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# Annual Report 2023

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## Chairman's Letter to Shareholders



Dear Shareholders,

We concluded the 2023 Financial Year on track to commercialise our products and contribute to sustainable global emissions reduction.

The significance of renewable energy and renewable energy solutions has been magnified, particularly following the COP27 climate summit held in November 2022. With this has come growing awareness of energy storage to de-risk the intermittency of renewable electricity supply.

Our Company is one of the few technology companies working to abate the hard-to-decarbonise crucial manufacturing processes - aluminium, cement, and iron and steel production. We have a distinctive product tailored for a market with major growth outlook, achievable goals to lower costs, commercial clarity, an increasingly

supportive legislative environment, and a business model designed for success.

Our target market, the multi-trillion-dollar heat economy, is increasingly incentivised by various forms of carbon taxes or penalties. SiBox® can be retrofitted into major industries to lower their compliance costs whilst producing "greener" products.

With support from Woodside Energy Technologies and the Australian Government we have developed a unique heat storage technology applicable to industries worldwide. Our technology produces a controlled stream of very hot air using standard processing equipment, ducting and fans. Heat is still a relatively new market for energy storage, but we have the most commercially advanced technology for high-temperature industries to reduce emissions.

Our business model involves using existing refractory plants to manufacture SiBrick™ and licensing SiBox to engineering companies that build and service industrial plants. Industries that retrofit our silicon based technology into existing production lines can reduce their reliance on fossil fuels and immediately reduce emissions, avoid significant disruption, minimise capital risk, and retain gas burning as an adjunct or backup. This approach not only reduces costs but also mitigates risks for industrial users, a crucial incentive.

Our competitive advantage lies in our ability to harness the properties - very high energy density and temperatures - of molten silicon and contain it in brick form, facilitating scalability and mass production. This translates into minimal capital requirements for expanding production, allowing us to generate recurring revenues while continuously



researching and developing even better, more cost-effective products.

We are on a growth trajectory with our core mission centered on the development and commercialisation of our SiBox technology. The SiBox Demonstration Model (SDM) was successfully commissioned and is now proving its performance in long-term operation. The performance data from the SDM will be used by our engineers to inform the design a commercial-scale SiBox. Woodside has the option to fund the next stage in exchange for equity in the SiBox intellectual property.

Furthermore, our partnership with global refractory manufacturer Refratechnik-Steel GmbH is preparing for an automated manufacturing trial of 600 SiBricks, assessing the feasibility of mass production. We anticipate future SiBox models employing up to 100,000 SiBricks per GWh unit, thereby

underpinning our commercialisation strategy with lower unit production costs.

A generator performance study for the Aurora Energy Project (Aurora) grid scale battery (BESS) is complete. This project remains the Company's near-term prospect for revenue generation. The study report will be submitted for connection approval when access to the transmission line has been secured.

During the year, we restructured our Board, welcoming two independent, non-executive Directors, Graham Dooley and Randolph Bowen. Both bring extensive experience in executive management and board roles, and a track record in driving growth and realising value from assets. Their appointments followed the resignations of non-executive Chairman Tony Sacre and non-executive Directors Pater Gan, Dana Larson, and Alison Evans.

I acknowledge that we would all like to see our share price higher in the short term. Nevertheless, we remain confident that our strategy is sound and that in good time our technology, projects, and achievements to date will be recognised by the market and deliver the benefits that shareholders seek.

Finally, thank you for your ongoing support in this pivotal year. Our technology comes at a critical time in the global energy transition journey, making this an exciting stage for industry and our shareholders.

I look forward to sharing more substantial results in the coming year, 2023-24.

Dr Kevin Moriarty  
Executive Chairman



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# the Future of Clean Heat





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## Corporate Directory

### DIRECTORS

Kevin Moriarty - Executive Chairman  
Graham Dooley - Non-executive Director  
Randolph Bowen - Non-executive Director

### COMPANY SECRETARY

Katelyn Adams

### REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

1414 Degrees Limited  
136 Daws Road  
Melrose Park SA 5039  
T + 61 8357 8273  
E [info@1414degrees.com.au](mailto:info@1414degrees.com.au)

### AUDITOR

BDO Audit Pty Ltd  
Level 7, 420 King William Street  
Adelaide SA 5000

### SOLICITORS

Thomson Geer  
23/525 Collins Street  
Melbourne VIC 3004

### PATENT & TRADE MARK ATTORNEYS

Madderns  
Level 4, 19 Gouger Street  
Adelaide SA 5000

### ACCOUNTANTS

HLB Mann Judd  
169 Fullarton Road  
Dulwich SA 5000

### STOCK EXCHANGE LISTING

1414 Degrees Ltd shares are quoted on the Australian Securities Exchange (ASX: 14D)

### WEBSITE

[1414degrees.com.au](http://1414degrees.com.au)

## Corporate Governance

### CORPORATE GOVERNANCE STATEMENT

1414 Degrees Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance.

The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2023 Corporate Governance Statement is dated as at 30 June 2023 and reflects the corporate governance practices in place throughout the 2023 year.

The 2023 Corporate Governance Statement has been approved by the Board.

A description of the Company's current corporate governance practices is set out in the Corporate Governance Statement which can be viewed at [1414degrees.com.au](http://1414degrees.com.au)



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# Financial Statements



# Director's Report

The Directors present their report, together with the financial statements, on the Company for the year ended 30 June 2023.

## DIRECTORS

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

**Kevin Moriarty** Executive Chairman  
Re-elected 28 July 2022

**Graham Dooley** Non-Executive Director  
Appointed 3 November 2022

**Randolph Bowen** Non-Executive Director  
Appointed 3 November 2022

**Alison Evans** Non-Executive Director  
Resigned 3 November 2022

**Dana Larson** Non-Executive Director  
Resigned 3 November 2022

**Peter Gan** Non-Executive Director  
Resigned 3 November 2022

**Tony Sacre** Non-Executive Director  
Resigned 3 November 2022

**Sheree Ford** Non-Executive Director  
Resigned 15 September 2022

## COMPANY SECRETARY

The following persons were Company Secretary of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

**Katelyn Adams**  
Appointed 15 November 2022

**Larry Mitchel**  
Appointed 8 November 2022  
Resigned 15 November 2022

**Tania Sargent**  
Resigned 3 November 2022

## PRINCIPAL ACTIVITIES

The principal activity of the Company is developing and commercialising its silicon-based thermal energy storage technology SiBox® to provide clean industrial heat. It is envisaged that the SiBox modular development concept will provide a decarbonisation pathway for energy users such as high temperature industrial customers, minerals producing industries, thermal power stations and those needing a combined heat and power solution.

The Company is also developing the Aurora Energy Project. The focus of the project is to develop a hybrid renewable energy project delivering reliable electricity to the Upper Spencer Gulf region and National Electricity Market. The Aurora site is also an opportunity to build and demonstrate a large-scale pilot of the SiBox technology.

## DIVIDENDS

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

## REVIEW OF OPERATIONS

The Company has continued its focus on the development of the SiBox thermal energy storage technology and the SiBrick™ latent heat storage media. Notably it has achieved key milestones in its arrangement with Woodside Energy Technologies. In addition, the Aurora Energy Project has moved towards commercial milestones during the year.

