

Rule 4.2A.3

APPENDIX 4D

Half Year report

1. Company Details

Name of entity

Energy Technologies Limited

ABN or equivalent company reference

38 002 679 469

Reporting Period ('current period')

31 December 2022

Previous corresponding period ('previous period')

31 December 2021

2. Results for announcement to the market

		%		\$A'000
2.1 Revenues from ordinary activities	Up	24%	to	7,449
2.2 Loss from ordinary activities after tax attributable to members	Down	14%	to	(5,754)
2.3 Loss for the period attributable to members	Down	14%	to	(5,754)
2.4 Dividends				
		Amount per security		Franked amount per security
Final dividend		-¢		-¢
Interim dividend		-¢		-¢
2.5 Record date for determining entitlements to the dividend	No dividend proposed or paid.			

Brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood

REVIEW AND RESULTS OF OPERATIONS

Half-year results

The consolidated net loss after tax and excluding minorities of the Group for the half year ended 31 December 2022 was \$5,754,353 (31 December 2021 Loss was \$5,059,102).

EGY's wholly owned subsidiary Bambach Wires and Cables Pty Ltd (the company) reported a loss after tax of \$5,136,521 compared to December 2021 Half Year loss of \$4,421,684. This included a provision for impairment of intangible assets of \$958,156 (31 December 2021: \$NIL).

No income has been accrued for the half year to 31 December 2022 for R&D Grant (December 2021: \$NIL).

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

EGY on 26 August 2022 raised \$1,000,000.00 via a convertible note issue for working capital. In addition, on 7 October 2022 EGY raised a further \$3,600,000 via a convertible note issue for working capital.

3.1 Net Tangible Assets per security	Current period	Previous corresponding period
Net tangible assets per security. Intangible assets have been excluded from the calculation of net tangible assets per security.	2.02 cents	4.96 cents

4. Details of entities over which control has been gained or lost during the period

4.1 A	Name of entity	N/A	
4.2 A	Date from which control was gained		
4.3 A	Where material to an understanding of the report – the contribution of such entity to the reporting entity’s profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period		

4.1 B	Name of entities	N/A	
4.2 B	Date from which control was lost		
4.3 B	Where material to an understanding of the report – the contribution of such entities to the reporting entity’s profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period		

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5. Details of Individual and Total Dividends

	Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Dividend 1		¢	¢	¢

Total dividend per security:

	Current year	Previous year
Ordinary securities	¢	¢
Preference securities	¢	¢

6. Dividend reinvestment plan

Details of any dividend reinvestment plans in operation:

None

The last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan:

N/A

7. Details of Associates and Joint Ventures:

<i>Name of entity</i>	<i>Percentage holding 31/12/22</i>	<i>Percentage holding 31/12/21</i>

7.1 Where material to an understanding of the report - aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period:

N/A

8. For foreign entities, details of origin of accounting standards used in compiling the report (e.g. International Financial Reporting Standards)

Dulhunty Engineering Limited (formerly Dulhunty Power International Limited) adopts Australian Accounting Standards.

9. For all entities, if the accounts contain an independent audit report or review that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph:

Emphasis of Matter paragraph in relation to Going Concern.

Signed on behalf of the Board of Directors:



Brian Jamieson
Chairman
28 February 2023

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**ENERGY TECHNOLOGIES
LIMITED (ASX: EGY)**

ABN 38 002 679 469

Half-Year Financial Report

for the half-year ended 31 December 2022

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Corporate Information

ABN 38 002 679 469

Directors

Brian Jamieson (Chairman, Non-Executive Director)

Anthony L Smith (Non-Executive Director)

Ian A Campbell (Non-Executive Director)

Matthew Driscoll (Non-Executive Director)

Company Secretary

Gregory R. Knoke

Registered Office

Unit J, 134 - 140 Old Pittwater Road

Brookvale NSW 2100

Bankers

National Australia Bank Limited

NAB House, 255 George Street

Sydney NSW 2000

Share Register

Computershare Investor Services Pty Ltd

60 Carrington Street

Sydney NSW 2000

Telephone:- (02) 8234 5000

Facsimile:- (02) 8235 8150

Auditors

Grant Thornton Audit Pty Ltd

Collins Square

Tower 5/727 Collins Street

Melbourne VIC 3008

Telephone: - (03) 8320 2222

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Directors' Report

Your Directors submit their report for the half-year ended 31 December 2022

DIRECTORS

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

Brian Jamieson (Chairman, Non-Executive Director) Appointed 24 December 2020.

