# conscious sustainable investments

renu:energy

# 2022 financial report

**ReNu Energy Limited**
a Corporate House, Kings Row 1, Level 2, 52 McDougall Street
p PO Box 2046, Milton, QLD 4064, Australia
t +61 7 3721 7500 f +61 7 3721 7599
e info@renuenergy.com.au w renuenergy.com.au
ABN: 55 095 006 090

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**PRELIMINARY FINAL REPORT**
**FINANCIAL YEAR ENDED 30 JUNE 2022**
**RENU ENERGY LIMITED   ABN 55 095 006 090**

## Results for announcement to the market

| | FY22<br>$ | FY21<br>$ | Change<br>$ | Change<br>% |
|---|---|---|---|---|
| Other income | 142,902 | $287,266 | (144,364) | 50% |
| Loss from ordinary activities after tax attributable to members | (2,824,543) | (1,001,885) | (1,822,658) | (125%) |
| Net loss for the period attributable to members | (2,824,543) | (1,001,885) | (1,822,658) | (125%) |

### Dividends

The Directors do not propose to recommend the payment of a dividend in respect of the period.

### Brief explanation of any of the figures reported above:

The loss for the period was larger than the corresponding period due to:

- Investigation and due diligence costs associated with the assessment and recommendation of renewable and clean energy opportunities.
- Additional personnel following the acquisition of Countrywide Hydrogen Pty Ltd (formerly Countrywide Renewable Hydrogen Limited).
- The inclusion of non-cash share-based payments expense.
- Green hydrogen project origination and development expenditure incurred during FY22, including external costs for engineering and consulting.
- Increased investor relations and regulatory costs (ASIC, ASX, share registry, etc.) associated with the Company's investment and capital raising activities.
- The write-down of the carrying value of geothermal assets.

Please refer to the attached Directors Report for a full commentary on the results for the period and refer to the 2022 Financial Report for the detailed financial statements and explanatory notes to the accounts.

| NTA backing | FY22 | FY21 |
|---|---|---|
| Net tangible asset backing per ordinary security | $0.038 | $0.020 |

### Compliance statement

This report is based on accounts which have been audited.

**Greg Watson**
Company Secretary
31 August 2022

# : Directors' report

## Director Profiles

Your Directors submit their report for the year ended 30 June 2022. The names and details of the Directors of ReNu Energy Limited in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

| Name & Qualifications | Experience |
|---|---|
| **Boyd White**<br>BBus(Acc) & MBA<br>***Non-executive Chairman*** | Mr White has an accomplished record in the energy, infrastructure and mining sectors. He has over 30 years of business experience and brings strong strategic, commercial, M&A, financing and entrepreneurial skills to the ReNu Energy Board.<br><br>Mr White has held executive roles internationally with US multinationals Halliburton Company and KBR Inc, and domestically with Tarong Energy, and Territory Generation.<br><br>Mr White was a founding partner in ARC Developments International, providing energy advisory services and developing or acquiring renewable energy projects.<br><br>Mr White is currently the Principal of New Energy Capital and, amongst other things, is developing a €500m bioenergy and geothermal business in Europe and involved in executive management, clean energy and capital raising activities in the small cap resources sector.<br><br>Mr White holds a Bachelor of Business (Accounting) from Queensland University of Technology and an MBA from the University of Queensland.<br><br>Mr White has had no other listed company directorships in the past three years.<br><br>Mr White is a member of the Remuneration and Nominations Committee. |

| Name & Qualifications | Experience |
|---|---|
| **Tony Louka**<br>MBA & MAICD<br>***Non-executive Director*** | Mr Louka has 24 years of industry experience in Board, executive and management roles in the energy supply chain, clean technology solutions as well as retail & industrial property sectors. Mr Louka is the Managing Director of Maxify Consulting a bespoke ESG & asset management advisory to various ASX corporates & innovative start-ups in the Asia Pacific. He has held previous management and executive roles at Woolworths Group, Ergon Energy and Emerson Network Power. He has also served as a Board Member of the Energy Users Association of Australia and the Transgrid Advisory Council.<br><br>Mr Louka was appointed to the Board as a Non-executive Director on 27 September 2018. He was then appointed as interim Managing Director and Acting CEO on 20 September 2019 to oversee the company restructure. Mr Louka returned to his previous position of Non-executive Director effective 28 February 2020.<br><br>Mr Louka has had no other listed company directorships in the past three years.<br><br>Mr Louka is Chair of the Remuneration and Nominations Committee and a member of the Risk and Audit Committee. |