The Company's innovative technology will be used to electrify high temperature process industries, reducing emissions and tapping into a major clean energy market opportunity identified through our membership of the global Long Duration Energy Storage Council. While traditional batteries use chemical changes to store and regenerate electricity, 1414 Degrees recently commissioned SiBox functions as a heat

battery, using a phase change of silicon in SiBrick to store electrical energy and provide heat on demand. This has the potential to be a gamechanger for hard-to-decarbonise industrial processes.

The Directors have decided on a business strategy to develop products that can be manufactured under license in existing industries, a strategy that requires minimal capital investment by the Company to achieve growth.

The Directors are focused on accelerating the development of the Company's products for commercialisation. We see substantial growth potential in the new and very large industrial heat markets, particularly for our SiBox heat battery which is being developed with an aim to provide consistent, high-temperature air as an alternative to burning fossil fuels.

## SiBox thermal energy storage technology/SiBrick Technical Development

This year has been pivotal for the development and commercialisation of the Company's key technologies: SiBox® and SiBrick™.

The SiBox latent heat battery is producing very encouraging results after four years of intensive development and is attracting growing interest from high-temperature industrial heat users. There are few competing technologies in the industrial heat market, and they are still in their early stages. Hydrogen burning is a potential competitor for producing clean industrial heat, but it costs more than SiBox, which makes it a less viable substitute for fossil fuels. Indeed, SiBox could contribute towards reducing the cost and emissions of hydrogen production.

The commissioning trials of the SiBox Demonstration Model (SDM) have been successfully concluded and we have started long-term operational testing. The SDM comprises a modular



# Director's Report

arrangement of SiBricks optimised for energy storage capacity and effective heat transfer. The bricks are heated by an electrical heating system and their stored energy is recovered in a stream of clean air to provide heat on demand. The energy recovery system of the SDM simulates a commercial application process e.g. a gas burner in an alumina calciner. Our current choice of silicon phase-change material (PCM) allows SiBox to supply constant temperature clean air up to 1000°C, meeting the temperature requirements of most industries.

The SDM commissioning process included extensive trials to demonstrate SiBox operational activities, optimise control setpoints, generate initial results for analysis, and identify key parameters to inform future tests. The SiBox technology has performed to expectations, with analysis and comparison of the results ongoing. In May 2023, we announced that the commissioning trials had successfully demonstrated the ability of SiBox to deliver sustained clean heat for 6-12 hours at temperatures of 700°C to 850°C. Data from the trials closely aligned with the engineering design tools and models developed, providing confidence for scale-up designs of SiBox technology. The 1MWh of internal SiBrick energy storage media performed robustly and were in excellent condition upon visual inspection.

Long-term operational testing of SiBox is underway, simulating a variety of process conditions to validate both the SiBox system performance and the SiBrick material. The key assessments include temperature distribution, heat transfer mechanics and fluid dynamics for outlet temperature control. Our engineers will use performance results from the SDM to design a commercial-scale SiBox. In May 2023 the Company announced the name "SiBrick" for the

ground-breaking silicon storage media previously referred to as the 14D brick. The Company has lodged a trademark application for SiBrick. The SiBrick technology is being developed for mass production in existing refractory brick plants through our partnership agreement with Refratechnik-Steel GmbH (Refratechnik), which eliminates the need to build new production facilities and makes it possible to manufacture larger storage capacities. As announced, Refratechnik will be our technology partner for a mass production trial of up to 600 bricks. We envisage future SiBox models using up to 100,000 SiBricks in a 1GWh facility, underpinning our commercialisation strategy with lower unit production costs.

## Aurora Energy project

The Aurora Energy Project (Aurora) joint venture is currently progressing the development of a large grid scale battery energy storage system (BESS) to final Investment decision (FID). The generator performance study (GPS) for the 140MW BESS is complete and this project continues to be our near-term prospect for revenue. The National Electricity Market (NEM) offers multiple revenue opportunities to service capacity and stability requirements. A large lithium-ion battery system, as is proposed for the Aurora project, has been modelled to earn substantial net revenues charging and discharging on the network. Battery operational revenue streams are highly variable, however the Australian government has created a means to mitigate short term revenue risk through its Capacity Investment Scheme. Due to its location on a 275 kV transmission line, the Aurora project is well situated to make an important contribution to the stability of the NEM and provide cash flow for 1414 Degrees. The GPS study report will be submitted for connection approval when access to the

transmission line has been secured. The project is progressing well, however its timeline depends on external factors.

## Intellectual property

The Company continues to actively manage, document and protect all its intellectual property.

Current status of patents:

- Patent 2010282232 - "Thermal Energy Storage Apparatus, Arrangement and Method". Granted AU, NZL, EU, China and US.
- PCT Application 2018239960 "Energy Storage and Retrieval System" (TESS\_IND). Granted in US, in progress in AU, NZL and EU.
- Australian provisional patent application No. 2020904050 (SiBox Storage Media). In application/patent pending.

Registered trademarks:

- 1414 Degrees (Logo) registered in AU
- Clean Scalable Energy Storage (Logo), registered in AU
- SiBox registered in AU, UK, PRC, USA, EU
- SiBrick trademark application in AU

## Risks specific to the Company

Some key risks of the Company are detailed below. The list of risks is not exhaustive.

- Commercialisation of technology risk - The Company will need to design a commercial demonstration pilot in order to effect the second stage of its business plan and meet some contractual milestones. Delays or failure to identify or secure a site would significantly disrupt the business plan. Achieving its goals requires the Company to expand its in-house technical and marketing expertise to build and maintain business growth and

# Director's Report

attract funding, and there is a risk that growth is disrupted if this expansion is delayed.

Competition and Intellectual Property risk - 1414 Degrees participates in a new high temperature thermal energy storage market. There are currently no commercial technologies with the attributes of the 1414 Degrees products in its potential markets. In the future, development of other technologies for these markets or the Company's inability to enforce and defend its Intellectual Property against third party challengers could have a material adverse impact on 1414 Degrees performance and prospects of the business.

— Core technology performance risk - For over 15 years the Company has developed and continues to develop its core silicon-based thermal storage media however the products have not been tested in long-term operation. There is a risk that the storage media does not meet the expectation of a 20-year operating lifetime, and this could delay or prevent the commercialisation of its SiBox technology, with significant adverse effects on investment in the Company.

— Commercial risks relating to Aurora Project - The Company has invested in development of a battery energy storage project as part of the Aurora project, relying upon independent positive net revenue projections from operating in the national electricity market. Realisation of a commercial return on this investment requires the Company to obtain access to private electricity transmission lines and the conversion of the status of those lines to participate in the national electricity market. There is a risk that it will not obtain

access to transmission, or that cost of access could make the project unprofitable. The Company's joint-venture partner in the Aurora project must pay the Company \$1.5 million when connection to the transmission lines is approved. There is a risk that this payment will not occur if connection is not achieved.

