

23 August 2021

**Energy One Limited (ASX : EOL)**

**Appendix 4E – Financial Statements for the year ended 30 June 2021**

Energy One Limited is pleased to announce its full year results to 30 June 2021 as attached.

**Shaun Ankers**

**Chief Executive Officer**



**ENERGY ONE LIMITED**

ABN 37 076 583 018

**APPENDIX 4E  
for the year ended 30 June 2021**

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## Reporting Period

Previous Reporting Period

for the year ended 30 June 2021

for the year ended 30 June 2020

Results for announcement to the market	2021 \$ '000	2020 \$ '000	Change %
Revenue and other income	27,902	20,604	35%
EBITDA (before acquisition and related costs)	8,130	5,320	53%
Comparative EBITDA*	7,394	4,718	57%
Profit before income tax	5,093	2,340	118%
Profit from ordinary activities after tax attributable to owners	3,705	1,647	125%
Net tangible asset backing per ordinary share shown in cents **	51.82	37.47	38%
* Further adjusted for changes in accounting for leases (AASB 16) and R&D grants (AASB 120) in FY20			
** NTA includes software development used to generate income and excludes deferred tax assets			

## Commentary

Please refer to the attached Chief Executive Officer's Report and consolidated financial statements for the year ended 30 June 2021.

## Other information

*Control gained over entities having a material effect*

N/A

*Loss of control over entities having a material effect*

N/A

*Details of associates and joint venture entities*

There are no associates or joint venture entities.

*Audit Status*

This report is based on accounts that are in the process of being audited.

*Attachments*

Further disclosure requirements can be found in the notes to the attached 30 June 2021 Consolidated Financial Statements.

## Reporting Period

Previous Reporting Period

for the year ended 30 June 2021

for the year ended 30 June 2020

Dividends	Amount per	
	ordinary share	Franked Amount per ordinary share
<b><i>Dividend (declared, not provided at 30 June 2021)</i></b>	<b>6.00 Cents</b>	<b>0.00 Cents</b>
The record date for the dividend will be 30 September 2021. The payment date for the dividend will be 18 October 2021.		
<b><i>Dividend Reinvestment Plan</i></b>		
Energy One Limited (EOL) has a Dividend Reinvestment Plan (DRP) allowing eligible shareholders to reinvest their dividends into EOL shares. The terms and conditions of the DRP has been distributed to all eligible shareholders.		
The DRP provides eligible shareholders with the opportunity to elect to take all or part of their dividends in the form of new shares issued in accordance with the DRP plan rules. Shares are provided under the plan free of brokerage and other transaction costs and will rank equally with all other ordinary shares on issue.		
The DRP will apply to dividends declared including the 2021 final dividend declared above. DRP Applications or notices received after 5.00pm (Sydney time) on 4 October 2021 will not be effective for payment of this final dividend but will be effective for any future dividend payments.		
The DRP price for the final dividend will be equal to the arithmetic average of the daily volume weighted average market price (rounded to the nearest cent) of all shares sold through a normal trade on the ASX automated trading system during the DRP price determination period for this dividend, being 23 August to 27 August 2021 (inclusive). If there are no share trades in the period the the DRP price will be the last traded price. The Board's reserves the right to set the DRP price at its sole discretion.		
<b><i>Dividend paid during the 2021 financial year</i></b>	<b>3.50 Cents</b>	<b>0.00 Cents</b>
The record date for the dividend was 30 September 2020. The payment date for the dividend was 16 October 2020.		
<b><i>Dividend paid during the 2020 financial year</i></b>	<b>3.00 Cents</b>	<b>0.00 Cents</b>
The record date for the dividend was 4 October 2019. The payment date for the dividend was 21 October 2019.		
There was no other dividend paid or declared for the year ended 30 June 2021.		

Shaun Ankers - Chief Executive Officer

23 August 2021

## Chief Executive Officer's Report

I am pleased to announce another year of profitable growth for the Group, with Revenues up 35% on FY20 and net profit after tax (NPAT) up 125% on the prior year.

While headquartered in Australia, the Energy One Group has built a presence in Europe with Contigo Software in the UK and more recently in France with the acquisition of eZ-nergy in France.

Our products and solutions involve enterprise software for energy trading of bulk wholesale energy (typically electricity and gas). Consequently, the software is inherently mission-critical to many customers and we therefore experience low churn. As a result, we have found that acquisitions are a reliable method to acquire new customers and enhance organic revenue growth from the cross-selling of modules and services.

This strategy has proven successful with some 54% of our FY21 revenue now being generated in UK/Europe. All of it profitable. The Group has customers in 17 countries and is well positioned as an independent global provider of energy trading software.

Leaving aside the effects of eZ-nergy (its first year with the group) underlying organic growth for revenue was 15% and EBITDA was 26%.

Recurring revenues for the Group were at 82%, up from 77% in the prior corresponding period. These recurring revenues arise from SaaS-type fees (e.g. licence, maintenance, services and hosting), which are generally renewed automatically on an annual basis and were assisted this year by the addition of eZ-nergy with its higher proportion of recurring revenue. The balance of operating revenue arises from one-off project work such as 'time and materials' fees for installation, bespoke enhancements and consulting.

Adding the contribution from our eZ-nergy business, Group EBITDA for FY20 was up 53% to \$8.1M and the EBITDA margin for FY21 was 29% (FY20: 26%). The improved margin was assisted by the increase in recurring revenues (operational leverage) and by cost savings resulting from reduced travel and marketing activities during the year.

Profit before tax (PBT) was \$5.1M, up 118% on FY20. Setting aside reduced travel costs and acquisition costs, the result was up 89% on FY20. Net profit after tax (NPAT) was \$3.7M, up 125% on FY20.

The results emphasize the Group's ability to continue to produce high quality revenues and profitability, during uncertain times.

Net assets increased by \$4.5M during the year with closing cash of \$5.42M, up \$1.9M from June 20. At the end of the financial year the group had no outstanding bank debt.

### Australasian Business Review

While Energy One now offers global reach and support for our international customers, our Australasian territory (Australia, NZ and Singapore) remains important to us, with these markets key to our performance, providing 46% of group revenue.

Performance of the domestic Australasian business remained strong, with EBITDA increasing 18% for the year and EBITDA margin increasing from 30% in FY20 to 31% for FY21. Australasian revenue grew 13% over the year demonstrating our ability to continue to grow in a mature market.

In Australia, Energy One is the leading supplier of specialist software and services to the highly complex *wholesale energy trading market*. We offer a 'suite' of products that meet the wide and varied needs of energy traders, generators, retailers and industrial customers. Our client base includes blue-chip firms prominent in the energy market.

In the year ahead we are confident our ongoing sales and marketing effort in Australasia will result in new sales, albeit at a steady pace, given the finite size of the market and our large market share. Nonetheless, during FY21, we added 16 new customers. We also continued work on 2 'large' projects that commenced last year. On the flip side we lost (churned) 5 smaller customers, due to market exits, which is in line with expectations.

Over the last couple of years we have made considerable investments in our products, preparing them for the coming 5-minute settlement (5MS) market. The work is now complete, and our software is ready for the new market which is due to commence in late 2021. With many existing customers already upgraded we have also won 5 new customers largely because of the 5MS roll-out and we are confident of winning a few more.

The Australasian business relies on winning 1-2 large projects each year, to maintain consistent project revenues and complement recurring revenue. The timing of projects is difficult to predict with any accuracy. Nonetheless, the AU business has achieved this target consistently over a number of years. The projects once complete bring a tail of annuity revenue and are therefore valuable.

In the year ahead (FY22), we expect continued modest, revenue growth whilst being cognisant of the increasing difficulty of winning new large customers given our already high market share.

### **European Business Review**

In November 2018, we made a key strategic step forward with the acquisition of Contigo Software Limited, a leading UK-based ETRM vendor. In June 2020, we completed the acquisition of eZ-nergy SAS (eZ), a French company supplying energy trading software and services to customers across Europe.

eZ and Contigo are highly synergistic businesses and together they give us good access to the broader European market for cross-selling and bundling opportunities with both companies' products being highly complementary.