## Directors' Report (continued)

| Name & Qualifications | Experience |
| --- | --- |
| **Tim Scholefield**<br>BAppSc, MBA, GAICD, Cert Gov (Risk)<br><br>***Executive Director***<br>*(until 31 December 2021)*<br><br>***Non-executive Director***<br>*(from 1 January 2022)* | Mr Scholefield is a Director and senior executive with global experience in project delivery, operations, financial, commercial, governance and risk management.<br><br>Mr Scholefield has more than 30 years' experience across the resources and energy value chain including: exploration, production and operations; conventional, unconventional and renewable fuel sources; gas storage and offtake, power generation and the link to customers.<br><br>Mr Scholefield is a Director and Principal of Pacific Energy Partners, a consultancy providing advice on renewable energy solutions and opportunities in the Pacific and South East Asia. He has served as a chair and participant on board committees evaluating and developing energy projects, managing joint venture and other stakeholder relationships and providing strategy, risk, commercial and governance support. He has experience leading small and large cross functional technical, financial, commercial, legal, project and operations teams; making recommendations and participating in acquisitions, divestments and greenfield and brownfield projects ranging in size from $USD 1 million to $USD 5 billion.<br><br>Mr Scholefield holds a Bachelor of Applied Science from the University of South Australia, a MBA from Deakin University, a Certificate in Governance and Risk Management from the Governance Institute of Australia and is a Graduate of the Australian Institute of Company Directors.<br><br>Mr Scholefield has had no other listed company directorships in the past three years.<br><br>Mr Scholefield had executive responsibility to coordinate, implement and oversee the permanent abandonment of the Company's geothermal wells in the Cooper Basin and to assist the CEO in the assessment and recommendation for involvement in renewable and clean energy opportunities. With the Company's geothermal wells permanently abandoned during 2021 and a portfolio of renewable and clean energy investments secured, Mr Scholefield ceased his executive role on 31 December 2021.<br><br>Mr Scholefield is Chair of the Risk and Audit Committee. |

# Directors' Report (continued)

| Name & Qualifications | Experience |
|---|---|
| **Susan Oliver AM**<br>BPc, Cert Fin Mngt<br>***Non-executive Director***<br><br>*(appointed 8 February 2022)* | Ms Oliver is an accomplished leader with more than 25 years' experience at a director and senior executive level.<br><br>Ms Oliver has extensive Board and governance experience as Chair and Non-executive Director with listed companies including Transurban Group, Centro Group, Programmed Group, Coffey International and the Just Group. She serves on the Investment Committee for IFM Investors and was founding Chair of Scale Investors retiring in June 2021. She is currently Chair of the Alice Anderson Fund for the Victorian government.<br><br>Previously, Ms Oliver had a career in technology and futures consulting with Accenture, pioneer technology strategy company Invetech and leading the Commission for the Future for the Australian Government. She held senior roles in the public service in Housing and Industry departments in Victoria.<br><br>Her Order of Australia was awarded for services to business and women.<br><br>Ms Oliver holds a Bachelor of Property and Construction from Melbourne University and a Certificate in Financial Management.<br><br>Ms Oliver has had no other listed company directorships in the past three years.<br><br>Ms Oliver is a member of the Risk and Audit Committee. |
| **Geoffrey Drucker**<br>BEc, CPA<br>***Executive Director***<br><br>*(appointed 8 February 2022)* | Mr Drucker is an experienced senior executive with a background in the renewable energy sector spanning three decades. He has extensive expertise in the renewable sector including renewable project initiation experience.<br><br>Mr Drucker commenced his career with State Electricity Commission of Victoria and has held roles with PwC and several private consultancies.<br><br>His previous Board experience includes appointments with Methodist Ladies' College where he was Vice Chairman for five of his nine-year tenure, the Variety Club of Australia and various private companies including business development consultants Corporate Kudos Pty Ltd and DYDX Pty Ltd. Through both companies he represented ASX-listed companies and Governments.<br><br>Mr Drucker holds a Bachelor of Economics and has been admitted as a Certified Practising Accountant.<br><br>Mr Drucker has had no other listed company directorships in the past three years.<br><br>Mr Drucker is ReNu Energy's largest individual shareholder having been a founder of Countrywide Renewable Hydrogen Limited.<br><br>Mr Drucker is a member of the Remuneration and Nominations Committee. |

# Directors' Report (continued)

## Chief Executive Officer and Company Secretary

**Greg Watson**

LLB, BCom, GDipLP, CA

Mr Watson joined ReNu Energy as Chief Financial Officer and Company Secretary in September 2019 and was appointed as Chief Executive Officer in February 2020. He has a strong background in finance, tax, legal and company secretarial disciplines.