- Operating experience and reliance on key personnel risk - The Company relies on the experience of its management team and Directors. The loss of the services of certain personnel could have an adverse effect on the Company and its activities, including delays in realising the commercial potential of the technology.
- Business strategy execution - The Company's future growth, profitability and cash flows depend on the ability of its management to successfully execute its business strategy. There can be no assurance that 1414 Degrees can successfully achieve its business objectives and this could have a material adverse effect on the Company's business, financial condition, and operations.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year ended 30 June 2023 the senior management team of the Company was restructured. The Board welcomed two independent, non-executive Directors Graham Dooley and Randolph Bowen. The appointments followed the resignation of non-executive Chairman Tony Sacre and non-executive Directors Pater Gan, Dana Larson, and Alison Evans.

The COO of the Company Jordan Parham resigned during the year. Dr Kevin Moriarty was appointed executive chairman and Dr Mahesh Venkataraman promoted to the new position of chief technology officer (CTO).

There were no other significant changes

in the state of affairs of the Company during the financial year.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 14 July 2023 the Company announced a non-renounceable pro-rata offer of new fully paid shares (Entitlement Offer). The Entitlement Offer closed on 14 August 2023 and was strongly supported by existing shareholders. The Company received total applications from Eligible Shareholders of approximately \$1,471 million (equal to 32,683,063 fully paid shares).

In accordance with the terms and conditions set out in the prospectus dated 14 July 2023, one free attaching option exercisable at \$0.10 each on or before the day that is 24 months after the date of issue will be issued for each new fully paid share applied for and issued under the entitlement offer.

No other matter or circumstance has arisen since 30 June 2023 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.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

## ENVIRONMENTAL REGULATION

The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.



# Director's Report — Information on Directors

## DR KEVIN MORIARTY

**Title**  
Executive Chairman

**Qualifications**  
BSc (Hons), Ph.D., MAusIMM

**Experience and expertise**  
Dr Kevin Charles Moriarty, BSc (Hons), Ph.D., MAusIMM has 35 years corporate experience in roles including Chairman and Managing Director of listed companies. He founded and led several companies to develop mines in Australia and Africa. He was Executive Chairman of 1414 Degrees Ltd for 5 years until retiring in 2021. During his term, 1414 Degrees built several prototype devices utilising high temperature silicon energy storage to produce electricity. Two charged from electricity and one by burning biogas. They did not perform to specification and Dr Moriarty brought in more highly qualified technical team with material science background as well as engineering. This team developed the new SiBox technology aimed at very efficient energy storage and recovery at high temperatures to replace gas burning in industry. This attracted major support from Woodside Energy Ltd and the Commonwealth government. In 2019 he negotiated the purchase of the Aurora Solar project for 1414 Degrees. He was re-elected to the board of 1414 Degrees and re-appointed executive chairman in 2022.

**Other current directorships**  
None

**Former directorships (last 3 years)**  
None

**Interests in shares**  
16,237,916 ordinary shares

**Interests in options**  
3,322,222 options

## GRAHAM DOOLEY

**Title**  
Non-Executive Director

**Qualifications**  
BSc, BE (Hons), MPA, FAICD, FIEAust

**Experience and expertise**  
Graham is an accomplished Non-Executive Director, Managing Director and Chairman with extensive infrastructure and investment experience. As well as serving as a Director of the businesses below, Graham is also a Senior Advisor to Igneo Infrastructure Partners, one of the top 10 infrastructure investors world-wide; and a Senior Advisor to a Local Government Council in South Australia.

Graham established and was the Managing Director of United Utilities Australia (now Trility) from 1991-2007. Following this, he founded and held an Executive Chairman role with the Water Utilities Australia Group of companies and its sister company that invested in agricultural water entitlements. He is a past National President of the Australian Water Association, a Fellow of the Australian Institute of Company Directors and a Fellow of the Institution of Engineers, Australia.

**Other current directorships**  
None

**Former directorships (last 3 years)**  
None

**Interests in shares**  
257,846 ordinary shares

**Interests in options**  
85,949 options

## RANDOLPH BOWEN

**Title**  
Non-Executive Director

**Qualifications**  
BAppSc (Oen), GAICD

**Experience and expertise**  
Randolph is a management executive with strong domestic and international profit and loss and operational management experience. Randolph successfully established a fully integrated global supply chain for Fosters Wine Group resulting in significant improvement in the planning, production, delivery and customer service systems at reduced cost to the business. He has a talent for making rapid assessments of challenges and then developing and leading the resulting action plan.

Key areas of expertise include:

- Strategic/operational planning, forecasting, budgeting and cost control
- Infrastructure design and production maximisation
- Quality and productivity improvement
- Business integration
- Team building and organisational change management
- Leader in Occupational Health, Safety & Environmental (OHSE) practices and culture

**Other current directorships**  
None

**Former directorships (last 3 years)**  
None

**Interests in shares**  
3,000,000 ordinary shares

**Interests in options**  
1,000,000 options

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

# Director's Report

## COMPANY SECRETARY

Katelyn Adams has over 15 years of accounting and board experience, servicing predominantly ASX listed companies. Katelyn is a Chartered Accountant and Partner of the Corporate Advisory division of HLB Mann Judd in Adelaide, as well as the Company Secretary of various listed and private companies and a Non-executive Director of Clean Seas Seafood Ltd. Katelyn has extensive knowledge in corporate governance, ASX Listing Rule requirements, IPO and capital raising processes, as well as a strong technical accounting background.

## MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

Full Board	Attended/Held
Kevin Moriarty	8/8
Graham Dooley	4/4
Randolph Bowen	4/4
Alison Evans	4/4
Dana Larson	4/4
Peter Gan	4/4
Tony Sacre	4/4
Sheree Ford	2/2

Held: represents the number of meetings held during the time the Director held office.

## REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the Company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

## PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Company, with an appropriate level of fixed remuneration

for key management personnel, as well as a proportion of performance based remuneration.

The reward framework is designed to align executive reward and their performance hurdles to the targets of the Company as well as shareholders' interests. In considering shareholder wealth, the Board considers that this is generally driven by successful commercialisation and long-term proposition, rather than being directly linked to financial performance. The Board also considers the Enterprise Value of the Company, being the market capitalisation at the end of each period end, adjusted for cash held at year end.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

## Non-executive Directors remuneration

Fees and payments to Non-Executive directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed periodically by the Board and are regularly compared with companies with comparable market capitalisation and stage of development. Non-Executive Directors do not receive share Performance Rights or other incentives. The Chairman's fees are determined independently to the fees of Non-Executive Directors based on comparative roles in the external market.

ASX listing rules require the aggregate



# Director's Report

Non-Executive Director's remuneration to be determined periodically by a general meeting. The maximum annual aggregate remuneration for Non-Executive Directors has been set at \$300,000.

## Executive remuneration

The Company aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has three components:

- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises

the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the board based on individual and business unit performance, the overall performance of the Company and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Company and provides additional value to the executive.

The Company has a Performance Rights Plan under which it can issue Performance Rights to staff and executives.

## Company performance and link to remuneration

The remuneration of key management personnel is linked to the development of the Company's intangible assets, the continued progress towards developing the TESS technology and progress on the Aurora site at Port Augusta. Various performance criteria are linked to Performance Rights granted.

## Voting and comments made at the Company's 2022 Annual General Meeting ('AGM')

At the 11 November 2022 AGM, 87% of the votes received supported the adoption of the remuneration report for the year ended 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.