Anthony L. Smith (Non-Executive Director) Appointed on 24 December 2020.

Ian A. Campbell (Non-Executive Director) Appointed on 24 December 2020.

Matthew Driscoll (Non-Executive Director) Appointed 20 December 2016.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activities during the half-year of entities within the economic entity were the manufacture and sale of specialist industrial cables.

REVIEW AND RESULTS OF OPERATIONS

The consolidated net loss after tax and excluding non-controlling interest of the Group for the half year ended 31 December 2022 was \$5,754,353 (31 December 2021: Loss was \$5,059,102).

EGY's wholly owned subsidiary Bambach Wires and Cables Pty Ltd reported a loss after tax of \$5,136,521 compared to December 2021 Half Year loss of \$4,421,684. This included a provision for impairment of intangible assets of \$958,156 (31 December 2021: \$NIL).

No income has been accrued for the half year to 31 December 2022 for R&D Grant (31 December 2021: \$NIL).

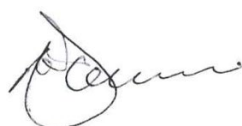
During the period, the company experienced further issues with utilisation rates at the factory due to the lasting effects of COVID. Pleasingly, these reduced greatly in October as normal staffing levels resumed and November provided for an increase in productivity which allowed the company to take advantage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

EGY on 26 August 2022 raised \$1,000,000.00 via a convertible note issue for working capital. In addition, on 7 October 2022 EGY raised a further \$3,600,000 via a convertible note issue for working capital.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 5 and forms part of the Directors' Report for the half-year ended 31 December 2022.

Signed in accordance with a resolution of the Directors.



Brian Jamieson
Chairman
28 February 2023

Grant Thornton Audit Pty Ltd

Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001
T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of Energy Technologies Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Energy Technologies Limited for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance
Melbourne, 28 February 2023

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Condensed Consolidated Statement of Profit or Loss

for the half-year ended 31 December 2022

	Note	CONSOLIDATED	
		31 December 2022	31 December 2021
		\$	\$
Sales revenue	3(i)	7,449,000	5,986,200
Other revenues	3(i)	389	7,629
Total revenue from continuing operations		7,449,389	5,993,829
Cost of sales		(7,126,831)	(5,855,203)
Marketing expenses		(2,584)	(25,691)
Occupancy expenses		(54,156)	(91,739)
Administration expenses		(2,505,184)	(2,922,762)
Share based payments		(33,992)	(57,783)
Finance costs	3(ii)	(1,082,446)	(676,844)
Depreciation and Amortisation expenses		(1,317,533)	(1,312,208)
Impairment of intangible assets		(958,156)	-
Other expenses		(116,690)	(62,003)
LOSS BEFORE INCOME TAX		(5,748,183)	(5,010,404)
INCOME TAX EXPENSE		(6,749)	(50,155)
LOSS AFTER INCOME TAX		(5,754,932)	(5,060,559)
LOSS ATTRIBUTABLE TO:			
Owners of the parent		(5,754,353)	(5,059,102)
Non-controlling interest		(579)	(1,457)
		(5,754,932)	(5,060,559)

The condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Other Comprehensive Income

for the half-year ended 31 December 2022

	CONSOLIDATED	
	31 December 2022 \$	31 December 2021 \$
LOSS FOR THE PERIOD	<u>(5,754,932)</u>	<u>(5,060,559)</u>
<u>OTHER COMPREHENSIVE INCOME (LOSS)</u>		
Items that may be reclassified subsequently to profit or loss		
Movement in foreign exchange relating to translation of controlled foreign entities	(1,601)	(3,357)
Exchange differences on foreign exchange relating to minorities	<u>(1,601)</u>	<u>(3,358)</u>
	<u>(3,202)</u>	<u>(6,715)</u>
TOTAL COMPREHENSIVE LOSS	<u><u>(5,758,134)</u></u>	<u><u>(5,067,274)</u></u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:		
Owners of the parent	(5,755,954)	(5,062,459)
Non-controlling interest	<u>(2,180)</u>	<u>(4,815)</u>
	<u><u>(5,758,134)</u></u>	<u><u>(5,067,274)</u></u>
Earnings per Share		
From continuing operations:		
• Basic loss per ordinary share (cents)	(3.34)	(2.35)
• Diluted loss per ordinary share (cents)	(3.34)	(2.35)