Our European business now produces 54% of Group revenues. Going forward we expect the European business to grow given the size of the opportunity.

Contigo has been part of the group for 2.5 years and has performed better than expected. The team at Contigo have delivered 17% organic revenue growth in the past year and increased EBITDA by 40%, albeit assisted by reduced travel costs. The management team at Contigo has steadily improved EBITDA margins from 15% (at the time of acquisition) to 25% in the past year.

Like the Australian business, Contigo aims to win 1-2 larger projects per year with project work representing around 20% of revenue. During the year, they successfully delivered two large projects for prestigious European clients. Like Australia, the challenge is to repeat this each year. As we enter the second year of Covid we have found, especially with travel restrictions, that it's harder to get in front of new customers and present at trade shows etc. So, while the recurring revenue remains robust there is some softness in winning new project work. That said, the company has developed a strong pipeline of potential projects and with travel restrictions beginning to ease in Europe we are confident heading into FY22 that project revenue will again pick up. In addition, a number of medium and smaller projects are expected from new customers along with upgrades for existing customers during FY22. With two large projects rolling off, it is expected that project revenue could be lower for the year ahead unless new projects are acquired.

Contigo's recurring revenues continue to grow, being up 15% on the past year to \$7.2M and are expected to grow further in FY22.

When we acquired Contigo, some customers were on perpetual or term-based licenses. Revenue from these customers is amortised over time and during FY22 we will lose about \$100k from the roll-off of a licence-fee accrual for one of these legacy customers. The vast majority of Group customers (and all of those signed since Contigo became part of the Group) are now on evergreen licences, so this will be a one-off event for FY22.

Creating cross-selling opportunities between our software platforms is a key component of our strategy. To illustrate, in 2020 we won our first EU customer as a result of a combined offering of the UK and Australia products. This is a large project for a prestigious European energy system operator and was only made possible by our combined product offerings. Heading into FY22 we have signed two contracts in the U.K to include our Value at Risk (VaR) module, developed in Australia, within the UK enTrader product.

In June 2020, we welcomed eZ-nergy to the Group. eZ is a French company offering software and services aimed predominantly at the physical trading and scheduling markets (day-ahead and intraday) with some 65 customers across Europe. eZ is one of 3 - 4 established vendors offering both software *and* services to this market. Their products catering to nominations, automatic bidding and algo-trading as well as a bureau service offering 24/7 outsourced trade execution services. Whilst the company still has a small market share (<5%), eZ added 13 new customers during FY21. As such, we look forward to continued growth in this space.

As previously announced Contigo and eZ had their first joint win with a large prestigious European utility company during FY21. To win this project, eZ and Contigo were able to offer a single unified solution and support for the customer.

eZ has performed well, producing \$4.7M of revenue and \$1.6M of EBITDA (our expectations at acquisition were for \$4M and \$1.3M respectively). The eZ business has high recurring revenues and is less reliant on project revenues.

For the year ahead, we expect eZ to continue to add new customers, with a strong pipeline of prospects. Weighing against this is the fact one large customer decided to bring some of their 24/7 services (that were not using our software) back in-house. As a result, the customer decided to insource some of the software eZ provided. It is expected that this will create a revenue loss of some \$400k, which will need to be overcome via new sales. We are confident this will be achieved during FY22.

#### **Looking forward to the year ahead**

The Energy One group is now a provider of energy trading software with global reach. With a broad customer base, established brands and sound financials, the Group is keen to continue to build upon its achievements domestically and internationally.

During the past year we have demonstrated that we can achieve outcomes despite entering the second year of COVID-19. Our companies operate within an essential industry (energy) providing mission-critical software to enable our customers (many of whom are large blue-chips) to carry on their energy trading business and delivery of physical gas and electricity to their customers. Furthermore, SaaS-based products can be installed remotely (in the cloud) resulting in no need for travel to customer sites. Our employees are knowledge-workers who can work remotely with access to customers via videoconferencing. All our 128 employees were reliably operating from home for various parts of the year. We expect that our business will remain materially unaffected by COVID-19 in the coming year, and (like everyone else) we are hopeful of improved opportunities to travel and meet customers and colleagues in FY22.

During the year the company restructured some of its business operations to facilitate future growth. Having successfully integrated a number of acquisitions over recent years and with a substantial part of our business now in Europe we restructured some internal operations to reflect the changing business and facilitate future growth. To this end the company appointed Daniel Ayers as the Australasian CEO alongside Simon Wheeler, the European CEO.

With a strong balance sheet and solid operating cash flows the Group will continue to actively seek strategic growth through prudent acquisitions and strategic relationships with highly complementary businesses.

Additionally, the Company intends to invest in further sales, technical and managerial resources, in order to capitalize on our European opportunities and reflect of the Group's increasing global footprint. We will also continue our process of management structure refinement to increase and/or deploy resources where best needed across the group.

The company currently has a number of projects in the pipeline and until the outcome and timing of these becomes clearer we will maintain FY21 guidance for the year ahead until we have a greater degree of certainty regarding our performance and growth prospects for FY22.

In closing, I would like to thank the Directors, our management team and all employees for their effort and commitment during this year. We look forward to another prosperous year ahead.

**Shaun Ankers**





**Consolidated Financial Statements  
for the year ended 30 June 2021**

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**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
for the year ended 30 June 2021

		<b>Consolidated Group</b>	
		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>\$ '000</b>	<b>\$ '000</b>
<b>Revenue and other income</b>			
Revenue	2	27,644	20,304
Other income	2	258	300
		<u>27,902</u>	<u>20,604</u>
<b>Expenses</b>			
Direct project costs		(1,743)	(1,452)
Employee benefits expense	3	(14,295)	(10,820)
Depreciation and amortisation expense	3	(2,859)	(2,363)
Rental expenses on short term leases (2020 : operating leases)		(145)	(59)
Consulting expenses		(1,268)	(782)
IT and communication		(532)	(493)
Insurance		(311)	(228)
Accounting fees		(318)	(225)
Finance costs	3	(126)	(247)
Acquisition and related expenses		(58)	(387)
Travel and accommodation		(29)	(271)
Other expenses		(1,125)	(937)
		<u>(22,809)</u>	<u>(18,264)</u>
<b>Profit before income tax</b>		<u>5,093</u>	<u>2,340</u>
Income tax expense	4	(1,388)	(693)
<b>Profit after income tax attributable to owners of the parent entity</b>		<u>3,705</u>	<u>1,647</u>
<b>Other comprehensive income :-</b>			
Profit after income tax attributable to owners		3,705	1,647
Exchange differences arising from translation of foreign entities		146	(251)
<b>Total comprehensive income</b>		<u>3,851</u>	<u>1,396</u>
<b>Total comprehensive income attributable to owners of the parent entity</b>		<u>3,851</u>	<u>1,396</u>
Basic earnings per share (cents per share)	7	14.41	7.39
Diluted earnings per share (cents per share)	7	14.30	7.30