Mr Watson has 13 years' experience with listed and private companies in the resources sector. Mr Watson previously worked as CFO and Company Secretary at Capricorn Copper and has also held corporate roles at Anglo American, Barrick Gold, Equinox Minerals and Fortescue Metals. Mr Watson commenced his career at KPMG where he worked for 9 years.

Mr Watson is a Chartered Accountant and holds a Bachelor of Laws and Bachelor of Commerce degrees, as well as a Graduate Diploma in Legal Practise

## Corporate structure

ReNu Energy Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is Corporate House, Kings Row 1, 52 McDougall Street, Level 2, Milton QLD 4064.

The Directors present this financial report on ReNu Energy Limited (the Company) and its subsidiaries (collectively the Group) for the financial year ended 30 June 2022.

## Principal activities

ReNu Energy's purpose is to strategically drive the transition to a low carbon future. It does this by investing in renewable and clean energy technologies and identifying and developing hydrogen projects to create stakeholder value, enabling the transformation to a low carbon future through collaboration and innovation. ReNu Energy's vision is to be a leader in the renewable and clean energy sector in Australia striving for a sustainable future, producing hydrogen for domestic use and with a portfolio of domestic and international projects.

During the financial year, the Company acquired: (i) 100% of Countrywide Hydrogen Pty Ltd (formerly Countrywide Renewable Hydrogen Limited), providing ReNu Energy a foothold in the green hydrogen industry, and (ii) portfolio interests in renewable and clean energy project and technology companies Allegro Pty Ltd, Enosi Australia Pty Ltd and Uniflow Power Limited. The Group progressed the development of its four green hydrogen projects in south-eastern Australia and a fifth using waste to produce hydrogen in Brisbane.

# Directors' Report (continued)



## Significant changes in the state of affairs

Significant changes in the state of affairs of the Company during the financial period were:

- Acquiring portfolio interests in Uniflow Power Limited, Enosi Australia Pty Ltd and Allegro Energy Pty Ltd – Australian companies developing renewable and clean energy solutions.
- Acquiring 100% of Countrywide Hydrogen Pty Ltd, an Australian company developing green hydrogen projects.
- Completing an oversubscribed $2.376 million capital raising to professional and sophisticated investors, closing a Share Purchase Plan well supported by shareholders raising $1.245 million and entering into an At-the-Market Subscription Agreement for up to $5,000,000 of standby equity capital.
- Completing an unmarketable parcels buyback.
- Progressing the Group's Hydrogen Bell Bay, Hydrogen Portland, Melbourne Hydrogen Hub and Hydrogen Brisbane projects, and commencing the Hydrogen Brighton project.

There were no other significant changes in the state of affairs of the Company during the financial period.

## Review and results of operations

The Company realised a loss before tax for the financial period as set out below:

| Non-IFRS Measure | 2022<br>$ | 2021<br>$ |
|---|---|---|
| **EBITDA – by business segment** | | |
| Hydrogen | (345,398) | - |
| Renewable & clean energy investments | (41,916) | - |
| Corporate | (2,190,197) | (1,087,646) |
| **Total Group EBITDA** | **(2,577,511)** | **(1,087,646)** |
| (Loss) / gain on sell down of subsidiary/associate | - | 166,898 |
| Share of loss from associate | - | (21,426) |
| Depreciation | (58,979) | (57,392) |
| Amortisation & impairment | (183,833) | - |
| Interest expense | (4,220) | (2,319) |
| Income tax expense | - | - |
| **Loss after tax** | (2,824,543) | **(1,001,885)** |

# Directors' Report (continued)

## Results

The Group's Underlying EBITDA loss of $2,577,511 (2021: $1,087,646) was larger than the previous year, due to:

- Investigation and due diligence costs associated with the assessment and recommendation of renewable and clean energy opportunities.
- Additional personnel following the acquisition of Countrywide Hydrogen Pty Ltd.
- The inclusion of non-cash share-based payments expense.
- Green hydrogen project origination and development expenditure incurred during FY22, including external costs for engineering and consulting.
- Increased investor relations and regulatory costs (ASIC, ASX, share registry, etc.) associated with the Company's investment and capital raising activities.
- The write down of the carrying value of geothermal assets.

## Operational review

During the year ended 30 June 2022 and in keeping with its purpose to strategically drive the transition to a low carbon future, ReNu Energy's activities centred around raising funds and deploying the funds raised to acquire a portfolio of interests in renewable energy technologies and projects. ReNu Energy remained focussed during the period on minimising corporate and administrative costs and right sizing the Company's capital structure through the unmarketable parcels' buyback.