The condensed consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position

as at 31 December 2022

	Note	CONSOLIDATED	
		31 December 2022 \$	30 June 2022 \$
CURRENT ASSETS			
Cash and cash equivalents		362,383	82,066
Trade and other receivables	5	3,001,648	3,229,866
Inventories		6,219,778	5,095,840
Other current assets	5.1	502,726	405,615
TOTAL CURRENT ASSETS		10,086,535	8,813,387
NON CURRENT ASSETS			
Property, plant & equipment	4	9,894,302	10,152,259
Right of use assets	6	3,127,968	3,248,714
Intangible assets	8	4,562,316	5,977,837
Deferred tax asset		155,926	162,675
Other non-current assets		117,275	130,624
TOTAL NON-CURRENT ASSETS		17,857,787	19,672,109
TOTAL ASSETS		27,944,322	28,485,496
CURRENT LIABILITIES			
Trade and other payables		2,234,029	2,261,798
Borrowings	7	10,160,798	6,739,995
Lease liabilities	6	740,374	691,605
Employee provisions		873,357	824,284
TOTAL CURRENT LIABILITIES		14,008,558	10,517,682
NON-CURRENT LIABILITIES			
Borrowings	7	1,812,882	-
Lease liabilities	6	2,031,180	2,154,356
Employee provisions		24,552	22,166
TOTAL NON-CURRENT LIABILITIES		3,868,614	2,176,522
TOTAL LIABILITIES		17,877,172	12,694,204
NET ASSETS		10,067,150	15,791,292
EQUITY			
Issued capital	9	41,768,876	41,768,876
Reserves		5,780,172	5,781,773
Share based payment reserve	10	714,256	680,264
Accumulated losses		(37,572,758)	(31,818,405)
Parent interest		10,690,546	16,412,508
Non-controlling interest		(623,396)	(621,216)
TOTAL EQUITY		10,067,150	15,791,292

The condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2022

	Issued Capital \$	Reserves \$	Share Based Payment Reserve \$	Accumulated Losses \$	Non- Controlling Interest \$	Total \$
Balance at 1.7.2021	31,483,891	5,789,943	365,932	(23,086,649)	(618,607)	13,934,510
Comprehensive income						
Loss for the period	-	-	-	(5,059,102)	(1,457)	(5,060,559)
Other comprehensive loss for the period, net of income tax	-	(3,357)	-	-	(3,358)	(6,715)
Total comprehensive loss for the period	-	(3,357)	-	(5,059,102)	(4,815)	(5,067,274)
Transactions with owners in their capacity as owners and other transfers						
Contribution of equity	10,484,380	-	-	-	-	10,484,380
Unlisted share options	-	-	57,783	-	-	57,783
Listed share options	(199,395)	-	199,395	-	-	-
Total transactions with owners, in their capacity as owners, and other transfers	10,284,985	-	257,178	-	-	10,542,163
Balance at 31.12.2021	41,768,876	5,786,586	623,110	(28,145,751)	(623,422)	19,409,399
Balance at 1.7.2022	41,768,876	5,781,773	680,264	(31,818,405)	(621,216)	15,791,292
Comprehensive income						
Loss for the period	-	-	-	(5,754,353)	(579)	(5,754,932)
Other comprehensive loss for the period, net of income tax	-	(1,601)	-	-	(1,601)	(3,202)
Total comprehensive loss for the period	-	(1,601)	-	(5,754,353)	(2,180)	(5,758,134)
Transactions with owners in their capacity as owners and other transfers						
Unlisted share options	-	-	33,992	-	-	33,992
Total transactions with owners, in their capacity as owners, and other transfers	-	-	33,992	-	-	33,992
Balance at 31.12.2022	41,768,876	5,780,172	714,256	(37,572,758)	(623,396)	10,067,150