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

# Consolidated Statement of Financial Position

as at 30 June 2021

		Consolidated Group	
		2021	2020
	Note	\$ '000	\$ '000
<b>Current Assets</b>			
Cash and cash equivalents	8	5,422	3,534
Trade and other receivables	9	4,363	3,944
Other assets	10	906	672
<b>Total Current Assets</b>		<b>10,691</b>	<b>8,150</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	11	245	351
Lease right-of-use asset	12	2,734	1,358
Software development	13	15,725	14,109
Intangible assets	14	8,873	8,597
Other assets	10	73	39
Deferred tax asset	4	939	573
<b>Total Non Current Assets</b>		<b>28,589</b>	<b>25,027</b>
<b>Total Assets</b>		<b>39,280</b>	<b>33,177</b>
<b>Current Liabilities</b>			
Trade and other payables	15	4,076	4,068
Lease liabilities	12	674	409
Income tax payable		1,246	748
Contract liabilities	18	4,065	3,317
Employee provisions	17	1,079	928
<b>Total Current Liabilities</b>		<b>11,140</b>	<b>9,470</b>
<b>Non-Current Liabilities</b>			
Trade and other payables	15	0	778
Lease liabilities	12	2,177	1,056
Borrowings	16	0	644
Contract liabilities	18	717	1,017
Deferred tax liability	4	1,764	1,364
Employee provisions	17	290	156
<b>Total Non Current Liabilities</b>		<b>4,948</b>	<b>5,015</b>
<b>Total Liabilities</b>		<b>16,088</b>	<b>14,485</b>
<b>Net Assets</b>		<b>23,192</b>	<b>18,692</b>
<b>Equity</b>			
Contributed equity	19	19,812	18,689
Reserves	20	1,034	465
Accumulated profits / (losses)		2,346	(462)
<b>Total Equity</b>		<b>23,192</b>	<b>18,692</b>

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

# Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

		Consolidated Group				
		Contributed Equity	Share Based Payments Reserve	Foreign Exchange Reserve	Accumulated Profits / (Losses)	Total
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Note						
	<b>Balance as at 1 July 2019</b>	10,024	229	187	(1,463)	8,977
	Total comprehensive income for the year	0	0	(251)	1,647	1,396
	Transactions with owners in their capacity as owners:					
	Share issues	19	8,047	0	0	8,047
	Dividends paid	6	0	0	(646)	(646)
	Other transactions:					
	Share based payments	19	125	793	0	918
	Shares vesting	19	493	(493)	0	0
	<b>Balance at 30 June 2020</b>	<b>18,689</b>	<b>529</b>	<b>(64)</b>	<b>(462)</b>	<b>18,692</b>
	Total comprehensive income for the year	0	0	146	3,705	3,851
	Transactions with owners in their capacity as owners:					0
	Share issues	19	419	0	0	419
	Dividends paid	6	0	0	(897)	(897)
	Other transactions:					0
	Share based payments	19	72	1,055	0	1,127
	Shares vesting	19	632	(632)	0	0
	<b>Balance at 30 June 2021</b>	<b>19,812</b>	<b>952</b>	<b>82</b>	<b>2,346</b>	<b>23,192</b>

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

# Consolidated Statement of Cash Flows

for the year ended 30 June 2021

	Note	Consolidated Group	
		2021 \$ '000	2020 \$ '000
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		27,624	21,054
Receipts of research and development incentives		37	505
Payments to suppliers and employees		(18,576)	(15,482)
Finance costs		(126)	(247)
Interest received		6	17
Income tax paid		(854)	(840)
Net cash provided by operating activities	8	8,111	5,007
<b>Cash Flows from Investing Activities</b>			
Payment property, plant and equipment	11	(55)	(142)
Payment for intangible assets - patents and trademarks	14	(6)	(3)
Payment for software development costs	13	(3,524)	(2,691)
Payment for acquisition of business	22	(1,631)	(1,173)
Net cash used in investing activities		(5,216)	(4,009)
<b>Cash Flows from Financing Activities</b>			
Repayment of borrowings		(644)	(5,841)
Receipts from share issues		704	6,913
Payment of dividend		(478)	(171)
Lease payments		(589)	(581)
Net cash used by financing activities		(1,007)	320
<b>Net increase in cash held</b>		1,888	1,318
Cash and cash equivalents at beginning of financial year		3,534	2,216
Cash and cash equivalents at end of financial year	8	5,422	3,534

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

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 1 Summary of Significant Accounting Policies

The following is a summary of the material accounting policies adopted by the consolidated entity ("the Group") in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### (a) Basis of preparation

Energy One Limited is a for-profit entity for the purpose of preparing the financial statements.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with all International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Material accounting policies adopted in the preparation of this financial report are presented below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group'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 the relevant note.

These financial statements have been prepared on an accruals basis under the historical cost convention unless otherwise stated and are presented in Australian dollars, which is Energy One Limited's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 20th August 2021. The Directors have the power to amend and reissue the financial statements.

#### (b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Energy One Limited ("company" or "parent entity") as at 30 June 2021 and the results of the subsidiaries for the year then ended. Energy One Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

A subsidiary is an entity over which the parent entity has control. The parent entity controls an entity when the consolidated entity 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. A subsidiary is fully consolidated from the date on which control is transferred to the parent entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Accounting policies of the subsidiary are consistent with policies adopted by the Group.

#### (c) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment annually 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 and recognised in the year incurred in the profit and loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

#### (d) Goods and services tax (GST)

Revenues, expenses, liabilities and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

#### (e) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 1 Summary of Significant Accounting Policies (continued)

#### (f) New and amended standards adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current financial reporting period. There has been no material impact of these changes on the Groups' accounting policies.

#### Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

#### (g) New accounting standards for application in future periods

There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

#### (h) Rounding of amounts

Amounts in this report have been rounded off, in accordance with Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission relating to 'rounding-off', to the nearest thousand dollars, unless otherwise stated.

#### (i) Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. The Directors consider that there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 2 Revenue and Other Income

#### Revenue from contracts with customers

Licences

Support, hosting and other services

Project implementation

#### Other income

Interest income

Government grants

Research and development incentive income

### Consolidated Group

2021 2020

\$ '000 \$ '000

16,384 11,344

6,367 4,373

4,893 4,587

27,644 20,304

6 17

38 50

214 233

258 300

Total Revenue and Other income

27,902 20,604

During both the 2020 and 2021 financial years the Australian Government provided a number of Covid-19 related support measures for businesses including "Cash Flow Boost" and "JobKeeper". Energy One received "Cash Flow Boost" incentives of \$38,000 in the 2021 financial year (2020: \$50,000). Energy One was not entitled to, and did not receive any assistance in the form of "JobKeeper" incentives for the 2020 or 2021 financial years.

#### Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: 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.

The license fee portion of contract revenue is recognised over time as the performance obligation is satisfied over the term of the license agreement with the customer, unless the customer purchases software that is deemed "plug and play", where revenue is recognised at a point in time on go-live of the system implementation. Support and maintenance services revenue is recognised over time as the performance obligation is satisfied over the term of the support agreement.

Project implementation revenue is recognised over time with reference to the stage of completion of the transaction at reporting date and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed for the implementation. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable. The timing of invoicing may differ to revenue recognition due to contract milestones included within the contract with a customer, which will result in the recognition of contract liabilities or contract assets.

All revenue is stated net of the amount of goods and services tax.

#### Key Estimates & Judgements

##### Revenue Recognition

There are three key judgements associated with License and related services revenue as noted above. These are as follows:

- Revenue is recognised at the fair value of consideration received or receivable and there is judgement associated with the expected revenue to be received over the life of a contract with a customer. Management recognise revenue based on the best estimate of expected revenue to be received for individual contracts.
- Project implementation services provided to customers typically involves the configuration of software solutions and may also involve minor enhancements or development of client specific functionality. Revenue from client specific projects is determined with reference to the stage of completion of the project at reporting date. There is judgement
- License fee revenue is recognised at a point in time or over time depending on the nature of the performance obligations and activities required under the contract. This determination involves judgement by management in determining the most appropriate revenue recognition model in line with relevant accounting standards.



## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 2 Revenue and Other Income (continued)

#### Interest Income

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

#### Research and development incentive income

The Group, through the continued development of its Software has invested funds in research and development. Under the Research and Development Tax Incentive scheme jointly administered by AusIndustry and the ATO, the Australian Government offers rebates for funds invested in research and development.

For the year ended 30 June 2021, the Group opted not to receive tax incentives associated with the R&D activities as in management's opinion, estimated costs to be incurred in obtaining any Grants will exceed the estimated benefit received.

For government grants received in relation to R&D in the periods prior to and including 30 June 2019 where Group revenue was less than \$20 million, those grants that relate to development costs capitalised are deferred and recognised in the profit and loss as research and development incentive income over the period necessary to match them with the costs that they are intended to compensate in line with AASB120.