**Details of remuneration**

*Amounts of remuneration*

Details of the remuneration of key management personnel of the Company are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled shares	Equity-settled performance rights	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>30 June 2023</b>								
<i>Non-Executive Directors:</i>								
Graham Dooley *	33,056	-	-	-	-	-	-	33,056
Randolph Bowen *	33,333	-	-	-	-	-	-	33,333
Alison Evans **	19,583	-	-	-	-	-	-	19,583
Dana Larson **	15,410	-	-	-	-	-	-	15,410
Peter Gan **	15,417	-	-	-	-	-	-	15,417
Tony Sacre **	23,750	-	-	-	-	-	-	23,750
Sheree Ford ***	8,333	-	-	-	-	-	-	8,333
<i>Executive chairman:</i>								
Kevin Moriarty	81,250	-	-	7,350	-	-	-	88,600
<i>Other Key Management Personnel:</i>								
Jordan Parham	126,854	-	-	10,899	-	-	-	137,753
	<u>356,986</u>	<u>-</u>	<u>-</u>	<u>18,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,235</u>

\* Represents remuneration from 1 November 2022 to 30 June 2023

\*\* Represents remuneration from 1 July 2022 to 31 October 2022

\*\*\* Represents remuneration from 1 July 2022 to 15 September 2022

**1414 Degrees Ltd**  
**Directors' report**  
**30 June 2023**

	Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments			
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled shares	Equity-settled performance rights	Total
30 June 2022	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Alison Evans*	8,333	-	-	-	-	-	-	8,333
Dana Larson	41,667	-	-	-	-	-	-	41,667
Peter Gan	41,667	-	-	-	-	-	-	41,667
Tony Sacre	66,667	-	-	-	-	-	-	66,667
Sheree Ford**	8,333	-	-	-	-	-	-	8,333
<i>Executive Directors:</i>								
Kevin Moriarty***	89,315	-	-	5,144	-	-	-	94,459
<i>Other Key Management Personnel:</i>								
Matthew Squire	321,246	-	-	23,509	-	-	25,800	370,555
Jordan Parham	223,167	-	-	21,755	7,165	5,500	44,000	301,587
	800,395	-	-	50,408	7,165	5,500	69,800	933,268

\* Represents remuneration from 1 May 2022 to 30 June 2022

\*\* Represents remuneration from 1 July 2021 to 2 September 2021

\*\*\* Represents remuneration from 1 August 2021 to 30 June 2022

**Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Kevin Moriarty  
Title: Executive Chairman  
Agreement commenced: 28 July 2022  
Term of agreement: Fixed term | termination 30 November 2023  
Details: The initial agreement was for an annual salary of \$45,000 effective 1 August 2022. Effective 30 November 2022 the annual salary was updated to \$120,000 per annum. Effective 1 August 2023 the annual salary was updated to \$200,000 per annum.

Name: Graham Dooley  
Title: Non-Executive Director  
Agreement commenced: 3 November 2022  
Term of agreement: Ongoing  
Details: Annual fee effective 3 November 2022 of \$50,000

Name: Randolph Bowen  
Title: Non-Executive Director  
Agreement commenced: 3 November 2022  
Term of agreement: Ongoing  
Details: Annual fee effective 3 November 2022 of \$50,000

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.



## **Share-based compensation**

### *Issue of shares*

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2023.

### *Options*

There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2023.

There were no options over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2023.

### *Performance rights*

There were no Performance Rights granted to or exercised by Directors and other key management personnel as part of compensation during the year ended 30 June 2023.

## **Additional disclosures relating to key management personnel**

### *Shareholding*

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Kevin Moriarty	12,915,694	-	-	-	12,915,694
Graham Dooley	-	-	171,897	-	171,897
Randolph Bowen*	2,000,000	-	-	-	2,000,000
	<u>14,915,694</u>	<u>-</u>	<u>171,897</u>	<u>-</u>	<u>15,087,591</u>

\* Comprising of 2,000,000 shares held indirectly by Randolph Bowen when he was appointed as Director

### *Performance Rights*

The number of Performance Rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Performance Rights over ordinary shares</i>					
Jordan Parham	500,000	-	-	(500,000)	-
	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>	<u>-</u>

***This concludes the remuneration report, which has been audited.***

## **Shares under option**

There were no unissued ordinary shares of the Company under option outstanding at the date of this report.

## **Shares issued on the exercise of options**

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

## **Indemnity and insurance of officers**

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Indemnity and insurance of auditor**

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

**Proceedings on behalf of the Company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

**Non-audit services**

There were no non-audit services provided during the financial year by the auditor.

**Officers of the Company who are former partners of BDO Audit Pty Ltd**

There are no officers of the Company who are former partners of BDO Audit Pty Ltd.

**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.

**Auditor**

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



Kevin Moriarty  
Executive Chairman

29 September 2023

DECLARATION OF INDEPENDENCE  
BY PAUL GOSNOLD  
TO THE DIRECTORS OF 1414 DEGREES LTD

As lead auditor of 1414 Degrees Ltd for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Paul Gosnold  
Director

BDO Audit Pty Ltd

Adelaide, 29 September 2023



## **1414 Degrees Ltd**

### **General information**

The financial statements cover 1414 Degrees Ltd as an individual entity. The financial statements 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:

136 Daws Road  
Melrose Park SA 5039

A description of the nature of the Company'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 29 September 2023. The Directors have the power to amend and reissue the financial statements.

**1414 Degrees Ltd**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2023**

	Note	30 June 2023 \$	30 June 2022 \$
<b>Revenue</b>			
Disposal of subsidiary		-	3,293,684
Other income	3	115,386	566,612
<b>Total revenue</b>		<u>115,386</u>	<u>3,860,296</u>
<b>Expenses</b>			
Administration and professional expenses		(1,226,067)	(1,596,249)
Asset impairment		-	(997,516)
Depreciation and amortisation		(30,200)	(380,879)
Employee benefits expense		(338,035)	(1,063,714)
Finance costs		(1,022)	(276,998)
Provision for Gas-TESS decommissioning (Glenelg project)	16	466,000	(500,000)
Share based payments (equity settled)	31	87,175	(149,121)
Share of loss - SiliconAurora joint venture		(375,488)	-
Other expenses	4	(529,000)	(265,129)
<b>Total expenses</b>		<u>(1,946,637)</u>	<u>(5,229,606)</u>
<b>Loss before income tax expense</b>		(1,831,251)	(1,369,310)
Income tax expense	5	-	-
<b>Loss after income tax expense for the year attributable to the owners of 1414 Degrees Ltd</b>	19	(1,831,251)	(1,369,310)
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the owners of 1414 Degrees Ltd</b>		<u>(1,831,251)</u>	<u>(1,369,310)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	30	(0.91)	(0.68)
Diluted earnings per share	30	(0.91)	(0.68)

