at 30 June 2024	<u><u>75,549</u></u>	<u><u>72,169</u></u>	<u><u>5,122</u></u>	<u><u>152,840</u></u>

* During the year the company relocated business premises. The write off of assets are fixtures and fitting and office equipment that were disposed of during the relocation.

Accounting policy for property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-7 years
Fixtures and fittings	3-10 years
Office equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

Note 13. Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 14. Intangibles

	30 June 2024	30 June 2023
	\$	\$
<i>Non-current assets</i>		
SiBox demonstration model	14,868,132	-
Government grants, tax offsets and Woodside funding applied	(14,125,833)	-
Less: Accumulated amortisation	(18,507)	-
	<u>723,792</u>	<u>-</u>
Product development - intellectual property	536,991	13,162,457
Government grants and R & D refundable tax offsets applied	-	(9,150,388)
Woodside funding applied	(150,000)	(1,650,000)
	<u>386,991</u>	<u>2,362,069</u>
	<u><u>1,110,783</u></u>	<u><u>2,362,069</u></u>

Reconciliations

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

	Product Development \$	SiBox demonstration model \$	Total \$
Balance at 1 July 2022	1,822,904	-	1,822,904
Additions	3,144,292	-	3,144,292
Government grants applied	(847,000)	-	(847,000)
R & D tax offset applied	(1,158,127)	-	(1,158,127)
Woodside funding applied	(600,000)	-	(600,000)
Balance at 30 June 2023	2,362,069	-	2,362,069
Additions	2,242,667	-	2,242,667
Government grants applied	(865,121)	-	(865,121)
R & D tax offset applied	(1,560,325)	-	(1,560,325)
Woodside funding applied	(1,050,000)	-	(1,050,000)
Transfers in/(out)	(742,299)	742,299	-
Amortisation expense	-	(18,507)	(18,507)
Balance at 30 June 2024	<u><u>386,991</u></u>	<u><u>723,792</u></u>	<u><u>1,110,783</u></u>

Intellectual property consists of TESS (thermal energy storage system) development of bulk energy storage solutions and SiPHyR (SiBrick integrated Pyrolytic Hydrogen Reactor) development. The government grants relate to accelerating the commercialisation of the Company's intellectual property.

The intangible assets are tested for impairment annually.

Note 14. Intangibles (continued)

The recoverable amount of the Company's Product Development intangible asset has been determined by a value-in-use calculation using a discounted cash flow model, based on an 7 year projection period approved by management.

The following key assumptions were used in the discounted cash flow model:

- 16.7% pre-tax discount rate;
- No revenue earned until 2025;
- Major project deliverable in 2025 and 2026

The discount rate of 16.7% pre-tax reflects management's estimate of the time value of money and the Company's weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements.

Management believes the revenue presented in the model is justified, based on the potential indicated in the market.

There were no other key assumptions.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Company is able to use or sell the asset; the Company has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

SiBox demonstration model

On 28 March 2024 the company successfully completed a 12 month testing phase of the SiBox Demonstration Module. The project is now ready for commercialisation and the demonstration model has been recognised as a separate class of intangible asset on the statement of financial position.

Note 15. Trade and other payables

	30 June 2024	30 June 2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	491,505	382,575
Other payables and accruals	269,262	102,971
	<u>760,767</u>	<u>485,546</u>

Refer to note 23 for further information on financial instruments.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 16. Lease liabilities

	30 June 2024	30 June 2023
	\$	\$
<i>Current liabilities</i>		
Lease liability	150,039	227,357
<i>Non-current liabilities</i>		
Lease liability	704,747	-
	<u>854,786</u>	<u>227,357</u>

Note 16. Lease liabilities (continued)

Refer to note 23 for further information on financial instruments.

Total interest incurred on the lease liability for the year was \$40,529 (2023: \$17,041).

Accounting policy for lease liabilities

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

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

Note 17. Employee benefits

	30 June 2024 \$	30 June 2023 \$
<i>Current liabilities</i>		
Annual leave	101,765	86,731
Long service leave	50,912	38,098
	<u>152,677</u>	<u>124,829</u>
<i>Non-current liabilities</i>		
Long service leave	23,498	21,457
	<u>176,175</u>	<u>146,286</u>

Accounting policy for employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 18. Provisions

	30 June 2024 \$	30 June 2023 \$
<i>Current liabilities</i>		
Provision for Gas-TESS decommissioning	34,000	34,000
<i>Non-current liabilities</i>		
Lease make good	70,000	-
	<u>104,000</u>	<u>34,000</u>

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Gas-TESS Decommissioning Provision \$	Lease make good \$
30 June 2024		
Carrying amount at the start of the year	34,000	-
Additional provisions recognised	-	70,000
Carrying amount at the end of the year	<u>34,000</u>	<u>70,000</u>