#### Key Estimates - Research and development tax incentive

In previous years, The Group has recognised R&D Tax Incentive based on guidelines from the ATO and AusIndustry. Eligible overheads are apportioned to Research and Development based on R&D hours as a percentage of total hours.

		Consolidated Group	
		2021	2020
Note		\$ '000	\$ '000
<b>Note 3 Expenses</b>			
The consolidated income statement includes the following specific expenses :			
Depreciation and amortisation			
Depreciation - Plant and equipment	11	144	149
Amortisation - Leasehold improvements	11	6	88
Amortisation - Lease right-of-use	12	661	609
Amortisation - Software development	13	2,035	1,446
Amortisation - Patents	14	7	16
Loss on disposal - Plant and equipment	11	16	4
Foreign currency translation		(10)	51
		<u>2,859</u>	<u>2,363</u>
Finance costs			
Interest and finance charges on borrowings		62	194
Interest and finance charges on lease liabilities		64	53
		<u>126</u>	<u>247</u>
Employee benefit expenses			
Superannuation expense		1,275	943
Employee share plan benefits	29	1,127	918
Other employee benefits	(a)	11,893	8,959
		<u>14,295</u>	<u>10,820</u>

(a) Of the total employee benefit expense, \$397,000 represent expenditures related to research and development activities (2020: \$441,000).

## Notes to the Financial Statements

for the year ended 30 June 2021

		Consolidated Group	
		2021	2020
		\$ '000	\$ '000
Note			
<b>Note 4</b>	<b>Income Tax Expenses</b>		
(a)	The components of tax expense comprise:		
	Current tax	1,767	929
	Prior year tax adjustment	45	168
	Foreign exchange variance	(2)	(4)
	Deferred tax	(422)	(114)
	R&D claim offset	0	(286)
	Income tax expense	1,388	693
(b)	The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
	Prima facie tax payable on profit from ordinary activities before income tax at 26.0% (2020: 27.5%)	1,655	643
	Tax effect of differing overseas tax rates	(67)	(45)
	Add tax effect of non-deductible expenses (excluding R&D)	(139)	111
	Income tax expense before effect of R&D Incentive and prior period tax adjustments :-	1,449	709
	Tax effect of R&D incentive	58	150
	R&D claim offset	0	(286)
	Deferred tax rate change	88	0
	Prior year tax adjustment	(207)	120
	Income tax attributable to entity	1,388	693
(c)	Net deferred tax :-		
	Opening balance	(791)	595
	Charged to income	257	120
	Deferred tax liability on acquisition of software of eZ-nergy	22	83
	Deferred tax liability on acquired software on acquisition of Contigo Software Limited	22	81
	Foreign exchange variance	(12)	27
	Final deferred tax liability on acquisition of software of eZ-nergy	(266)	0
	Prior year tax adjustment	22	(177)
	Closing balance net deferred tax asset / (liability)	(d)	(825)
(d)	Deferred tax comprises temporary differences attributable to:		
	Amounts recognised in profit or loss:		
	Contract assets	(94)	(229)
	Prepayments	(1)	(1)
	Software	(631)	(348)
	Contract liabilities	642	506
	Accrued expenses	184	92
	Provision & Employee Benefits	511	378
	Other temporary differences	(99)	39
	Deferred tax liability on acquisition of software of eZ-nergy	22	(722)
	Deferred tax liability on acquired software on acquisition of Contigo Software Limited	22	(615)
			(825)
(e)	The Group has no unrecognised accrued tax losses at 30 June 2021 (2020: \$0).		

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

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 4 Income Tax Expenses (continued)

The net deferred tax above is comprised of deferred tax asset \$939,000 and deferred tax liability \$1,764,000 (2020: deferred tax asset \$573,000 and deferred tax liability \$1,364,000). Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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. Where the company is aware of future changes in taxation rates deferred tax balances are revalued accordingly. In the current year deferred tax liabilities were increased by \$88,000 due to a notified increase in the United Kingdom rate of tax from 19% to 25% effective 1st April 2023.

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

For the year 1 July 2020 to 30 June 2021, the Company received no tax incentives associated with the R&D activities. In the prior year, in line with applicable tax legislation and ATO guidance, any incentive received was immediately recognised as a credit within the income tax expense.

### Note 5 Auditor Remuneration

The Auditor of Energy One Limited is BDO\* and related network firms.

Fees paid or payable for audit services :-

Auditing and reviewing the financial reports -

Group

Subsidiaries

Fees paid or payable for other services -

Taxation services

Other services

#### Consolidated Group

	2021	2020
	\$	\$
Group	141,844	96,265
Subsidiaries	69,789	86,520
Fees paid or payable for other services -		
Taxation services	85,250	33,893
Other services	21,459	8,151
	<b>318,342</b>	<b>224,829</b>

\* The BDO entity performing the audit of the Group transitioned from BDO East Coast Partnership to BDO Audit Pty Limited on 1 August 2020. The disclosures include amounts received or due and receivable by BDO East Coast Partnership, BDO Audit Pty Limited and their respective related entities.

### Note 6 Dividends

Dividends declared and paid during the year

Franking account balance

	2021	2020
	\$ '000	\$ '000
Dividends declared and paid during the year	897	646
Franking account balance	0	0

On 25 August 2020 the Company declared an unfranked dividend of 3.5 cents per ordinary share (\$897,000). The record date for the dividend was 30 September 2020. The payment date for the dividend was 16 October 2020.

On 23 August 2021 the Company declared an unfranked dividend of 6.00 cents per ordinary share (\$1,549,000). The record date for the dividend will be 30 September 2021. The payment date for the dividend is 18 October 2021.

## Notes to the Financial Statements

for the year ended 30 June 2021

	Note	Consolidated Group	
		2021 \$ '000	2020 \$ '000
<b>Note 7 Earnings per Share</b>			
Basic EPS (cents per share)		<b>14.41</b>	7.39
Diluted EPS (cents per share)		<b>14.30</b>	7.30
Earnings used in calculating basic and diluted earnings per share (\$ '000)		<b>3,705</b>	1,647
Weighted average number of ordinary shares used in calculating basic earnings per share ('000)		<b>25,720</b>	22,288
Weighted average number of share rights outstanding ('000)		<b>181</b>	267
Weighted average number of ordinary shares used in calculating diluted earnings per share ('000)		<b>25,901</b>	22,555

Basic earnings per share is determined by dividing the operating profit after income tax attributable to members of the Company by the weighted average number of ordinary shares (in '000's) outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account any change in earnings per share that may arise from the conversion of share rights (in '000's) on issue at financial year end, into shares in the Company at a subsequent date.

There were 420,796 (2020: 560,238) share rights outstanding at 30 June 2021. Nil share rights issued subject to performance provisions being met are excluded in the calculation of diluted earnings per share as the conditions are not yet or unlikely to be satisfied at year end (refer Note 29).

## Note 8 Cash and Cash Equivalents

Cash and cash equivalents at end of financial year	<b>5,422</b>	3,534
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The effective interest rate on short-term bank deposits for the year was 0.47% (2020: 1.72%); these deposits have an average maturity of 188 days. The weighted average effective interest on cash and cash equivalents was 0.09% (2020: 0.38%).

The Parent Company has a bank overdraft of \$250,000 of which \$Nil was drawn (2020: \$Nil) currently at an interest rate of 4.59% (2020: 4.59%). The Group's exposure to interest rate risk is discussed in Note 27.

## Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax

Profit from ordinary activities after income tax	<b>3,705</b>	1,647
Non-cash flows in profit from ordinary activities :		
Depreciation and amortisation	<b>2,859</b>	2,363
Foreign exchange	<b>363</b>	182
Changes in assets and liabilities, net of the effects of purchase of subsidiaries :		
(Increase)/decrease in trade and other receivables	<b>(389)</b>	1,688
(Increase)/decrease in other assets	<b>(268)</b>	4
(Increase)/decrease in deferred tax assets	<b>(251)</b>	73
Increase/(decrease) in trade and other payables	<b>861</b>	(635)
Increase/(decrease) in income tax payable	<b>498</b>	32
Increase/(decrease) in provisions	<b>285</b>	356
Increase/(decrease) in contract liabilities	<b>448</b>	(703)
Net cash provided by operating activities	<b>8,111</b>	5,007

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

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the Australian Taxation Office, are classified as operating cash flows.

## Cash and Cash Equivalents & Restrictive Cash Deposits

Cash and cash equivalents at end of financial year	<b>5,422</b>	3,534
Restrictive cash deposits held for bank guarantees :		
Other current assets	10 <b>148</b>	148
Other non-current assets	10 <b>0</b>	0
	<b>5,570</b>	3,682

## Notes to the Financial Statements

for the year ended 30 June 2021

		Consolidated Group	
		2021	2020
		\$ '000	\$ '000
<b>Note 9</b>	<b>Trade and Other Receivables</b>		
<i>Current</i>	Trade receivables	3,374	2,244
	Expected credit losses	(126)	(66)
	Contract assets	(a) 1,086	1,480
	R&D tax incentive	(b) 29	286
		<b>4,363</b>	<b>3,944</b>
<i>Non current</i>	Contract assets	(a) 0	0

### (a) Contract assets

Amounts recorded as contract assets represents revenues recorded on projects not invoiced to customers at year end. These amounts have met the revenue recognition criteria but have not reached the payment milestones contracted with customers. Revenue is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed.

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

<i>Opening balance</i>	1,480	2,328
<i>Amounts invoiced and accrued during the year</i>	(394)	(848)
<i>Written-off during the year</i>	0	0
<i>Closing balance</i>	<b>1,086</b>	<b>1,480</b>

### (b) R&D Tax Incentive

The Company is not expecting a research and development tax incentive (refer Note 4) from the Australian Tax Office in FY21 for the R&D costs incurred in the 2021 financial year (2020: \$286,000) due to no longer filing claims for R&D activities from the Australian Tax Office.

### Fair Value, Credit and Interest Rate Risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to Note 27 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables, along with interest risk.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

		Gross amount	initial trade terms	31-60 days	61-90 days	>90 days
<b>2021</b>	in \$'000					
Trade receivables and contract assets		4,460	3,748	246	38	428
Other receivables		29	29	0	0	0
Expected credit losses		(126)	0	0	0	(126)
Total		<b>4,363</b>	<b>3,777</b>	<b>246</b>	<b>38</b>	<b>302</b>
<b>2020</b>	in \$'000					
Trade receivables and contract assets		3,724	3,448	154	19	103
Other receivables		286	286	0	0	0
Expected credit losses		(66)	0	0	0	(66)
Total		<b>3,944</b>	<b>3,734</b>	<b>154</b>	<b>19</b>	<b>37</b>

Trade receivables and contract assets are recognised initially 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. \$302,000 over 90 days relates to a long term implementation project, with all money received post balance date. The Group 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. The expected credit loss determined using the simplified approach is \$126,000 (2020: \$66,000). Contract assets are included within initial trade terms as they are subject to 30 days credit terms on billing.

## Notes to the Financial Statements

for the year ended 30 June 2021

		Consolidated Group	
		2021	2020
		\$ '000	\$ '000
<b>Note 10</b>	<b>Other Assets</b>	<b>Note</b>	
<i>Current</i>	Prepayments and deposits	<b>758</b>	524
	Restricted term deposit	<b>148</b>	148
		<b>906</b>	672
<i>Non current</i>	Prepayments and deposits	<b>73</b>	39
	Restricted term deposit	<b>0</b>	0
		<b>73</b>	39
<b>Note 11</b>	<b>Property, Plant and Equipment</b>		
	Plant and equipment at cost	<b>917</b>	958
	Accumulated depreciation	<b>(677)</b>	(618)
		<b>240</b>	340
	Leasehold improvements at cost	<b>485</b>	469
	Accumulated depreciation	<b>(480)</b>	(458)
		<b>5</b>	11
	Total property, plant and equipment	<b>245</b>	351
<i>Movements in Carrying Amounts</i>			
	Opening balance	<b>351</b>	643
	Additions - at cost	<b>55</b>	142
	Additions - acquisition	<b>0</b>	7
	Disposals	<b>(16)</b>	(4)
	Reclassification of lease right-of-use asset	<b>0</b>	(196)
	Depreciation and amortisation expense	<b>(150)</b>	(237)
	Foreign exchange currency translation	<b>5</b>	(4)
	Closing balance	<b>245</b>	351

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs, maintenance and minor renewals are charged to the profit and loss statement during the financial period in which they are incurred.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation of plant and equipment is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives at 20%-40% pa.

The cost of improvements to or on leasehold properties are amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Group, whichever is shorter. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. Gains and losses are included in the consolidated statement of profit or loss and other comprehensive income.

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 12 Lease right-of-use-asset and Lease liabilities

#### Non-Current Asset

Lease right-of-use cost
Additions
Disposals
Modifications
Lease right-of-use accumulated amortisation

#### Consolidated Group

2021	2020
\$ '000	\$ '000
1,967	1,967
1,882	0
(469)	0
94	0
(740)	(609)
2,734	1,358
674	409
2,177	1,056

Lease liabilities - current

Lease liabilities - non current

A new lease was entered into on 1st December 2020 for the existing commercial office space in Sydney for the period of 5 years. The previous lease has been treated as a disposal on commencement of the new lease contract. There was a modified lease agreement relating to the UK commercial office space in Solihull on 12th December 2020. There modified lease can be exited at no cost after 5 years. The incremental borrowing rate applied to the new Sydney lease was 2.72% and the modified UK lease was 2.75%.

#### Leased assets

Leased assets, for office tenancies, are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any incentives received. The Group amortises the right-of-use assets on a straight line basis from the adoption date to end of the lease or break term where it is reasonably certain the break will be exercised. The Group also assess the right-of-use assets for impairment annually.

#### Lease liabilities

The lease liability is measured at the present value of the fixed and variable lease payments net of cash lease incentives that are not paid at the balance date. Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability. Lease payments for building exclude variable service fees for cleaning and other costs.

### Note 13 Software Development

Software development - at cost
Accumulated amortisation

22,774	19,094
(7,049)	(4,985)
15,725	14,109

#### Movements in Carrying Amounts

Opening balance
Additions - at cost
Additions - acquisition
Amortisation
Foreign exchange currency translation
Balance as at 30 June 2021

14,109	9,964
3,524	2,691
0	2,992
(2,035)	(1,446)
127	(92)
15,725	14,109

Software development costs are a combination of acquired software and internally generated assets and are carried at cost less accumulated amortisation. These assets are amortised over a period of ten years. The amortisation has been recognised in the statement of profit or loss in the line item "Depreciation and amortisation expense". If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Costs incurred in the development of software are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be reliably measured. Development costs have a finite estimated life of ten years and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project. Costs capitalised include external direct costs of materials and services, direct payroll and payroll related costs of employees time spent on the project.

Please refer to note 1(c) intangibles assets for impairment evaluation and key estimates and judgements in Note 14.