*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 2023**

	Note	30 June 2023 \$	30 June 2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	1,948,457	3,549,416
Trade and other receivables	7	2,484,996	3,442,624
Other	10	172,486	137,021
<b>Total current assets</b>		<u>4,605,939</u>	<u>7,129,061</u>
<b>Non-current assets</b>			
Trade and other receivables	7	360,456	64,075
Joint venture investment	8	2,124,512	2,500,000
Property, plant and equipment	11	48,139	60,967
Right-of-use assets	9	226,192	414,705
Intangibles	12	2,362,069	1,822,904
<b>Total non-current assets</b>		<u>5,121,368</u>	<u>4,862,651</u>
<b>Total assets</b>		<u>9,727,307</u>	<u>11,991,712</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	485,546	444,992
Lease liabilities	14	227,357	205,000
Employee benefits	15	124,829	58,577
Provisions	16	34,000	500,000
<b>Total current liabilities</b>		<u>871,732</u>	<u>1,208,569</u>
<b>Non-current liabilities</b>			
Lease liabilities	14	-	232,167
Employee benefits	15	21,457	75,238
<b>Total non-current liabilities</b>		<u>21,457</u>	<u>307,405</u>
<b>Total liabilities</b>		<u>893,189</u>	<u>1,515,974</u>
<b>Net assets</b>		<u>8,834,118</u>	<u>10,475,738</u>
<b>Equity</b>			
Contributed equity	17	33,002,185	32,656,879
Reserves	18	167,720	323,395
Accumulated losses	19	(24,335,787)	(22,504,536)
<b>Total equity</b>		<u>8,834,118</u>	<u>10,475,738</u>

*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 2023**

	<b>Contributed equity \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2021	32,486,429	196,904	(21,154,998)	11,528,335
Loss after income tax expense for the year	-	-	(1,369,310)	(1,369,310)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,369,310)	(1,369,310)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 31)	11,000	147,820	19,772	178,592
Employee Share Scheme - Performance Rights Valuation	-	138,121	-	138,121
Employee Share Scheme - Conversion of Performance Rights	159,450	(159,450)	-	-
Balance at 30 June 2022	32,656,879	323,395	(22,504,536)	10,475,738
	<b>Contributed equity \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
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 17)	276,806	-	-	276,806
Employee Share Scheme - Performance Rights Valuation	-	15,681	-	15,681
Employee Share Scheme - Performance Rights Lapsed	-	(102,856)	-	(102,856)
Employee Share Scheme - Conversion of Performance Rights	68,500	(68,500)	-	-
Balance at 30 June 2023	33,002,185	167,720	(24,335,787)	8,834,118

*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 2023**

	<b>Note</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		30,090	172,334
Payments to suppliers and employees (inclusive of GST)		(2,069,145)	(3,019,385)
Interest received		29,277	19,004
Interest paid on lease liabilities		(1,022)	-
Ovida payments (partner project contributions)		-	390,909
<b>Net cash used in operating activities</b>	<b>29</b>	<b>(2,010,800)</b>	<b>(2,437,138)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	11	(9,715)	(47,828)
Payments for product development activities		(2,924,637)	(2,259,751)
Partner project contributions		600,000	1,113,025
Research and development tax offset received and used for intangible asset	12	1,271,760	830,107
Government grant received and used for intangible asset	12	847,000	896,000
Proceeds from disposal of investments		900,000	100,000
Loans to SiliconAurora joint venture		(296,381)	-
<b>Net cash from investing activities</b>		<b>388,027</b>	<b>631,553</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	17	276,806	-
Repayment of lease liabilities		(254,992)	(350,000)
<b>Net cash from/(used in) financing activities</b>		<b>21,814</b>	<b>(350,000)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,600,959)</b>	<b>(2,155,585)</b>
Cash and cash equivalents at the beginning of the financial year		3,549,416	5,704,957
Effects of exchange rate changes on cash and cash equivalents		-	44
<b>Cash and cash equivalents at the end of the financial year</b>	<b>6</b>	<b>1,948,457</b>	<b>3,549,416</b>

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

## **Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **Going concern**

The financial report has been prepared on the basis of a going concern. The financial report shows the Company incurred a net loss of \$1,831,251 and a net cash outflow from activities of \$1,600,959 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.

### **Principles of consolidation**

The financial statement's comparative period ended 30 June 2021 was prepared on a consolidated basis. The principles of consolidation are as follows:

Subsidiaries are all entities (including structured entities) over which the group had control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date of which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

### **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**

These general purpose financial statements 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 statements have been prepared under the historical cost convention.

### **Critical accounting estimates**

The preparation of the financial statements 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.



**Note 1. Significant accounting policies (continued)**

**Revenue recognition**

The Company recognises revenue as follows:

*Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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

*Sale of goods*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

*Rendering of services*

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*

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

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

**Note 1. Significant accounting policies (continued)**

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

**Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**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.

**Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

*Financial assets at amortised cost*

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

*Investments*

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the Company has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

*Impairment of financial assets*

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

**Note 1. Significant accounting policies (continued)**

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

**Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**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 estimates - Gas-TESS Decommissioning Provision*

The original \$500,000 provision for decommissioning the Gas-TESS (Glenelg Project) site was based on supplier estimates for removal and reinstatement works on major components.

The Company has since decided to demolish the prototype instead of relocating it. This has resulted in a reduction of estimated costs by \$466,000. The provision recognised for costs to demolition and reinstatement works is now \$34,000.

*Key judgements - product development*

Included within intangible assets at the end of the reporting period is Product Development with a net carrying value of \$2,349,225 (30 June 2022: \$1,822,904) being the carrying value of the Product Development intangible asset of \$13,165,287 (30 June 2022: \$10,018,165) less the associated Government Grant funding of \$2,743,000 (30 June 2022: \$1,896,000), the R&D refundable tax offsets applied of \$6,423,062 (30 June 2022: \$5,249,261) and the Woodside Energy Technologies Pty Ltd contributions applied \$1,650,000 (30 June 2022: \$1,050,000). 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.

*Employee benefits provision*

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

*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. Other income**

	30 June 2023	30 June 2022
	\$	\$
Interest received	29,290	19,001
Other income	86,096	547,611
	<u>115,386</u>	<u>566,612</u>

**Note 4. Other expenses**

	30 June 2023	30 June 2022
	\$	\$
Directors fees	160,132	161,338
Marketing	129,639	69,542
Occupancy	-	1,556
Other expenses	239,229	32,693
	<u>529,000</u>	<u>265,129</u>

**Note 5. Income tax expense**

	30 June 2023 \$	30 June 2022 \$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(1,831,251)	(1,369,310)
Tax at the statutory tax rate of 25%	(457,813)	(342,328)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	(21,794)	44,736
Share of loss - Silicon Aurora Joint Venture	93,872	-
Non-deductible expenses	658	34,442
Other reconciling items	-	(47,422)
	(385,077)	(310,572)
Current year tax losses not recognised	464,873	306,784
Current year temporary differences not recognised	(79,796)	3,788
Income tax expense	-	-

	30 June 2023 \$	30 June 2022 \$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	7,205,044	6,133,428
Potential tax benefit @ 25%	1,801,261	1,533,357

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 2023 \$	30 June 2022 \$
<i>Deferred tax assets/liabilities not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Right of use assets	(56,548)	(103,677)
Lease liabilities	56,839	58,042
Employee benefits	43,731	42,041
Provision for remediation	8,500	-
Accrued expenses	2,792	-
Accrued income	(3)	(9)
Total deferred tax not recognised	55,311	(3,603)

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 6. Cash and cash equivalents**

	30 June 2023 \$	30 June 2022 \$
<i>Current assets</i>		
Cash at bank	1,948,457	3,549,416

**Note 6. Cash and cash equivalents (continued)**

An amount of \$237,120 is included as cash has been set aside to support bank guarantees issued to the landlords of rented locations.