Gas-TESS Decommissioning Provision

The provision for decommissioning the GAS-TESS (Glenelg Project) site is an estimate of the costs to demolish and reinstate the site

Accounting policy for provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 19. Contributed equity

	30 June 2024 Shares	30 June 2023 Shares	30 June 2024 \$	30 June 2023 \$
Ordinary shares - fully paid	<u>238,168,521</u>	<u>205,485,458</u>	<u>34,334,940</u>	<u>33,002,185</u>

Note 19. Contributed equity (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	201,985,458		32,656,879
Placement of shares	17 March 2023	3,000,000	\$0.100	300,000
Conversion of performance rights	12 April 2023	500,000	\$0.137	68,500
Transaction costs		-	\$0.000	(23,194)
Balance	30 June 2023	205,485,458		33,002,185
Issue of shares	21 August 2023	32,683,063	\$0.045	1,470,739
Transaction costs		-	\$0.000	(137,984)
Balance	30 June 2024	<u>238,168,521</u>		<u>34,334,940</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The Company would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Company is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Company's debt and capital includes ordinary shares capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 20. Reserves

	30 June 2024	30 June 2023
	\$	\$
Share-based payments reserve	<u>2,639</u>	<u>167,720</u>

Note 20. Reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Share based payments reserve - ESS \$	Share based payments reserve - Call Option \$	Total \$
Balance at 1 July 2022	155,803	167,592	323,395
Performance rights valuation recognised	15,681	-	15,681
Performance rights lapsed	(102,856)	-	(102,856)
Conversion of Performance Rights to Ordinary Shares	(68,500)	-	(68,500)
Balance at 30 June 2023	128	167,592	167,720
Employee Share Scheme - Performance Rights Valuation	3,946	-	3,946
Employee Share Scheme - Performance Rights Lapsed	(1,435)	-	(1,435)
Options lapsed	-	(167,592)	(167,592)
Balance at 30 June 2024	<u>2,639</u>	<u>-</u>	<u>2,639</u>

Share-based payments reserve - ESS

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration.

Share-based payments reserve - Call Option

As part of the sale agreement of SiliconAurora Pty Ltd entities associated with the owners of Vast Solar were granted Call Options with a strike price of \$0.16 per share. The call options were valued at \$167,592 and a share based payment was recognised in the year ended 30 June 2021, reducing the profit on the sale of the shares in SiliconAurora Pty Ltd. The options lapsed during the year ended 30 June 2024.

Note 21. Accumulated losses

	30 June 2024 \$	30 June 2023 \$
Accumulated losses at the beginning of the financial year	(24,335,787)	(22,504,536)
Loss after income tax expense for the year	<u>(2,505,500)</u>	<u>(1,831,251)</u>
Accumulated losses at the end of the financial year	<u><u>(26,841,287)</u></u>	<u><u>(24,335,787)</u></u>

Note 22. Dividends

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

Note 23. Financial instruments

Financial risk management objectives

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

Note 23. Financial instruments (continued)

Financial assets	30 June 2024	30 June 2023
	\$	\$
Financial assets at amortised cost:		
Cash and cash equivalents	1,707,352	1,948,567
Trade and other receivables - SiliconAurora Sales Proceeds	1,500,000	1,500,000
Trade and other receivables - R&D tax refund	487,966	878,000
Trade and other receivables - other	177,938	106,996
Total financial assets	<u>3,873,256</u>	<u>4,433,563</u>
Financial liabilities		
Trade and other payables	760,763	446,993
Lease liabilities	921,873	227,357
Total financial liabilities	<u>1,682,636</u>	<u>674,350</u>

General objectives, policies and processes

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods to measure them from previous periods unless otherwise stated in this note.

Market risk

The Company's activities have no material exposure to financial risks of changes in interest rates. The Company analyses its risk by considering sensitivity on its interest rate exposures and determining the potential impact on its effected expenses and revenue of movements in these rates. If the potential variance is material then management may seek to minimise this exposure but it does not consider this to be the case at this time.

Foreign currency risk

The Company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Company's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$	\$	\$	\$
US dollars	131	131	-	-
Euros	249	542	-	-
	<u>380</u>	<u>673</u>	<u>-</u>	<u>-</u>

The Company had net assets denominated in foreign currencies of \$380 as at 30 June 2024 (2023: \$673).

The actual foreign exchange loss for the year ended 30 June 2024 was \$1,610 (2023: loss of \$5,014).

Interest rate risk

At 30 June 2024 investment in Cash, Fixed Interest and Floating Interest rate deposits amounted to \$1,707,351. A +/-1% change in interest rates during the year ended 30 June 2024 will result in a +/- change in net interest income of \$17,074.