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows

for the half-year ended 31 December 2022

	CONSOLIDATED	
	31 December 2022	31 December 2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	6,951,268	7,974,262
Interest received	389	2,203
Receipts from government subsidies – R&D grant	1,122,055	1,800,800
Payments to suppliers and employees	(11,388,763)	(14,307,829)
Finance costs	(1,004,584)	(593,844)
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	(4,319,635)	(5,124,408)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	-	3,182
Purchase of property, plant and equipment	(320,133)	(184,108)
Proceeds from Government Grants – Regional Development Victoria	77,000	-
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES	(243,133)	(180,926)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds issue of shares –net of issue cost	-	10,484,380
Proceeds from borrowings	8,281,493	500,000
Repayment of lease liabilities	(382,217)	(555,281)
Repayment of convertible notes	-	(2,395,000)
Proceeds from issue of convertible notes	4,600,000	-
Repayment of Director's loan	(515,480)	-
Repayment of borrowings	(7,140,711)	(2,741,951)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	4,843,085	5,292,148
NET INCREASE/(DECREASE) IN CASH HELD	280,317	(13,186)
Cash at beginning of the financial period	82,066	123,097
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	-	-
CLOSING CASH BALANCE AT END OF FINANCIAL PERIOD	362,383	109,911

Notes to the Half –Year Financial Statements

31 December 2022

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

(a) Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 “Interim Financial Reporting”. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The half-year financial report is intended to provide users with an update on the latest annual financial statements of Energy Technologies Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the Annual Financial Report of Energy Technologies Limited for the year ended 30 June 2022 together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to some of the matters discussed at Note 1(c) below.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 28 February 2023.

(b) Going Concern

The consolidated entity incurred a loss after tax and excluding non-controlling interest of \$5,754,353 (2021: \$5,059,102) which included a provision for impairment of intangible assets of \$958,156. During the period, notwithstanding an increase in group revenue of 24%, the group generated negative cash flows from operations of \$4,319,635 (December 2021: negative \$5,124,408).

At 31 December 2022 the consolidated entity had net assets of \$10,067,150 (June 2022: \$15,791,292) including the recognition of deferred tax asset of \$155,926 and intangible assets of \$4,562,316. However the consolidated current liabilities exceeded current assets by \$3,922,023. The consolidated current liabilities include Convertible Notes of \$4,600,000 which mature twelve months from the issue date (October 2022) or such later date as is agreed in writing between the parties. These conditions give rise to a material uncertainty that may cast significant doubt upon the Consolidated Entity’s ability to continue as a going concern.

The Directors believe, notwithstanding the above financial performance, position and operating cash outflows, that along with the post period end funding raised (refer to note 13 on subsequent events), as well as its track record of raising capital, indications are that the group can continue to operate as a going concern. The results to 31 December 2022 remain affected by the impact of Covid-19, and by continuing transitional issues in the relocation, expansion and then fully commissioning of the new manufacturing facility in Rosedale, Victoria. Notwithstanding the loss for the year and the Consolidated Entity’s deficiency in net current assets, the financial report has been prepared on the going concern basis. The Directors’ reach this conclusion on the following basis:

Notes to the Half –Year Financial Statements

31 December 2022

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(b) Going Concern (Continued)

- Revenue is growing with 24% increase on the previous corresponding period and 66% increase on the PCP quarter ending 31 December 2022. Based on this and a current order book that is materially higher than the prior year, expectations are that revenues will continue to improve;
- A capital raising of \$3.4m by way of a placement of new shares post the reporting date. Refer note 13 for details;
- The potential to raise additional capital (as and when required);
- The potential to renegotiate and or extend debt facilities including but not limited to the maturing convertible notes of \$4.6m in October;
- The re-financed working capital facility, including both Invoice Funding (Factoring Facility) and Trade Finance, under stage one with total facility to \$7.4m, has a second stage option which allows the company to extend the drawdown to \$10m, subject to terms which the Directors believe will be satisfied; and
- On 5 October 2022 the directors agreed to extend the maturity date of \$200,000 in loans, from CEO Alfred Chown, to April 2024.

Management have prepared a cash flow projection (including the above assumptions) for the period to 31 December 2023 and a FY2024 budget that supports the ability of the consolidated entity to continue as a going concern. As a consequence of these matters, the Directors believe the consolidated entity will continue as a going concern and it is appropriate to prepare these financial statements on that basis.

In the event that the consolidated entity is unable to achieve the matters detailed above, it may not be able to continue as a going concern and therefore the consolidated entity may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial statements.