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 14 Intangible Assets

Patents and trademarks - at cost

Patents and trademarks - Accumulated amortisation

Goodwill

Total Intangible Assets

### Consolidated Group

2021 2020

\$ '000 \$ '000

13 55

(7) (36)

6 19

8,867 8,578

8,873 8,597

### Movements in Carrying Amounts

Balance as at 1 July 2019

Additions

Amortisation

Adjustment to recognise deferred tax liability on acquired software on acquisition of Contigo Software Ltd

Foreign exchange currency translation

Balance as at 30 June 2020

Additions/(Disposals)

Amortisation

Adjustment to recognise deferred tax liability on acquired software on acquisition of eZ-nergy Ltd

Foreign exchange currency translation

Balance as at 30 June 2021

Patents Goodwill Total

\$ '000 \$ '000 \$ '000

32 5,191 5,223

3 2,679 2,682

(16) 0 (16)

767 767

(59) (59)

19 8,578 8,597

(6) 0 (6)

(7) 0 (7)

271 271

0 18 18

6 8,867 8,873

### Goodwill \$ '000

EOL Contigo eZ-nergy Total

3,443 2,536 2,888 8,867

Balance as at 30 June 2021

### Patents and Trademarks

Patents and trademark costs are costs associated with the lodging, renewal, and maintenance of patents and trademarks and are carried at cost less accumulated amortisation. These intangible assets are amortised over a period of five years. The amortisation has been recognised in the statement of profit or loss in the line item "Depreciation and amortisation expense". If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

### Goodwill

Goodwill represents the excess of the cost of the acquisition of the net assets of an acquired company or business over the fair value of the Group's share of its net identifiable assets at the date of acquisition. Goodwill is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

### Key judgements and estimates - Recoverability of Intangible Assets and Software Development

The Directors have assessed the useful life of software development to be ten years as the cash flow generated and the evolution of the software has a ten year cycle.

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Goodwill is monitored by the Directors as part of the whole business, attributable to each cash-generating-unit. The recoverable amount of each cash-generating-unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow plus a terminal value calculation. The cash flows are prepared applying a discount rate of 10.9% (2020: 7.03%) over a 5 year period and a terminal value calculated on the year five projected cash flow at the same discount rate and allowing for business growth based on past performance. A period of longer than 5 years has been used by management to better reflect the anticipated lifecycle of software development and future cash flows.

Management has based the value-in-use calculations on budgets. These budgets use estimated and actual sales to project revenue. Costs are calculated taking into account historical gross margins. Discount rates are pre-tax.

Management have performed an impairment test of tangible long term assets, software, patents and goodwill at the balance sheet date and have concluded that there is no impairment.



## Notes to the Financial Statements

for the year ended 30 June 2021

		Consolidated Group	
		2021	2020
		\$ '000	\$ '000
<b>Note 15</b>	<b>Trade and Other Payables</b>		
<i>Current</i>	Trade payables	454	402
	GST payable	577	616
	Sundry creditors and accruals	2,253	1,463
	Deferred acquisition consideration	792	1,587
		<b>4,076</b>	<b>4,068</b>
<i>Non Current</i>	Deferred acquisition consideration	0	778

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which had not been settled at balance date. Trade and other payables are unsecured, non-interest bearing and are normally settled within 60 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

<b>Note 16</b>	<b>Borrowings</b>		
<i>Current</i>	Term Loan	0	0
<i>Non Current</i>	Term Loan	0	644

The Parent Company has a bank overdraft of \$250,000 of which \$Nil was drawn at balance date (2020: \$Nil). The overdraft facility attracts an interest rate at 4.59% (2020: 4.59%).

Commencing 28 November 2018, the Parent Company received a 3 year term loan in the amount of \$7,280,000 with a five year principal amortisation resulting in a monthly principal and interest repayment of \$139,000 currently at an interest rate of 2.66% (2020: 2.72%). The funds provided from this term loan were used in the acquisition and funding of Contigo Software Limited. The loan has been paid down fully with \$3,484,000 available to redraw at 30 June 2021.

Both the term loan and the bank overdraft are secured by a fixed and floating charge over the Parent Company and its subsidiaries, Creative Analytics Pty Limited and Contigo Software Limited, to Westpac Banking Corporation.

<b>Note 17</b>	<b>Employee Provisions</b>		
<i>Current</i>	Employee benefits	1,079	928
<i>Non-Current</i>	Employee benefits	290	156

Provision for annual leave is presented as current since the Group does not have an unconditional right to defer settlement. However based on historical experience, the Group does not expect all employees to take the full entitlement of leave within the next twelve months. The amount not expected to be taken with the next twelve months is \$290,000 (2020 : \$156,000).

### *Wages, salaries and annual leave*

Liabilities for wages, salaries, superannuation benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables and provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are expected to be settled, including appropriate on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

### *Long service leave*

A provision for long service leave is taken up for a range of employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

<b>Note 18</b>	<b>Contract Liabilities</b>		
<i>Current</i>	Licences received in advance	3,865	3,108
	Unearned R&D tax incentive	200	209
		<b>4,065</b>	<b>3,317</b>
<i>Non-Current</i>	Licences received in advance	0	100
	Unearned R&D tax incentive	717	917
		<b>717</b>	<b>1,017</b>
<i>Unearned R&amp;D tax incentive</i>			
	Balance at beginning of the period	1,126	1,358
	Less recognised as grant income in the profit and loss	(209)	(232)
	Balance at the end of the period	<b>917</b>	<b>1,126</b>

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 18 Contract Liabilities (continued)

#### *Licences received in advance*

The contract liability represents amounts billed in advance where the service obligation is yet to be performed. Project and implementation revenue is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed.

#### *Unearned R&D tax incentive*

Research and development tax incentive costs relating to capitalised development costs are deferred and recognised in the profit or loss over the period necessary to match them with the expenses that they are intended to compensate.

### Note 19 Contributed Equity

Issued capital at beginning of the financial year

Shares issued or under issue during the year :-

Shares issued to employees

Shares issued as a result of the vesting of share rights

Shares issued on dividend reinvestment plan

Shares issued on acquisition of eZ-nergy SAS

Shares issued on capital raising

Balance at the end of the financial year

	2021 No '000	2020 No '000	2021 \$ '000	2020 \$ '000
Issued capital at beginning of the financial year	25,411	21,309	18,689	10,024
Shares issued or under issue during the year :-				
Shares issued to employees	18	52	72	125
Shares issued as a result of the vesting of share rights	293	511	632	493
Shares issued on dividend reinvestment plan	96	349	419	642
Shares issued on acquisition of eZ-nergy SAS	0	365	0	1,261
Shares issued on capital raising	0	2,825	0	6,144
Balance at the end of the financial year	25,818	25,411	19,812	18,689

#### *Ordinary Shares*

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. 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. The amount of transaction costs accounted for as a deduction from equity is \$1,700 (2020 : \$86,000)

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital. There is no current on-market buy-back.

#### *Capital Management*

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

If the Company reacquires its own equity instruments, (e.g. as the result of a share buy-back), those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

### Note 20 Reserves

#### *Share based payment reserve*

Balance at the beginning of the financial year

Movement in share based payments

#### *Foreign exchange reserve*

Balance at the beginning of the financial year

Retranslation of overseas subsidiaries to functional currency

Balance at the end of the financial year

#### Consolidated Group

	2021 \$ '000	2020 \$ '000
Share based payment reserve	529	229
	423	300
	952	529
Foreign exchange reserve	(64)	187
	146	(251)
	82	(64)
Balance at the end of the financial year	1,034	465

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a volume weight average share price five days prior to the date the instruments were granted. The accounting estimates and assumptions relating to equity-settled payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 21 Contingent Assets and Liabilities

The Group had no contingent liabilities or contingent assets as at 30 June 2021 or in the comparative year.

### Note 22 Business combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in Consolidated Statement of Comprehensive Profit and Loss and Other Comprehensive Income.

#### eZ-nergy SAS

On 3 June 2020, Energy One Limited purchased eZ-nergy SAS ("eZ-nergy") for a total outlay of €4,000,000 (\$6,980,000) to be paid in cash, equity and three instalments over an 18-month period. The initial payment comprised €2,000,000 cash and €500,000 in equity, with 3 further payments of €500,000 due 6, 12 and 18 months from acquisition date. This initial payment was mostly funded from an equity placement and Share Purchase Plan in 2020. Two cash instalments made during the year were funded from the Group's working capital and existing reserve, and the final instalment is due to be funded the same way.