The results for the year have reinforced ReNu Energy's view on the growth and upside potential of its investments, and that progressing green hydrogen projects with a focus on supplying domestic demand has struck a chord with global companies seeking hydrogen investment opportunities in Australia. With potential hydrogen exports several years away, ReNu Energy sees the domestic market growing quickly due to the volume of road transport and appetite for decarbonising operations and natural gas networks.

Key activities during the year included:

- Acquiring a 5% interest in Uniflow Power Limited, a Canberra based unlisted public company, commercialising a unique, micro renewable energy generator – The Cobber.
- Acquiring a 5.8% interest in Enosi Australia Pty Ltd, an Australian company that has developed Powertracer, a leading grid-scale renewable energy trading and tracing solution with global interest.
- Acquiring a 5% interest in Allegro Energy Pty Ltd, an Australian company that has invented a unique water-based electrolyte that makes electrical energy storage more cost-effective and environmentally friendly.
- Completing an oversubscribed capital raising of $2.376 million through the issue of 26.4 million new ReNu Energy shares at an issue price of $0.090 per share by way of placement to professional and sophisticated investors.
- Acquiring 100% of Countrywide Hydrogen Pty Ltd, an Australian company developing green hydrogen projects in in collaboration with project partners and governments, initially targeting domestic market demand and where viable, expanding selected projects to meet future export demand.
- Closing a Share Purchase Plan well supported by shareholders, raising $1.245 million on the same terms as the placement to professional and sophisticated investors.

# Directors' Report (continued)

- Completing an unmarketable parcels buyback with 7,909,749 shares held by 7,752 shareholders bought back at $0.054 per share.
- Entering into an At-the-Market Subscription Agreement with Acuity Capital providing the Company with up to $5,000,000 of standby equity capital until 31 July 2024.
- Progressing the Company's Hydrogen Bell Bay, Hydrogen Portland, Melbourne Hydrogen Hub and Hydrogen Brisbane projects, including advancing land and offtake discussions with potential project partners.
- Commencing Hydrogen Brighton, a green hydrogen project 30 minutes north of Hobart, in collaboration with Tas Gas.
- Working with the Company's investee companies to collaborate on synergies, such as battery storage and verifying green hydrogen production.
- Building the Company and Countrywide Hydrogen profile in Australia and overseas to attract co-investment in projects and gain access to project operational experience.
- Rebranding of ReNu Energy and Countrywide Hydrogen to align the two brands and update the corporate identities of both companies to reflect the common purpose to strategically drive the transition to a low carbon future through the development of green hydrogen projects.

## Likely developments and expected results

A major focus of the Board and management is cash flow management to ensure that the Group has sufficient funds to cover its planned activities and any ongoing obligations. During the financial year ReNu Energy maintained its focus on the Company's cost base, completed two successful capital raisings and entered into a facility that provides standby equity capital. At 30 June 2022, ReNu had available cash of $2.017 million.

The Board and management believe that the Group remains well positioned to advance its portfolio of hydrogen projects and to progress the Company's other renewable and clean energy investments. The Group's focus is to:

- Agree power supply and offtake commercial terms and commence the development approval process for Hydrogen Brighton with Tas Gas as a project partner.
- Secure land for Hydrogen Bell Bay and advance discussions with Tas Gas to also partner on this project.
- Agree the first offtake for the Melbourne Hydrogen Hub in collaboration with the Bus Association of Victoria.
- Establish a joint venture to progress Hydrogen Portland with a major renewables partner from Europe.
- Continue to provide financial and operational support as appropriate to investee companies, including participating in equity raises to maintain or increase the interest held by ReNu Energy.
- Raise capital as required to support the strategic investment decisions made.
- Continue to assess additional renewable and clean energy opportunities that fit the Company's investment criteria.

# Directors' Report (continued)

## Dividend

No dividends were declared or paid during the year ended 30 June 2022.

The Directors do not propose to recommend the payment of a dividend in respect of the period ended 30 June 2022.

## Directors' interests in the Shares and Options of the Company

As at the date of this report, the interests of the Directors in the shares of ReNu Energy Limited were:

| Director | Fully paid Ordinary Shares | Listed Options over ordinary shares |
|---|---|---|
| Boyd White | 10,083,333 | 83,333 |
| Tony Louka | 6,318,500 | - |
| Tim Scholefield | 6,901,931 | - |
| Geoffrey Drucker | 42,543,958 | - |
| Susan Oliver | 6,000,000 | - |

## Significant events after the reporting date

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## Environmental regulations and performance

As a renewable and clean energy investor, environmental sustainability is at the heart of every activity ReNu Energy undertakes.