No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should the consolidated entity and company not continue as going concerns.

(c) New or amended Accounting Standards and Interpretations adopted

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

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

Notes to the Half –Year Financial Statements

31 December 2022

2. SEGMENT INFORMATION

Business segments

Management identifies its operating segments based on the Group's service lines, which represent the main products provided by the Group. The Group's main operating segments are Cables (specialist and industrial) and Investment.

During the half-year period to 31 December 2022, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss. The revenues and profit/(loss) generated by each of the Group's operating segments and segment assets are summarised as follows:

	Cables		Investment		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	\$	\$	\$	\$	\$	\$
Revenue	7,449,000	5,991,642	389	2,187	7,449,389	5,993,829
Segment result before income tax	(5,130,931)	(4,368,443)	(617,252)	(641,961)	(5,748,183)	(5,010,404)
Income tax expense	(6,749)	(50,155)	-	-	(6,749)	(50,155)
Loss after income tax	(5,137,680)	(4,418,598)	(617,252)	(641,961)	(5,754,932)	(5,060,559)
Segment Assets	27,828,890	29,084,400	115,432	194,769	27,944,322	29,279,169
Segment Liabilities	43,772,166	36,514,597	(25,894,994)	(26,644,827)	17,877,172	9,869,770

Notes to the Half –Year Financial Statements

31 December 2022

3. REVENUE, INCOME AND EXPENSES

(i) Revenue from continuing operations

	31 December 2022 \$	31 December 2021 \$
Sale of goods transferred at a point in time	<u>7,449,000</u>	5,986,200
Other Revenue:		
Finance revenue	389	2,203
Other income	-	5,426
Total Other Revenue	<u>389</u>	7,629
	<u>7,449,389</u>	5,993,829
(ii) Finance costs		
Leasing finance cost	68,444	81,165
Borrowing costs	<u>1,014,002</u>	595,679
	<u>1,082,446</u>	676,844

(iii) The Group's revenue is entirely within Australia.

(iv) The Group's revenue disaggregated by pattern of revenue recognition is as follows:

Six months to 31 December 2022

	Manufacturing \$	Total \$
Goods transferred at a point in time	<u>7,449,000</u>	<u>7,449,000</u>
Total	7,449,000	7,449,000

Six months to 31 December 2021

	Manufacturing \$	Total \$
Goods transferred at a point in time	5,986,200	5,986,200
Total	5,986,200	5,986,200

Notes to the Half –Year Financial Statements

31 December 2022

4. PLANT AND EQUIPMENT

Acquisitions and disposals

During the half-year ended 31 December 2022 the group acquired fixed assets at a cost of \$320,133 (December 2021: \$184,108).

Plant and equipment disposals during the half year ended 31 December 2022 provided net proceeds of \$NIL (December 2021: \$3,182).

5. TRADE AND OTHER RECEIVABLES

	31 December 2022 \$	30 June 2022 \$
CURRENT		
Trade receivables	2,830,995	1,920,160
R & D grant receivable	-	1,122,055
Other receivables	170,653	187,651
	3,001,648	3,229,866

5.1 OTHER CURRENT ASSETS

Other assets of \$502,726 (30 June 2022: \$405,615) includes \$165,374 (30 June 2022: \$179,549) representing amounts prepaid in relation to the silicone cable project.

The project was estimated at \$1.74m of which the Federal Government will contribute up to \$1.34 million. As at reporting date, funds of \$871,251 (30 June 2022: \$871,251) has been received and has been recognised against capital works in progress.

6. RIGHT OF USE ASSETS AND LEASE LIABILITIES

	\$	\$
Right of Use Assets		
Office and factory premises	4,357,865	4,351,296
Less: Accumulated Amortisation	(1,940,659)	(1,839,166)
	2,417,206	2,512,130
Plant and equipment	964,062	964,062
Less: Accumulated Amortisation	(253,300)	(227,478)
	710,762	736,584
Total Right of Use Assets	3,127,968	3,248,714

The consolidated entity has leased office premises under operating leases with various expiry dates, some with options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Notes to the Half –Year Financial Statements