	2020	
	EUR € '000	AUD \$ '000
Consideration paid and or payable :-		
Cash on acquisition	2,000	3,297
Cash instalments payable	1,500	2,472
Equity issued - 364,628 shares	500	824
	<u>4,000</u>	<u>6,593</u>
Adjusted for :-		
Net present value of instalments at 2.72%	(40)	(65)
Market value of shares issued at \$3.50	274	452
	<u>4,234</u>	<u>6,980</u>
Fair Value Recognised on acquisition :-		
Current Assets		
Cash and cash equivalents	1,289	2,124
Trade and other receivables	382	630
Other current assets	71	118
	<u>1,742</u>	<u>2,872</u>
Non Current Assets		
Property, plant and equipment	4	7
Software development - at valuation	1,826	3,010
Goodwill on acquisition	1,822	3,003
	<u>3,652</u>	<u>6,020</u>
Total Assets	<u>5,394</u>	<u>8,892</u>
Current Liabilities		
Trade and other payables	209	345
Income tax payable	25	42
Contract liabilities	342	564
Employee provisions	67	109
	<u>643</u>	<u>1,060</u>
Non Current Liabilities		
Employee provisions	6	9
Deferred tax liabilities	511	843
	<u>517</u>	<u>852</u>
Total Liabilities	<u>1,160</u>	<u>1,912</u>
Net Assets	<u>4,234</u>	<u>6,980</u>

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 22 Business combinations (continued)

As at 30 June 2020 the business combination accounting for eZ-nergy SAS was accounted for on a provisional basis due to the timing of the acquisition and the year end. As at 30 June 2021 the acquisition accounting has been finalised and a revised assessment of the tax base relating to fair value of software acquired on acquisition of eZ-nergy SAS was completed. This has resulted in an increase to goodwill and deferred tax liabilities of the entity at the date of acquisition which has been reflected in the current year as an adjustment to the acquisition accounting.

### Note 23 Segment information

The Group is managed primarily on the basis of product and service offerings and operates in one segment, being the Energy software industry, and in two geographical segments, being Australasia and Europe. The Directors assesses the performance of the operating segment based on the accounting profit and loss in that segment.

The Directors have determined the Group is organised into the two geographical segments for profit and loss purposes as represented in the following table :-

	Australasia	UK/Europe	Australasia	UK/Europe
	2021	2021	2020	2020
	\$ '000	\$ '000	\$ '000	\$ '000
Licences	7,486	8,898	6,112	5,232
Support, hosting and other services	3,523	2,844	2,743	1,630
Project implementation	1,717	3,176	2,401	2,186
Other income	247	5	283	0
Expenses	(8,996)	(10,770)	(8,183)	(7,084)
Earnings before interest, tax, depreciation and amortisation	3,977	4,153	3,356	1,964
Depreciation and amortisation	(1,616)	(1,243)	(1,438)	(925)
Earnings before interest, tax and acquisition costs	2,361	2,910	1,918	1,039
	<b>Consolidated Group</b>			
	2021	2020		
	\$ '000	\$ '000		
Reconciliation of unallocated amounts to profit after tax :-				
Earnings before interest, tax and acquisition costs	5,271	2,957		
Interest paid	(126)	(247)		
Interest received	6	17		
Acquisition and related costs	(58)	(387)		
Profit before income tax	5,093	2,340		

Segment revenue excludes interest received. Expenses exclude interest paid, depreciation, amortisation and acquisition costs.

During the financial year ended 30 June 2021, the Australasian segment derived 34% (2020: 33%) of revenue from the top three customers and the UK/Europe segment derived 23% (2020: 20%) from the top three customers.

### Note 24 Subsequent Events

No matter or circumstance has arisen since 30 June 2021 which is not otherwise dealt with in this report, that has significantly affected or may significantly affect the operations of the Group, the results of its operations or the state of affairs of the Group.

### Note 25 Controlled Entities

*Ultimate Parent Company*

Energy One Limited

*Controlled Entities*

Energy One Employee Option Plan Managers Pty Limited

Creative Analytics Pty Limited

Contigo Software Limited

eZ-nergy SAS

Country of Incorporation	% Equity		Investment \$ '000	
	2021	2020	2021	2020
Australia				
Australia	100%	100%	2	2
Australia	100%	100%	3,000	3,000
UK	100%	100%	2,049	2,049
France	100%	100%	6,980	6,980

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 26 Related Party Transactions

#### Key management personnel

Details regarding key management personnel, their positions, shares, rights, and options holdings are details in the remuneration report within the Directors' Report contained in the 2021 Annual Report.

	Consolidated Group	
	2021	2020
	\$	\$
Remuneration of key management personnel :		
Short term employee benefits	1,703,141	1,408,241
Post employment benefits	260,269	97,329
Long term benefits	(68,600)	21,574
Share based payments	835,875	656,142
	<b>2,730,685</b>	<b>2,183,286</b>

#### Mr Vaughan Busby - Director

Mr Busby is a non-executive Director of Energy One Limited and Energy Queensland Limited. Ergon Energy Queensland Pty Ltd is a wholly owned subsidiary of Energy Queensland Limited and is a customer of the Group. Transactions between the company and Ergon Energy Queensland Pty Limited are on commercial terms and conditions and are completed at an arms length. The agreement generating transactions between the Group and Ergon Energy Queensland Pty Limited commenced prior to Mr Busby being inducted to Energy Queensland's Board and have continued to operate under the terms and conditions of that agreement.

### Note 27 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and aging analysis for credit risk.

Financial risk management is carried out by the Chief Financial Officer (CFO) under policies approved by the Board of Directors and the Risk Committee. The CFO identifies, evaluates the financial risks in close co-operation with the Group's Management and the Board.

The Group holds the following financial instruments measured in accordance with AASB 9 Financial Instruments, as detailed in the accounting policies to these financial statements:

		Consolidated Group	
		2021	2020
	Note	\$ '000	\$ '000
<b>Financial assets</b>			
Cash and cash equivalents	8	5,422	3,534
Trade and other receivables - due within 12 months	9	4,363	3,944
Deposit with bank for bank guarantee – due within 12 months	10	148	148
Due within 12 months		<b>9,933</b>	<b>7,626</b>
Trade and other receivables - due after 12 months	9	0	0
Deposit with bank for bank guarantee – due after 12 months	10	0	0
Due after 12 months		<b>0</b>	<b>0</b>
<b>Financial liabilities</b>			
Trade and other payables - due within 12 months	15	(4,076)	(4,068)
Lease liabilities - due within 12 months	12	(674)	(409)
Borrowings - due with 12 months	16	0	0
Due within 12 months		<b>(4,750)</b>	<b>(4,477)</b>
Trade and other payables - due after 12 months	15	0	(778)
Lease liabilities - due after 12 months	12	(2,177)	(1,056)
Borrowings - due after 12 months	16	(0)	(644)
Due after 12 months		<b>(2,177)</b>	<b>(2,478)</b>
Net financial assets / (liabilities)		<b>3,005</b>	<b>671</b>

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 27 Financial Risk Management (continued)

#### Cash flow and fair value interest rate risk

Exposure to interest rate risk arises on financial assets and liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows. The Group's main interest rate risk at year end arises from short-term deposits. The Group is exposed to earnings volatility on floating rate instruments.