The Group is required to carry out its activities in accordance with relevant laws and regulations. The Group is committed to minimising the impact of its activities on the natural landscape, waterways, flora and fauna in a manner consistent with environmental best practice standards.

## Indemnification and insurance of Directors and officers

During the financial year, the Company paid premiums in respect of contracts insuring Directors, Secretaries, and executive officers of the Group and related entities against liabilities incurred as Director, Secretary or executive officer to the extent permitted by the Corporations Act 2001, subject to the terms, conditions, limitations and exclusions of the policy.  Under the terms of the policy, the Group is precluded from disclosing details of premiums paid.

The Company has entered into deeds of indemnity, insurance and access with each person who is, or has been, a Director of the Company. To the extent permitted by law and subject to the restrictions in s199A of the Corporations Act 2001, the Company must continually indemnify each Director against liability (including liability for costs and expenses) for an act or omission in the capacity as Director, subject to certain exclusions. No payment has been made to indemnify a Director during or since the end of the financial year.

# Directors' Report (continued)

## Indemnification of auditors

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an auditor of the Company or of any related body corporate against a liability incurred as such an auditor.

## Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1 (unless otherwise stated) under the option available to the Company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which the ASIC Corporations Instrument applies.

## Share Options

Under the terms of the 6 December 2021 capital raising of $2.376 million by way of a placement at $0.09 per share, subscribers were entitled to receive 1 attaching option for every four shares subscribed for, with a strike price of $0.07 per share and an expiry date of 31 December 2023. The 6,600,000 attaching options (**Options**) were issued on 9 December 2021.

Shareholder approval was obtained at an extraordinary general meeting held on 1 February 2022 for the grant of 5,000,000 options with an exercise price of $0.07 per share expiring on 31 December 2023 to the lead manager and broker of the capital raising (**Broker Options**). The Broker Options were issued on 8 February 2022.

The Options and Broker Options were granted quotation on the ASX on 10 December 2021 and 10 February 2022 respectively.

Under the terms of the Share Purchase Plan that closed on 18 February 2022 and raised $1.247 million at $0.09 per share, subscribers were entitled to receive 1 attaching option for every four shares subscribed for (subject to shareholder approval), with a strike price of $0.07 per share and an expiry date of 31 December 2023.

The granting of grant of up to 4,166,667 attaching options (**SPP Options**) was approved by shareholders at an extraordinary general meeting held on 1 February 2022.

3,463,403 SPP Options were issued on 18 February 2022 and granted quotation on the ASX on 21 February 2022.

No share options holder has any right under the options to participate in any other share issue of the company or any other entity. At the date of this report no ordinary shares of the Company have been issued on the exercise of share options.

## Directors' meetings

During the period, there were 9 Directors' meetings held. The number of Directors' meetings and the number of meetings attended by each of the Directors of the Company during the financial period are as follows:

# Directors' Report (continued)

| | Directors' meetings | | Risk & Audit Committee meetings | | Remuneration & Nominations Committee meetings | |
|---|---|---|---|---|---|---|
| | **A** | **H** | **A** | **H** | **A** | **H** |
| Boyd White | 9 | 9 | 2 | 2 | 4 | 4 |
| Tony Louka | 9 | 9 | 5 | 5 | 4 | 4 |
| Tim Scholefield | 9 | 9 | 5 | 5 | - | - |
| Geoffrey Drucker | 2 | 2 | - | - | 1 | 1 |
| Susan Oliver | 2 | 2 | 3 | 3 | - | - |

A – Number of meetings attended
H – Number of meetings held whilst in office / a Committee member

Committee memberships as at 30 June 2022 and as at the date of this report are:

**Risk & Audit Committee –** Membership comprises three Non-executive Directors: Tim Scholefield (Chair), Tony Louka and Susan Oliver.

**Remuneration & Nominations Committee –** Membership comprises two Non-executive Directors: Tony Louka (Chair) and Boyd White; and one Executive Director: Geoffrey Drucker.

## Auditor independence

In accordance with section 307C of the Corporations Act 2001, the Directors received a declaration of independence from the auditor of ReNu Energy Limited which is listed immediately after this report and forms part of this Directors' Report and can be found on page 29.

## Non-audit services

The Company may decide to employ the auditor on assignments in addition to their statutory audit duties, where the auditor's expertise and experience with the Company and/or the Group are important.