*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 7. Trade and other receivables**

	30 June 2023	30 June 2022
	\$	\$
<i>Current assets</i>		
Trade receivables	31,206	900,000
R & D refundable tax offset	878,000	991,633
SiliconAurora sale proceeds receivable	1,500,000	1,500,000
Other receivables	<u>75,790</u>	<u>50,991</u>
	<u>2,484,996</u>	<u>3,442,624</u>
<i>Non-current assets</i>		
SiliconAurora Pty Ltd loan	<u>360,456</u>	<u>64,075</u>
	<u><u>2,845,452</u></u>	<u><u>3,506,699</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 8. Joint venture investment**

	30 June 2023 \$	30 June 2022 \$
<i>Non-current assets</i>		
SiliconAurora Pty Ltd	2,124,512	2,500,000
<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	2,500,000	-
Additions	-	2,500,000
Share of loss	(375,488)	-
Closing fair value	2,124,512	2,500,000

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 2023 (note 7).

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 9. Right-of-use assets**

	30 June 2023 \$	30 June 2022 \$
<i>Non-current assets</i>		
Land and buildings - right-of-use	761,469	716,307
Less: Accumulated depreciation	(535,277)	(301,602)
	226,192	414,705

*Reconciliations*

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

	Daws Road \$	Total \$
Balance at 1 July 2022	414,705	414,705
Revaluation increments	45,162	45,162
Depreciation expense	(233,675)	(233,675)
Balance at 30 June 2023	226,192	226,192

*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.



**Note 9. Right-of-use assets (continued)**

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 10. Other**

	30 June 2023	30 June 2022
	\$	\$
<i>Current assets</i>		
Prepayments	169,798	136,984
Other current assets	<u>2,688</u>	<u>37</u>
	<u><u>172,486</u></u>	<u><u>137,021</u></u>

**Note 11. Property, plant and equipment**

	30 June 2023	30 June 2022
	\$	\$
<i>Non-current assets</i>		
Fixtures and fittings - at cost	140,515	140,515
Less: Accumulated depreciation	<u>(103,975)</u>	<u>(89,286)</u>
	<u>36,540</u>	<u>51,229</u>
Office equipment - at cost	74,181	64,466
Less: Accumulated depreciation	<u>(62,582)</u>	<u>(54,728)</u>
	<u>11,599</u>	<u>9,738</u>
	<u><u>48,139</u></u>	<u><u>60,967</u></u>

*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:

Leasehold improvements	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.

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 12. Intangibles**

	30 June 2023	30 June 2022
	\$	\$
<i>Non-current assets</i>		
Product development - intellectual property at cost	13,162,457	10,018,165
Government grants and R & D refundable tax offsets applied	(9,150,388)	(7,145,261)
Woodside funding applied	<u>(1,650,000)</u>	<u>(1,050,000)</u>
	<u>2,362,069</u>	<u>1,822,904</u>

*Reconciliations*

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

	TESS Development \$	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	<u>(600,000)</u>	<u>(600,000)</u>
Balance at 30 June 2023	<u>2,362,069</u>	<u>2,362,069</u>

Intellectual property consists of TESS (thermal energy storage system) development of bulk energy storage solutions.

No amortisation has been recognised as the intellectual property is not available for use as at 30 June 2023. The intangible asset is tested for impairment annually. The government grants relate to accelerating the commercialisation of the Company's intellectual property.

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 8 year projection period approved by management.

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

- 15.8% pre-tax discount rate;
- No revenue earned until 2025;
- Major project deliverable in 2025

The discount rate of 15.8% 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.

**Note 13. Trade and other payables**

	30 June 2023	30 June 2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	382,575	355,481
Other payables and accruals	<u>102,971</u>	<u>89,511</u>
	<u>485,546</u>	<u>444,992</u>

**Note 13. Trade and other payables (continued)**

Refer to note 21 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 14. Lease liabilities**

	30 June 2023	30 June 2022
	\$	\$
<i>Current liabilities</i>		
Lease liability	227,357	205,000
<i>Non-current liabilities</i>		
Lease liability	-	232,167
	<u>227,357</u>	<u>437,167</u>

Refer to note 21 for further information on financial instruments.

Total interest incurred on the lease liability for the year was \$17,041 (2022: \$147,758).

*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 15. Employee benefits**

	30 June 2023	30 June 2022
	\$	\$
<i>Current liabilities</i>		
Annual leave	86,731	58,577
Long service leave	38,098	-
	<u>124,829</u>	<u>58,577</u>
<i>Non-current liabilities</i>		
Long service leave	21,457	75,238
	146,286	<u>133,815</u>

**Note 15. Employee benefits (continued)**

*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 16. Provisions**

	30 June 2023	30 June 2022
	\$	\$
<i>Current liabilities</i>		
Provision for Gas-TESS decommissioning	<u>34,000</u>	<u>500,000</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 \$
<b>30 June 2023</b>	
Carrying amount at the start of the year	500,000
Reduction in estimated costs	<u>(466,000)</u>
Carrying amount at the end of the year	<u>34,000</u>

*Gas-TESS Decommissioning Provision*

In the year ended 30 June 2022 a \$500,000 provision for decommissioning the Gas-TESS (Glenelg Project) site was recognised. The provision based on supplier estimates for removal and reinstatement works on major components.

The Company has since decided to demolish the prototype instead of relocating it. This has resulted in a reduction of estimated costs by \$466,000. The provision recognised for costs to demolition and reinstatement works is now \$34,000.

*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 17. Contributed equity**

	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>205,485,458</u>	<u>201,985,458</u>	<u>33,002,185</u>	<u>32,656,879</u>



**Note 17. 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	<u>205,485,458</u>		<u>33,002,185</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 group'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 group's capital by assessing the group'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 2022 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 18. Reserves**

	30 June 2023	30 June 2022
	\$	\$
Share-based payments reserve	<u>167,720</u>	<u>323,395</u>

**Note 18. Reserves (continued)**

*Movements in reserves*

Movements in each class of reserve during the current 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	<u>128</u>	<u>167,592</u>	<u>167,720</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 Silicon Aurora 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.

**Note 19. Accumulated losses**

	30 June 2023	30 June 2022
	\$	\$
Accumulated losses at the beginning of the financial year	(22,504,536)	(21,135,226)
Loss after income tax expense for the year	<u>(1,831,251)</u>	<u>(1,369,310)</u>
Accumulated losses at the end of the financial year	<u>(24,335,787)</u>	<u>(22,504,536)</u>

**Note 20. Dividends**

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

**Note 21. 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 21. Financial instruments (continued)**

<b>Financial assets</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Financial assets at amortised cost:		
Cash and cash equivalents	1,948,567	3,549,416
Trade and other receivables - SiliconAurora Sales Proceeds	1,500,000	2,400,000
Trade and other receivables - R&D tax refund	878,000	991,633
Trade and other receivables - other	106,996	50,991
<b>Total financial assets</b>	<b>4,433,563</b>	<b>6,992,040</b>
<b>Financial liabilities</b>		
Trade and other payables	446,993	444,992
Lease liabilities	227,357	437,167
<b>Total financial liabilities</b>	<b>674,350</b>	<b>882,159</b>

**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:

	<b>Assets</b>		<b>Liabilities</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
US dollars	131	840	-	-
Euros	542	486	-	-
	<b>673</b>	<b>1,326</b>	<b>-</b>	<b>-</b>

The Company had net assets denominated in foreign currencies of \$673 as at 30 June 2023 (2022: \$1,326).

Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 5% (2022: weakened by 10%/strengthened by 5%) against these foreign currencies with all other variables held constant, the Company's profit before tax for the year would have been \$67lower/\$34 higher (2022: \$133 lower/\$66 higher) and equity would have been \$67lower/\$34 higher (2022: \$133 lower/\$66 higher).

**Note 21. Financial instruments (continued)**

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date.

The actual foreign exchange loss for the year ended 30 June 2023 was \$5,014 (2022: loss of \$6,138).

**Interest rate risk**

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.

At 30 June 2022 investment in Cash, Fixed Interest and Floating Interest rate deposits amounted to \$3,549,416. A +/-1% change in interest rates during the year ended 30 June 2023 will result in a +/- change in net interest income of \$35,494.

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 group, except for the Australian Taxation Office which is the counter party to the R & D Offset shown in note 7 and Vast Solar Pty Ltd which is our Joint Venture partner following their purchase of 50% of the shares in Silicon Aurora 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 \$
<b>30 June 2023</b>					
<i>Financial liabilities due for settlement</i>					
Trade and other payables	446,993	-	-	-	446,993
Lease liabilities	227,357	-	-	-	227,357
<i>Financial assets - cash flows realisable</i>					
Cast at bank	1,948,457	-	-	-	1,948,457
Trade and other receivables	2,484,996	-	-	-	2,484,996
Other loans	-	64,075	296,381	-	360,456
Total non-derivatives	5,107,803	64,075	296,381	-	5,468,259

**Note 21. Financial instruments (continued)**

	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>30 June 2022</b>					
<b>Financial liabilities due for settlement</b>					
Trade and other payables	444,992	-	-	-	444,992
Lease liabilities	205,000	232,167	-	-	437,167
<b>Financial assets - cash flows realisable</b>					
Cash at bank	3,549,416	-	-	-	3,549,416
Trade and other receivables	3,442,624	-	-	-	3,442,624
Other loans	-	-	64,075	-	64,075
Total non-derivatives	<u>7,642,032</u>	<u>232,167</u>	<u>64,075</u>	<u>-</u>	<u>7,938,274</u>

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

**Note 22. 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:

	<b>30 June 2023</b> \$	<b>30 June 2022</b> \$
Short-term employee benefits	356,986	800,395
Post-employment benefits	18,249	50,408
Long-term benefits	-	7,165
Share-based payments	-	75,300
	<u>375,235</u>	<u>933,268</u>

**Note 23. 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:

	<b>30 June 2023</b> \$	<b>30 June 2022</b> \$
<i>Audit services - BDO Audit Pty Ltd</i>		
Audit or review of the financial statements	<u>33,500</u>	<u>35,000</u>

**Note 24. Contingent liabilities**

As at 30 June 2023 those charged with governance of the group note that there are no known contingent liabilities (2022: nil).



**Note 25. Commitments**

**30 June 2023**   **30 June 2022**  
**\$**   **\$**

*Capital commitments*

Committed at the reporting date but not recognised as liabilities, payable:

Property, plant and equipment - Furnace

-   521,213

*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 2023 the Joint Venture partners had contributed \$719,863 in total (2021: \$127,100). Total budget for the Stage 1 development costs up until FID is estimated to be approximately \$1.8million.

**Note 26. Related party transactions**

*Parent entity*

1414 Degrees Ltd is the parent entity.

*Joint ventures*

Interests in joint ventures are set out in note 27.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 22 and the remuneration report included in the Directors' report.

*Transactions with related parties*

The following transactions occurred with related parties:

**30 June 2023**   **30 June 2022**  
**\$**   **\$**

Payment for other expenses:

Other expenses paid on behalf of joint venture

296,381   64,075

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.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

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

**30 June 2023**   **30 June 2022**  
**\$**   **\$**

Current receivables:

Loan to joint venture

360,456   64,075

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 27. 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 2023 %	30 June 2022 %
SiliconAurora Pty Ltd	Australia	50.00%	50.00%

**Note 28. Events after the reporting period**

On 14 July 2023 the Company announced a non-renounceable pro-rata offer of new fully paid shares (Entitlement Offer). The Entitlement Offer closed on 14 August 2023 and was strongly supported by existing shareholders. The Company received total applications from Eligible Shareholders of approximately \$1,471 million (equal to 32,683,063 fully paid shares).

In accordance with the terms and conditions set out in the prospectus dated 14 July 2023, one free attaching option exercisable at \$0.10 each on or before the day that is 24 months after the date of issue will be issued for each new fully paid share applied for and issued under the entitlement offer.

No other matter or circumstance has arisen since 30 June 2023 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 29. Reconciliation of loss after income tax to net cash used in operating activities**

	30 June 2023 \$	30 June 2022 \$
Loss after income tax expense for the year	(1,831,251)	(1,369,310)
Adjustments for:		
Depreciation and amortisation	30,200	253,574
Impairment of non-current assets	-	997,516
Share-based payments	(87,175)	316,713
Foreign exchange differences	-	(44)
SiliconAurora sale proceeds	-	(2,400,000)
50% of SiliconAurora assets sold	-	769,362
SiliconAurora fair value adjustment	-	(1,730,638)
Silicon Aurora - share of loss	375,488	-
Provision for Gas-TESS decommissioning	(466,000)	500,000
Lease payments	6,382	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(56,006)	18,522
Increase in other current assets	(35,463)	(5,300)
Decrease in lease liability	-	350,000
Decrease in trade and other payables	40,554	(161,451)
Increase in employee benefits	12,471	23,918
Net cash used in operating activities	<u>(2,010,800)</u>	<u>(2,437,138)</u>

**Note 30. Earnings per share**

	30 June 2023 \$	30 June 2022 \$
Loss after income tax attributable to the owners of 1414 Degrees Ltd	<u>(1,831,251)</u>	<u>(1,369,310)</u>

**Note 30. Earnings per share (continued)**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>201,291,280</u>	<u>200,310,458</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>201,291,280</u>	<u>200,310,458</u>
	Cents	Cents
Basic earnings per share	(0.91)	(0.68)
Diluted earnings per share	(0.91)	(0.68)

*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 31. Share-based payments**

500,000 shares were issued to employees of the Company in this financial year as part of the Company's Performance Right's plan (2022: nil).

During the year no shares were issued to key management personnel as part of the Company's Performance Rights Plan (2022: 700,000 shares), During the year no shares were issued to key management personnel as part of compensation (2022: 50,000 shares).