Note 23. Financial instruments (continued)

At 30 June 2023 investment in Cash, Fixed Interest and Floating Interest rate deposits amounted to \$1,948,457. A +/-1% change in interest rates during the year ended 30 June 2023 will result in a +/- change in net interest income of \$19,485.

Management have considered that both a positive and negative 1% variance is sufficient to illustrate the potential variations in interest income.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company, except for the Australian Taxation Office which is the counter party to the R & D Offset shown in note 8 and Vast Solar Pty Ltd which is our Joint Venture partner following their purchase of 50% of the shares in SiliconAurora Pty Ltd. Trade receivables represent the maximum exposure to credit risk, credit quality is considered good.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Directors manage liquidity risk by monitoring forecast cashflows and ensuring that the Company's operations are adequate to meet liabilities due.

Financial liability and financial asset maturity analysis

	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total \$
30 June 2023					
<i>Financial liabilities due for settlement</i>					
Trade and other payables	760,763	-	-	-	760,763
Lease liabilities	145,671	169,078	607,124	-	921,873
<i>Financial assets - cash flows realisable</i>					
Cash at bank	1,707,352	-	-	-	1,707,352
Term deposits	-	164,377	-	-	164,377
Trade and other receivables	2,165,904	-	-	-	2,165,904
Other loans	64,075	296,381	401,069	-	761,525
Total non-derivatives	4,843,765	629,836	1,008,193	-	6,481,794

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 24. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Company is set out below:

	30 June 2024 \$	30 June 2023 \$
Short-term employee benefits	301,218	356,986
Post-employment benefits	21,267	18,249
	<u>322,485</u>	<u>375,235</u>

Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the Company:

	30 June 2024	30 June 2023
	\$	\$
<i>Audit services - BDO Audit Pty Ltd</i>		
Audit or review of the financial statements	<u>53,000</u>	<u>33,500</u>

Note 26. Contingent liabilities

As at 30 June 2024 those charged with governance of the Company note that there are no known contingent liabilities (2023: nil).

Note 27. Commitments

Aurora Energy Project

On 15 June 2022 the Company and a wholly owned subsidiary of Vast Solar Pty Ltd (Vast) entered into a Shareholder Agreement (SA) with for the 50/50 incorporated Joint Venture of SiliconAurora Pty Ltd (SiliconAurora). The SA governs the ongoing operation of SiliconAurora and the development of the Aurora Energy Project (Aurora).

The SA includes an agreement to complete all development activities required to get to Stage 1 of Aurora (a 140 MW 1-2 hour Battery Energy Storage System or BESS) to a position of readiness for a Final Investment Decision (FID). Under the terms of the agreement, Vast and the Company will each contribute 50% of the development costs associated with the Stage 1 Development. At 30 June 2024 the Joint Venture partners had contributed \$1,521,999 in total (2023: \$719,863). Total budget for the Stage 1 development costs up until FID is estimated to be approximately \$1.8million.

Note 28. Related party transactions

Parent entity

1414 Degrees Ltd is the parent entity.

Joint ventures

Interests in joint ventures are set out in note 29.

Key management personnel

Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the Directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	30 June 2024	30 June 2023
	\$	\$
Payment for other expenses:		
Other expenses paid on behalf of joint venture	62,394	296,381
Other expenses paid to key management personnel	-	23,350

A related party of the Executive Chairman is an employee and shareholder of the Company. Their employment arrangements are set by an employment contract as agreed by the board.

Note 28. Related party transactions (continued)

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	30 June 2024	30 June 2023
	\$	\$
Current receivables:		
Trade receivables from joint venture	11,326	-

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	30 June 2024	30 June 2023
	\$	\$
Current receivables:		
Loan to joint venture	761,526	360,456

The loan to the joint venture is interest-free and unsecured.

Note 29. Interests in joint ventures

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the Company are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2024	30 June 2023
		%	%
SiliconAurora Pty Ltd	Australia	50.00%	50.00%

Note 30. Events after the reporting period

On 16 August 2024 the Company announced a Share Purchase Plan (SPP) to raise approximately \$1.0 million. Under the SPP eligible shareholders will be invited to subscribe for up to \$30,000 of new fully paid ordinary shares at an issue price of \$0.06 per share. The closing date of the SPP is 13 September 2024.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 31. Reconciliation of loss after income tax to net cash used in operating activities

	30 June 2024 \$	30 June 2023 \$
Loss after income tax expense for the year	(2,505,500)	(1,831,251)
Adjustments for:		
Depreciation and amortisation	35,242	30,200
Write off of property, plant and equipment	17,137	-
Share of loss - joint ventures	342,571	375,488
Share-based payments	(165,081)	(87,175)
Provision for Gas-TESS decommissioning (Glenelg project)	-	(466,000)
Other	20,700	6,382
Change in operating assets and liabilities:		
Increase in trade and other receivables	(162,503)	(56,006)
Decrease/(increase) in other operating assets	17,480	(35,463)
Increase in trade and other payables	275,221	40,554
Increase in employee benefits	29,889	12,471
Net cash used in operating activities	<u>(2,094,844)</u>	<u>(2,010,800)</u>

Cash is comprised of deposits of less than 3 months maturity.