Details of amounts paid or payable to the auditor (BDO Audit Pty Ltd) for audit and non-audit services provided during the year are set out in note 14 to the Financial Statements.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Board of Directors, in accordance with advice provided by the Risk and Audit Management Committee, are satisfied that the provision of non-audit services by the auditor, as set out in note 14 to the Financial Statements, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Risk and Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

| Other assurance services | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Amounts received or due and receivable by BDO Audit Pty Ltd or its related entities for: | | |
| Fees for preparation of Independent Expert's Report | 90,000 | - |
| | **90,000** | **-** |

## Proceedings on behalf of the Company

As far as the Directors are aware, no proceedings have been brought or intervened in on behalf of the Company with the leave of the Court, nor has any application for leave been made in respect of the Company, under section 237 of the Corporations Act 2001.

## Corporate governance

The Directors recognise the need for the highest standards of corporate behaviour and accountability and therefore support and have adhered to the principles of Corporate Governance. The Company's Corporate Governance Statement is available on the Company's website: http://renuenergy.com.au/about-us/governance/

# Directors' Report (continued)

## Remuneration Report (Audited)

This Remuneration Report for the year ended 30 June 2022 outlines the remuneration arrangements in place for Directors and Executives of ReNu Energy Limited in accordance with the requirements of the *Corporations Act 2001* and its Regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Executive remuneration arrangements
   - A. Remuneration principles and strategy
   - B. Approach to setting remuneration
   - C. Details of Incentive Plans
4. Executive remuneration outcomes for FY22 (including link to performance)
5. Summary of executive contractual arrangements
6. Non-executive Director remuneration
7. Share based compensation
8. Other statutory disclosures

# Directors' Report (continued)

## Remuneration Report (Audited)

### 1. Introduction

The Remuneration Report details the remuneration arrangements for Key Management Personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company directly or indirectly including any Director.

For the purposes of this report, the term 'executive' encompasses the Chief Executive Officer and the executive management team of the Company. The KMP covered in this report are set out in the table below.

| | |
|---|---|
| **Non-executive Directors (NEDs)** | |
| Boyd White | Chairman |
| Tony Louka | Director |
| Tim Scholefield (commenced 1 January 2022) | Director |
| Susan Oliver (commenced 8 February 2022) | Director |
| **Executive Directors** | |
| Tim Scholefield (ceased 31 December 2021) | Executive Director |
| Geoffrey Drucker (commenced 8 February 2022) | Executive Director |
| **Other KMP** | |
| Greg Watson | Chief Executive Officer & Company Secretary |
| **KMP who ceased in prior year** | |
| Nil | |

### 2. Remuneration governance

**Remuneration and Nominations Committee**

The Remuneration and Nominations Committee has the primary objective of assisting the Board in developing and assessing the remuneration policy and practices of the Directors, Chief Executive Officer (CEO) and senior executives.

Specifically, the Board approves the remuneration arrangements of the CEO, the aggregate annual fixed remuneration salary review, short-term incentives and the methodology for awards made under long-term incentive plans following recommendations from the Remuneration & Nominations Committee. The Board also sets the aggregate remuneration of Non-executive Directors, which is then subject to shareholder approval, and individual Directors' fees.

Committee assessments incorporate the development of remuneration policies and practices which will enable the Group to attract and retain executives who will create value for shareholders. Executives will be fairly and responsibly rewarded having regard to the performance of the Group, the performance of the executive and the general market environment.

## Remuneration Report (Audited) (continued)

The Remuneration & Nominations Committee meets as required throughout the year. The CEO attends Remuneration & Nominations Committee meetings by invitation, where management input is required. The CEO is not present during any discussions related to his own remuneration arrangements.

Further information on the Remuneration & Nomination Committee's role, responsibilities and membership can be found on the Company's web site at www.renuenergy.com.au

**Use of remuneration consultants**

During the year Titan Recruitment was engaged to provide Non-executive Director and Executive remuneration benchmarking. The remuneration data provided was used as an input to the remuneration decisions by the Board only. The Board considered the data provided, together with other factors, in setting Executive's remuneration. No remuneration recommendations, as defined by the *Corporations Act 2001*, were provided by remuneration consultants.

## 3. Executive remuneration arrangements

**3A. Remuneration principles and strategy**

ReNu Energy's executive remuneration strategy is designed to attract, motivate and retain highly skilled executives and align the interests of executives and shareholders.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive salaries to attract high calibre executives.
- Link executive performance rewards to medium and longer-term shareholder value creation through KPI-linked short term incentives.
- Establish appropriate share price performance hurdles under long-term incentive plans to align executive reward with shareholder value creation, the achievement of which will depend on the Group achieving key corporate milestones that are integral to the Group's successful completion of its business plan.