The interest rate risk is managed using a mix of fixed and floating short-term deposits. At 30 June 2021 approximately 3% (2020: 11%) of cash and cash equivalents are fixed short term deposits. Short-term deposits are used to ensure that the best interest rate is received. Interest rates are reviewed prior to deposits maturing and re-invested at the best rate, over a number of banking institutions. The interest rate risk is detailed in the tables below :

	Weighted Avg Effective Interest rate %	Fixed Interest Rate \$ '000	Floating Interest Rate \$ '000	Non-Interest Bearing \$ '000	Total \$ '000
<b>Consolidated entity 30 June 2021</b>					
Financial Assets :					
Cash and cash equivalents	0.09%	0	5,422	0	5,422
Receivables	0.00%	0	0	4,363	4,363
Deposit for bank guarantee	0.47%	148	0	0	148
Total financial assets		148	5,422	4,363	9,933
Financial Liabilities :					
Borrowings and payables - due within 12 months	0.00%	0	0	4,076	4,076
Total financial liabilities		0	0	4,076	4,076
<b>Consolidated entity 30 June 2020</b>					
Financial Assets :					
Cash and cash equivalents	0.38%	0	3,534	0	3,534
Receivables	0.00%	0	0	3,944	3,944
Deposit for bank guarantee	1.72%	148	0	0	148
Total financial assets		148	3,534	3,944	7,626
Financial Liabilities :					
Borrowings and payables - due within 12 months	0.00%	0	0	4,068	4,068
Borrowings and payables - due after 12 months	2.72%	0	644	778	1,422
Total financial liabilities		0	644	4,846	5,490

#### Foreign exchange risk

The group's exposure to foreign currency risk at the end of the reporting period was as follows:

	GBP \$ '000	EUR \$ '000
<b>Consolidated entity 30 June 2021</b>		
Financial Assets :		
Cash and cash equivalents	328	283
Receivables	571	395
Deposit for bank guarantee	115	0
Total financial assets	1,014	678
Financial Liabilities :		
Borrowings and payables - due within 12 months	871	0
Borrowings and payables - due after 12 months	529	0
Total financial liabilities	1,400	0
<b>Consolidated entity 30 June 2020</b>		
Financial Assets :		
Cash and cash equivalents	328	283
Receivables	571	395
Deposit for bank guarantee	115	0
Total financial assets	1,014	678
Financial Liabilities :		
Borrowings and payables - due within 12 months	871	0
Borrowings and payables - due after 12 months	529	0
Total financial liabilities	1,400	0

## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 27 Financial Risk Management (continued)

#### Sensitivity Analysis

The Group has performed sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk. At 30 June 2021, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

		Consolidated Group	
		2021	2020
		\$ '000	\$ '000
Change in profit	Increase in interest rate by 2%	46	(75)
	Decrease in interest rate by 2%	(46)	75
Change in equity	Increase in interest rate by 2%	46	(75)
	Decrease in interest rate by 2%	(46)	75

The above interest rate risk sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

The Group has performed sensitivity analysis relating to its exposure to foreign exchange risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk. At 30 June 2021, the effect on profit and equity as a result of changes in the foreign exchange rate, with all other variables remaining constant would be as follows:

Change in profit	Increase in foreign exchange rate by 5%	(49)	(22)
	Decrease in foreign exchange rate by 5%	49	22
Change in equity	Increase in foreign exchange rate by 5%	(73)	(41)
	Decrease in foreign exchange rate by 5%	73	41

The above interest rate risk sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

#### Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to trading customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. Banks without a rating of 'A', but included in the government guarantee will be considered with a maximum \$1M deposit. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with limits set by the CFO. The compliance with credit limits is monitored by the CFO.

The maximum exposure to credit risk by class of recognised financial assets at reporting date is equivalent to the carrying value and classification of those financial assets as presented in the balance sheet. Details with respect to credit risk of trade and other receivables are provided in Note 9. No single deposit was larger than \$1M. The Group does not hold any security or guarantees for the financial assets.

#### Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through adequate amounts of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradable in highly liquid markets, for instance cash.

#### Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value or amortised cost using the effective interest rate method.

#### 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 consolidated entity 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.



## Notes to the Financial Statements

for the year ended 30 June 2021

### Note 27 Financial Risk Management (continued)

#### *Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

#### *Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

#### *Impairment of financial assets*

The consolidated entity 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 consolidated entity'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.

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 measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

### Note 28 Commitments

The Group has no commitments as at 30 June 2021.

### Note 29 Share Based Payments

The Company operates a number of share-based compensation plans. These include a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. Fair value of the options at the grant date is expensed over the vesting period.

The fair value of shares, and rights granted under all plans is recognised as an employee benefit expense with corresponding increase in equity. The fair value of shares is measured at grant date. The fair value of share rights is determined by using a volume weight average share price five days prior to the date the instruments were granted.

The following share-based payment arrangements existed at 30 June 2021:

#### *Equity Incentive Plan*

The Equity Incentive Plan (EIP) was established on 31 October 2014 and ratified at the Annual General Meeting on 22 October 2020. The EIP allows the Company to offer employees, and directors different share scheme interests, either as exempt shares or share schemes subject to satisfying performance and service conditions set down at the time of offer.

	Consolidated Group	
	2021	2020
	\$'000	\$'000
Total expense arising from EIP share based payments for the financial year	1,127	918

	2021		2020	
	No. of rights	\$ value of rights '000	No. of rights	\$ value of rights '000
Movements in share rights under the EIP for the financial year :				
Balance at the being of the financial year	560,238	529	510,916	229
Rights granted	289,546	1,055	560,238	793
Rights lapsing	(135,549)	0	0	0
Rights vested and issued as ordinary shares	(293,439)	(632)	(510,916)	(493)
Balance at the end of the financial year	420,796	952	560,238	529



## Notes to the Financial Statements

for the year ended 30 June 2021

Note 29	Share Based Payments (continued)	Consolidated Group	
		2021	2020
		\$	\$
	Average issue price (in \$)	<u>4.16</u>	<u>2.17</u>

293,439 share rights vested during the year ended 30 June 2021 (2020 : 510,916) and 135,549 share rights lapsed (2020 : nil). 289,546 share rights were issued during the year ended 30 June 2021. The weighted average share price at the date of issue was \$4.16. The exercise price is \$nil (2020 : Nil). The weighted average share price during the financial year was \$5.33 (2020 : \$2.76).

The weighted average remaining contractual life of the share rights under the EIP outstanding at the end of the financial year was 0.65 years (2020: 0.90 years).

Subsequent to 30 June 2021, of the outstanding share rights, the Board have approved the vesting of 325,537 share rights and the lapsing of nil share rights effective 23 August 2021. 232,860 rights will vest in August 2021, 7,416 rights will vest in April 2022, 42,633 rights will vest in August 2022 and 42,628 rights will vest in August 2023. In addition to these rights 30,460 service based rights issued to non-executive directors will vest in October 2021 and 3,549 serviced based rights issued to eZ Energy employees will vest in April, 2022. Continuous employment within the Group is typically a condition for rights to vest at the appropriate vesting date.

### Key Estimates - Share based payment

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a volume weight average share price five days prior to the date the instruments were granted. The accounting estimates and assumptions relating to equity-settled payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

	2021 \$ '000	2020 \$ '000
<b>Note 30 Parent Entity Disclosures</b>		
The following information has been extracted from the books and records of the parent, Energy One Limited and has been prepared in accordance with Accounting Standards.		
Current assets	4,440	2,209
Non current assets	20,157	20,220
<b>Total Assets</b>	<b>24,597</b>	<b>22,429</b>
Current liabilities	4,995	4,685
Non current liabilities	2,153	2,446
<b>Total Liabilities</b>	<b>7,148</b>	<b>7,131</b>
<b>Net Assets</b>	<b>17,449</b>	<b>15,298</b>
Issued capital	19,812	18,689
Reserves	863	506
Accumulated losses	(3,227)	(3,897)
<b>Total Equity</b>	<b>17,448</b>	<b>15,298</b>
<b>Profit before income tax</b>	<b>1,821</b>	<b>(115)</b>
Income Tax Expense	(254)	(50)
<b>Profit for the year of the parent entity</b>	<b>1,567</b>	<b>(165)</b>
<b>Total comprehensive income for the parent entity</b>	<b>1,567</b>	<b>(165)</b>

Accounting policies are consistent to the Group except for investments held at cost.

The Parent has current deposits with banks that are used for bank guarantees of \$148,000 (2020: non current \$148,000) for rent on head office premises.

The Parent has no other contingent liabilities or contractual commitments for the acquisition of property, plant or equipment.

The financial information for the parent entity, Energy One Limited has been prepared on the same basis as the consolidated financial statements.