Note 32. Earnings per share

	30 June 2024 \$	30 June 2023 \$
Loss after income tax attributable to the owners of 1414 Degrees Ltd	<u>(2,505,500)</u>	<u>(1,831,251)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>233,614,324</u>	<u>201,291,280</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>233,614,324</u>	<u>201,291,280</u>
	Cents	Cents
Basic earnings per share	(1.07)	(0.91)
Diluted earnings per share	(1.07)	(0.91)

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of 1414 Degrees Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 33. Share-based payments

No shares were issued to employees of the Company in this financial year as part of the Company's Performance Right's plan (2023: 500,000).

Note 33. Share-based payments (continued)

During the year no shares were issued to key management personnel as part of the Company's Performance Rights Plan (2023: Nil), During the year no shares were issued to key management personnel as part of compensation (2023: Nil).

A Performance Rights Plan was established by the Company in the 2019 financial year, whereby the Company may, at the discretion of the board, grant Performance Rights over ordinary shares in the Company to certain employees of the Company. The performance rights are issued for nil consideration and vest in accordance with performance guidelines established by the board.

Set out below are summaries of performance rights outstanding at the end of the financial year:

30 June 2024

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
25/05/2023	25/05/2024	\$0.000	855,000	-	-	(855,000)	-
25/05/2023	25/05/2025	\$0.000	1,210,000	-	-	(100,000)	1,110,000
25/05/2023	25/05/2026	\$0.000	2,400,000	-	-	(200,000)	2,200,000
10/11/2023	30/06/2024	\$0.000	-	3,200,000	-	(3,200,000)	-
10/11/2023	31/12/2024	\$0.000	-	3,200,000	-	-	3,200,000
10/11/2023	31/12/2025	\$0.000	-	3,200,000	-	-	3,200,000
			<u>4,465,000</u>	<u>9,600,000</u>	<u>-</u>	<u>(4,355,000)</u>	<u>9,710,000</u>

The fair value of the performance rights that expired on 23 May 2024 was \$2,025 (\$0.00167 per performance right).

The fair value of the performance rights expiring on 23 May 2025 is \$128 (\$0.00018 per performance right).

The fair value of the performance rights expiring on 23 May 2026 is \$24 (\$0.00003 per performance right).

The fair value of the performance rights that expired on 30 June 2024 was \$1,487 (\$0.00050 per performance right).

The fair value of the performance rights expiring on 31 December 2024 is \$2,025 (\$0.00079 per performance right).

The fair value of the performance rights expiring on 31 December 2025 is \$4,780 (\$0.00213 per performance right).

30 June 2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
02/04/2019	15/01/2023	\$0.000	500,000	-	(250,000)	(250,000)	-
23/07/2020	15/01/2023	\$0.000	1,000,000	-	(250,000)	(750,000)	-
09/04/2021	15/01/2023	\$0.000	50,000	-	-	(50,000)	-
09/04/2023	15/01/2023	\$0.000	500,000	-	-	(500,000)	-
06/06/2022	15/06/2023	\$0.000	200,000	-	-	(200,000)	-
25/05/2023	25/05/2024	\$0.000	-	855,000	-	-	855,000
25/05/2023	25/05/2025	\$0.000	-	1,210,000	-	-	1,210,000
25/05/2023	25/08/2026	\$0.000	-	2,400,000	-	-	2,400,000
			<u>2,250,000</u>	<u>4,465,000</u>	<u>(500,000)</u>	<u>(1,750,000)</u>	<u>4,465,000</u>

There are no performance rights exercisable at the end of the financial year.

The weighted average exercise price during the financial year was \$0 (2023: \$0).

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.2 years (2023: 2.3 years).

Accounting policy for share-based payments

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

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

Note 33. Share-based payments (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

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

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

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

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

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

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1414 Degrees Ltd
Consolidated entity disclosure statement
As at 30 June 2024

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
1414 Degrees Limited	Body corporate	Australia	100.00%	Australia
SiliconAurora Pty Ltd	Body corporate	Australia	50.00%	Australia
Aurora Finco Pty Ltd	Body corporate	Australia	50.00%	Australia