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 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)	-
09/04/2021	15/01/2024	\$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	25/05/2026	\$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>

**Note 31. Share-based payments (continued)**

30 June 2022

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	-	-	-	500,000
23/07/2020	01/07/2021	\$0.000	250,000	-	(250,000)	-	-
23/07/2020	01/07/2022	\$0.000	100,000	-	-	(100,000)	-
23/07/2020	15/01/2023	\$0.000	1,000,000	-	-	-	1,000,000
30/11/2020	15/07/2021	\$0.000	500,000	-	-	(500,000)	-
30/11/2020	31/07/2021	\$0.000	400,000	-	-	(400,000)	-
09/04/2021	15/07/2021	\$0.000	250,000	-	(200,000)	(50,000)	-
09/04/2021	31/07/2021	\$0.000	100,000	-	-	(100,000)	-
09/04/2021	01/09/2021	\$0.000	100,000	-	(100,000)	-	-
09/04/2021	15/01/2022	\$0.000	325,000	-	(25,000)	(300,000)	-
09/04/2021	15/01/2023	\$0.000	100,000	-	-	(50,000)	50,000
09/04/2021	15/01/2024	\$0.000	500,000	-	-	-	500,000
09/04/2021	31/12/2021	\$0.000	500,000	-	(500,000)	-	-
11/04/2021	14/04/2022	\$0.000	-	300,000	(300,000)	-	-
11/04/2022	01/08/2024	\$0.000	-	3,200,000	-	(3,200,000)	-
06/06/2022	15/06/2022	\$0.000	-	200,000	(200,000)	-	-
06/06/2022	15/06/2023	\$0.000	-	200,000	-	-	200,000
			<u>4,625,000</u>	<u>3,900,000</u>	<u>(1,575,000)</u>	<u>(4,700,000)</u>	<u>2,250,000</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 (2022: \$0).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.3 years (2022: 0.8 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.

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.

**Note 31. Share-based payments (continued)**

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.



**1414 Degrees Ltd**  
**Directors' declaration**  
**30 June 2023**

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the financial 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.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



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Kevin Moriarty  
Executive Chairman

29 September 2023

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 1414 DEGREES LTD

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of 1414 Degrees Ltd (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of 1414 Degrees Ltd, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

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

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

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

#### Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

## Intangible Asset - Product Development

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
<p>The carrying value of the intangible asset product development - intellectual property as set out in note 12 is a key audit matter due to:</p> <ul style="list-style-type: none"><li>• The significance of the total balance.</li><li>• The level of audit procedures undertaken to evaluate management's application of the recognition criteria for internally generated intangible assets required by AASB 138 Intangible Assets.</li><li>• The level of judgment applied by management and inherent subjectivity in their assessment of the potential impairment of the asset and compliance with the requirements of AASB 136 Impairment of Assets.</li></ul>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"><li>• Assessing the composition of development costs and the capitalisation criteria against the requirements of AASB 138 - Intangible Assets.</li><li>• Agreeing a sample of additions to supporting documentation, and ensuring the amounts were appropriately capitalised.</li><li>• Obtaining an understanding of the key processes and controls associated with the allocation of costs to the product development category.</li><li>• Assessing the results of trials of the prototype product and the potential market size for similar applications of the technology.</li><li>• Considering and evaluating assumptions contained within management's impairment assessment and assessing the discount rate applied.</li><li>• Performing a sensitivity analysis on the key financial assumptions of the forecasted cash flows and discount rate in the model and considering the likelihood of such movements in these key assumptions.</li></ul>

### Other information

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

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

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

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

### Responsibilities of the directors for the Financial Report

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

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



## Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf)

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 18 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of 1414 Degrees Ltd, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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

A stylized blue ink signature of the BDO firm, consisting of the letters 'BDO' in a cursive, handwritten style.

BDO Audit Pty Ltd

A blue ink handwritten signature of Paul Gosnold, written in a cursive style.

Paul Gosnold  
Director

Adelaide, 29 September 2023

**1414 Degrees Ltd**  
**Shareholder Information**  
**30 June 2023**

The shareholder information set out below was applicable as at 19 September 2023

**Distribution of equitable securities**

Analysis of number of equitable security holders by size of holding:

	Number of holders	Ordinary shares % of total shares issued
1 to 1,000	66	0.01
1,001 to 5,000	620	0.82
5,001 to 10,000	856	2.73
10,001 to 100,000	1,552	21.58
100,001 and over	361	74.86
	<b>3,455</b>	<b>100.00</b>
Holding less than a marketable parcel (at \$0.031 per share)	<b>1966</b>	<b>5.94%</b>

**Equity security holders**

*Twenty largest quoted equity security holders:*

The names of the twenty largest security holders of quoted equity securities are listed below:

	Number held	Ordinary shares % of total shares issued
FOCEM PTY LTD <TOWARNIE SUPER FUND A/C>	15,937,916	6.69
AMMJOHN PTY LTD	6,466,039	2.71
MR JOHN HENRY MOSS + MRS WENDY ELIZABETH MOSS <MOSS RETIREMENT A/C>	5,249,188	2.20
MEWTWO GLOBAL INVESTMENTS	4,333,333	1.82
MR HAROLD TOMBLIN + MRS JUDITH JOHNSTON <HAROLD TOMBLIN S/F A/C>	4,206,976	1.77
BNP PARIBAS NOMS PTY LTD <DRP>	3,408,192	1.43
CITICORP NOMINEES PTY LIMITED	3,125,819	1.31
RJK SHEPHERD SUPER PTY LTD <RJK SHEPHERD & ASSOC SF A/C>	3,103,941	1.30
JA & JK INVESTMENTS PTY LTD <JJ INVESTMENT A/C>	3,100,130	1.30
BLAKFORD PTY LIMITED	3,000,000	1.26
RANAT INVESTMENTS PTY LTD <MARANANGA A/C>	3,000,000	1.26
MR JOHN LANGLEY HANCOCK	2,778,333	1.17
MRS SUSAN JACQUELINE JOHNSON <LATENT HEAT HOLDINGS A/C>	2,657,448	1.12
MARHFEL PTY LTD <HUNTLEY A/C>	2,559,570	1.07
MR IAN ROSS BURDON + MS CATHERINE LOUISE TAYLOR <IAN BURDON S/F A/C>	2,550,000	1.07
BENGER SUPERANNUATION PTY LIMITED <BENGER SUPER FUND A/C>	2,300,000	0.97
MR IAN ROSS BURDON + MS CATHERINE LOUISE TAYLOR	2,250,000	0.94
LHO LA PTY LTD <ACME FOUNDATION A/C>	2,137,309	0.90
PACIFIC COMMUNICATION AND INVESTMENT CONSULTANTS PTY LTD	1,750,000	0.73
KNIGHTS VALLEY LTD	1,666,500	0.70
	<b>75,580,694</b>	<b>31.73</b>

**1414 Degrees Limited**  
**Shareholder Information**  
**30 June 2023**

*Unquoted equity securities*

35,683,063 Options over Ordinary Shares held by 661 holders.

4,085,000 Performance Rights over Ordinary Shares held by 7 holders.

**Substantial holders**

Shareholders	Shares	% Interest
Robert John Keith Shepherd as trustee for RJK Shepherd & Assoc SF, John Henry Moss and Wendy Elizabeth Moss (Moss Retirement Account) and Ammjohn Pty Ltd	15,740,443	6.61%
Dr Kevin Moriarty	16,237,916	6.82%

**Voting rights**

Unquoted equity securities have no voting rights. The voting rights attached to ordinary shares are set out below:

*Ordinary shares*

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.

*Restricted Securities*

No restricted securities were on issue at 19 September 2023.

There are no other classes of equity securities.



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