The Group aims to reward its executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group to:

- Reward executives for Group, business division and individual performance against targets set by reference to appropriate benchmarks.
- Link reward with the strategic goals and performance of the Group.
- Ensure total remuneration is competitive by market standards.

**3B. Approach to setting remuneration**

The key executives' emoluments are structured to retain and motivate executives by offering a competitive base salary, a short-term annual cash or share based performance related component together with longer term performance incentives through the ReNu Energy Limited Loan Share Plan which aligns executives' interests with those of shareholders.

For the year ended 30 June 2022, remuneration consisted of the following key elements:

- Fixed remuneration – base salary and superannuation;
- Variable remuneration in the form of cash or share based incentives; and

# Directors' Report (continued)

## Remuneration Report (Audited) (continued)

- Variable remuneration under the Company's Loan Share Plan, payable in Shares subject to the Company's share price achieving specified hurdles.

The level of fixed remuneration is set to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration of the Chief Executive Officer is reviewed annually by the Remuneration and Nominations Committee and approved by the Board. Factors considered include the Group and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice. The Remuneration and Nominations Committee has access to external advice independent of management.

Senior executives receive their fixed (primary) remuneration in cash. The fixed remuneration component of senior executives who are key management personnel is detailed in Table 1 of this report.

### 3C. Details of Incentive Plans

#### Short term incentives

The Company uses short term incentives to:

- Reward employees for their contribution in ensuring that ReNu Energy achieves corporate key deliverables.
- Encourage teamwork.
- Enhance ReNu Energy attracting and retaining high calibre and high performing employees.
- Link remuneration directly to the achievement of key organisational objectives.

During the 2022 financial year, share based payments were awarded to staff and executives based on an assessment of their contributions to the Group's achievements during the 2021 calendar year. No Key Management Personnel were awarded any cash incentives for the financial year.

It is intended that for future periods, specific personal and corporate KPIs will be set annually, and the award of short-term incentives will be determined in relation to achievement of the relevant KPI.

#### Loan Share Plan

At the 2017 AGM, shareholders approved a Loan Share Plan (LSP) to retain, motivate and attract executives and Directors and to better align the interests of employees and Directors with those of the Group and its shareholders by providing an opportunity for employees and Directors to acquire shares subject to the terms and conditions of the LSP (Plan Shares).

The Plan Shares are issued or transferred to the participants in the LSP at market value, subject to shareholder approval in the case of Plan Shares issued to Directors and determined by the Board in its absolute discretion for executives who are not Directors. The Group may provide a limited recourse loan to participants to assist them to purchase Plan Shares (Loan).

The Plan Shares will vest on the satisfaction of any applicable performance condition, service requirement or other conditions specified at the time of issue.

During the 2022 financial year, Plan Shares were issued to executives and Directors with vesting conditions which require completion of a six-month service period and the Company's share price achieving a price which represents a significant increase in shareholder value in relation to the share price at the time that the

# Directors' Report (continued)

## Remuneration Report (Audited) (continued)

Plan Shares were granted. The issue of the Plan Shares was approved by shareholders at the extraordinary general meeting of the Company held on 1 February 2022.

**Hedging of shares and options risk**

Currently no Director or officer uses hedging instruments to limit their exposure to risk on either shares or options in the Company. The Company's policy is that the use of such hedging instruments is prohibited

## 4. Executive remuneration outcomes for FY22

**Company performance and its link to the Company's remuneration principles and strategy**

The 2022 financial year was one which saw the Group successfully implement its strategy to drive the transition to a low carbon future by investing in renewable and clean energy technologies and identifying and developing hydrogen projects to create stakeholder value, enabling the transformation to a low carbon future through collaboration and innovation. ReNu Energy successfully raised and deployed funds to acquire a portfolio of interests in renewable energy technologies and projects, and progressed a portfolio of green hydrogen projects with a focus on supplying domestic demand.

To allow the Group full flexibility in adapting to its changing landscape, specific measurable short-term targets were not set for the 2022 financial year. KMP were awarded share-based incentives in recognition of achievements for the 2021 calendar year. No cash incentives were awarded.

It is intended that corporate and individual KPIs will be set for the 2023 financial year, such that executives are rewarded for the achievement of milestones that are both measurable and outcomes based. These milestones will be set by the Board as they represent key drivers for creating short term shareholder value.

The Company's Loan Share Plan has vesting conditions that are designed to align the interests of the executives and shareholders through the delivery of substantial increased shareholder value, through the Company's share price.