31 December 2022

6. RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

Reconciliations

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

	Office and factory premises \$	Plant and equipment \$	Total \$
Balance at 1 July 2022	2,512,130	736,584	3,248,714
Additions	238,332	-	238,332
Amortisation expense	(333,256)	(25,822)	(359,078)
Loss on disposal	-	-	-
Balance at 31 December 2022	<u>2,417,206</u>	<u>710,762</u>	<u>3,127,968</u>

	31 December 2022 \$	30 June 2022 \$
Lease Liabilities		
CURRENT		
Office and factory premises	681,141	615,961
Hire Purchase agreements*	59,233	75,644
	<u>740,374</u>	<u>691,605</u>
NON CURRENT		
Office and factory premises	2,026,330	2,135,148
Hire Purchase agreements*	4,850	19,208
	<u>2,031,180</u>	<u>2,154,356</u>
	<u>2,771,554</u>	<u>2,845,961</u>

* Lease liabilities on Hire purchase agreements are secured by the underlying financed assets included in property, plant and equipment

Notes to the Half –Year Financial Statements

31 December 2022

7. BORROWINGS

	31 December 2022	30 June 2022
	\$	\$
CURRENT		
Secured borrowings:		
Debtor Finance Facility	(a) 1,773,186	766,176
Trade Finance Facility	(b) 3,476,967	4,750,874
Equipment finance facility	(c) 302,261	-
Convertible notes	(d) 4,600,000	-
Director Loan	(e) 8,384	204,452
	<u>10,160,798</u>	<u>5,721,502</u>
Unsecured borrowings:		
Director and executive loans	-	515,480
Other loan	-	503,013
	<u>-</u>	<u>1,018,493</u>
	<u>10,160,798</u>	<u>6,739,995</u>
NON-CURRENT		
Secured borrowings:		
Director and executive loans	(e) 200,000	-
Equipment finance facility	(c) 1,612,882	-
	<u>1,812,882</u>	<u>-</u>

(a) Secured Debtor Finance Facility. Interest is charged on the facility at rate of the base rate, currently 10.60% and margin rate is 1.85%. No maturity date.

(b) Secured Trade Finance Facility. Term Charges 3.83% per 90 days. No maturity date.

(c) Secured equipment finance facility. Interest rate 13.29% per annum.

(d) Convertible Notes issued of \$4,600,000 to noteholders. These notes have a face value of \$1.00, attract a coupon rate of 10% and are convertible at \$0.08. These notes mature twelve months from the issue date (October 2022) or such later date as is agreed in writing between the parties.

(e) Refer Note 12 Related Parties.

During the half-year ended 31 December 2022 the group repaid \$7,656,191 (31 December 2021: \$5,136,951) of both long- and short-term interest bearing debt.

Notes to the Half –Year Financial Statements

31 December 2022

8. INTANGIBLE ASSETS

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
Computer software at cost	53,651	53,651
Accumulated amortisation	(37,904)	(34,655)
Net carrying value	15,747	18,996
Intellectual Property at cost	500,000	500,000
Accumulated amortisation	(75,000)	(50,000)
Net carrying value	425,000	450,000
Development Assets	7,854,486	7,854,485
Accumulated amortisation	(2,174,761)	(1,745,644)
Provision for impairment	(1,558,156)	(600,000)
Net carrying value	4,121,569	5,508,841
Total intangible assets	4,562,316	5,977,837

Movements in Carrying Amounts

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

	Software \$	Development Assets \$	Intellectual Property \$	Total \$
Consolidated Entity:				
Carrying amount at the end of the year	18,996	5,508,841	450,000	5,977,837
Provision for impairment	-	(958,156)	-	(958,156)
Amortisation expense	(3,249)	(429,116)	(25,000)	(457,365)
Carrying amount at the end of the year	15,747	4,121,569	425,000	4,562,316

Intangible assets have finite useful lives. The current amortisation charges in respect of intangible assets are included under depreciation and amortisation expense.

The recoverable amount of intangible development assets has been reviewed to confirm to management whether any impairment indicators exist as at 31 December 2022.

Notes to the Half –Year Financial Statements

31 December 2022

8. INTANGIBLE ASSETS (Continued)

Based on an indicator of impairment assessment carried out by management considering both external and internal factors, it was noted that assets that had not yet fully reached the commercialisation stage or generated sufficient cash generating revenue to support the valuation were identified to have indicators of impairment. Consequent to a recoverable value assessment it was determined that the fair value (less costs to sell) of these assets is Nil. The main basis for this determination by management was that in some cases relevant certification and approvals, have not yet been obtained, and that revenues generated during the period were not sufficient to support the fair value. Management continues to seek the relevant certification and approvals for this class of assets, and to build sales, however to comply with the accounting standards have recognised a further provision of \$958,156 to bring the carrying value of these assets down to nil.

The Group purchased Intellectual Property consisting of brands, trademarks and design patents from Advance Cables Pty Ltd during the year ended 30 June 2019 for \$500,000. These assets were deemed to have commenced utilisation FY2022 as the new factory facility in Rosedale Victoria commenced production of Advance specific type products. Accordingly, amortisation has been applied FY2022 using a straight line over an estimated useful life of 10 years.

9. CONTRIBUTED EQUITY

	31 December 2022 Number	30 June 2022 Number	31 December 2022 \$	30 June 2022 \$
Ordinary shares	272,275,214	172,275,214	41,768,876	41,768,876
Movement				
At the beginning of the reporting period	272,275,214	172,275,214	41,768,876	31,483,891
Shares issued during the year:				
14/10/2021 issued at \$0.11	-	100,000,000	-	11,000,000
Capital Transaction Costs	-	-	-	(715,015)
At reporting date	272,275,214	272,275,214	41,768,876	41,768,876

Notes to the Half –Year Financial Statements

31 December 2022

10.SHARE BASED PAYMENT RESERVE

The share-based payment expense for the period ended 31 December 2022 was \$33,992 (June 2022 \$314,332). This is in connection with unlisted share options issued to directors and been included in the Consolidated Income Statement. Set out below is a summary of the options issued.

As part of the capital raising in October 2021 EGY granted 9,000,000 listed options valued at \$199,395 to brokers in connection with the Rights Issue. These options are offset against equity. The table below includes the valuation model inputs used to determine the fair value at the grant date;

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

During the 2021 financial year EGY granted 19,300,000 options to brokers and corporate consultants in connection with Placement and Rights Issue. These options have been offset against equity. The valuation model inputs used to determine the fair value at the grant date is as follows:

Tranche	Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility %	Dividend yield %	Risk-free interest rate %	Fair value at grant date
12,500,000	18/11/20	30/06/23	\$0.08	\$0.120	55%	-	0.09%	\$0.0176
6,000,000	18/11/20	01/12/23	\$0.08	\$0.112	55%	-	0.09%	\$0.0214
800,000	23/12/20	23/12/23	\$0.08	\$0.112	55%	-	0.09%	\$0.0214
19,300,000								

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

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

11. CONTINGENT LIABILITIES

Contingent liabilities of the group are materially as disclosed in the 30 June 2022 Annual Financial Report.

Notes to the Half –Year Financial Statements

31 December 2022

12. RELATED PARTIES

Loans by Directors and Key Management

During the half year to 31 December 2022 no loans were made, guaranteed or secured by any entity in the consolidated entity to any group of key management personnel.

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

Bambach Director and CEO Alfred Chown made a secured loan of \$200,000 as at 30 June 2022. The interest rate is 10% per annum. Interest of \$6,151 was paid on 29 August 2022 and as at 31 December 2022 interest accrued on this loan is \$8,384. The maturity date is April 2024 or as mutually agreed.

13. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to balance date and on 28th February 2023 EGY announced on the ASX that the Lead Broker has confirmed EGY had raised \$3.4m by way of a Placement of 65,384,616 new shares at a issue price of \$0.052 per share (before costs). Cash proceeds from this placement will be received by 6 March 2023.

There has not arisen since the end of the financial period any other matter or circumstance which, in the opinion of the directors of the Company, will significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Notes to the Half –Year Financial Statements

31 December 2022

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 21 are in accordance with the Corporations Act 2001, including:
 - a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b) giving a true and fair view of the economic entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Brian Jamieson
Chairman
28 February 2023

Independent Auditor's Review Report

To the Members of Energy Technologies Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Energy Technologies Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Energy Technologies Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1(b) in the financial statements, which indicates that the Group incurred a loss after tax and excluding minority interest of \$5,754,353 during the half year ended 31 December 2022, and as of that date, the Group's current liabilities exceeded its current assets by \$3,922,023. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance
Melbourne, 28 February 2023