The remuneration of senior executives who were KMP during the year ended 30 June 2022 is set out below:

# Directors' Report (continued)

## Remuneration Report (Audited) (continued)

### Table 1 – Remuneration of senior executives of the Group for the year ended 30 June 2022

| | Short-term* | | Share-based payments** | | | |
|---|---|---|---|---|---|---|
| Name | Salary $ | Superannuation $ | Loan Share Plan Shares $ | Bonus Shares $ | Total $ | Performance related % |
| G Watson | 328,538 | 32,854 | 31,552 | 54,675 | **447,619** | 12% |
| T Scholefield[1] | 125,223 | - | 18,931 | 54,675 | **198,829** | 20% |
| G Drucker[2] | 100,000 | 10,000 | 25,242 | - | **135,242** | - |
| **Totals[3]** | **553,761** | **42,854** | **75,725** | **109,350** | **781,690** | **-** |

* Fixed remuneration ** Variable remuneration

1 T Scholefield is engaged through an associated company Pacific Energy Partners Pty Ltd. Mr Scholefield became a non-Executive director on 1 January 2022. The above table contains his remuneration (including consulting fees) for the period 1 July 2021 to 31 December 2021.

2 Geoffrey Drucker was appointed as Executive Director on 8 February 2022.

3 A portion of senior executive remuneration is recoverable by the Group under agreements with third parties.

### Table 2 – Remuneration of senior executives of the Group for the year ended 30 June 2021

| | Short-term* | Share-based payments** | | | | |
|---|---|---|---|---|---|---|
| Name | Salary $ | Superannuation $ | Loan Share Plan Shares $ | Bonus Shares $ | Total $ | Performance related % |
| G Watson | 231,195 | 20,805 | - | - | **252,000** | - |
| T Scholefield[1] | 275,098 | - | - | - | **275,098** | - |
| **Totals[2]** | **506,293** | **20,805** | **-** | **-** | **527,098** | **-** |

* Fixed remuneration ** Variable remuneration

1. T Scholefield is engaged through an associated company Pacific Energy Partners Pty Ltd.
2. A portion of senior executive remuneration is recoverable by the Group under agreements with third parties.

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contractual agreements are provided below.

# Directors' Report (continued)

## Remuneration Report (Audited) (continued)

**Chief Executive Officer and Company Secretary – Greg Watson**

Mr Watson was appointed as Chief Financial Officer and Company Secretary on 9 September 2019 under an Employment Agreement dated 9 September 2019. Mr Watson was appointed Chief Executive Officer on 26 February 2020.

Mr Watson entered into a variation to Employment Agreement commencing 1 January 2022. The key terms of Mr Watson's employment are as follows:

- Base remuneration of $350,000 per annum plus superannuation.
- Discretionary short-term incentive up to a maximum of 30% of the base remuneration, to be awarded based on achievement of KPIs to be specified by the Board.
- Long-term incentive (Loan Share Plan Shares) – Mr Watson was granted three equal tranches of shares, totalling 10,000,000 shares, pursuant to the Loan Share Plan (Plan Shares), following approval by shareholders at the extraordinary general meeting held on 1 February 2022. Each tranche vests if, within 10 years of issue, the Company's share price achieves a 15-trading day volume weighted average price in excess of $0.15, $0.25 and $0.35 for each of the three tranches respectively. Unvested shares vest upon a change of control of the Company. The shares were issued at an Issue Price of $0.09 and Mr Watson was provided with an interest-free, non-recourse loan for the value of the shares.
- Termination provisions as set out below:

| | Notice period | Payment in lieu of notice | Treatment of STI on termination | Treatment of LTI on termination |
|---|---|---|---|---|
| **Resignation** | 3 months | 3 months | Unvested awards forfeited | Unvested awards forfeited |
| **Failure by Company to pay remuneration or benefits** | None | None | Unvested awards forfeited | Unvested awards forfeited |
| **Change of strategic direction, material diminution of the officer's duties or substantial change in location** | 1 month | 6 months | Unvested awards forfeited | Where a change in control occurs, the Board may determine that Loan Share Plan Shares vest on terms and conditions determined by the Board |
| **Termination for cause** | 14 days | None | Unvested awards forfeited | Unvested awards forfeited |
| **Termination without cause** | 6 months | 6 months | Unvested awards forfeited | Unvested awards forfeited |

## Remuneration Report (Audited) (continued)

**Executive Director – Tim Scholefield (ceased as Executive Director 31 December 2021)**

Mr Scholefield was appointed as an Executive Director on 6 December 2019 to coordinate, implement and oversee the permanent abandonment of the Company's geothermal wells in the Cooper Basin. In addition to this responsibility Mr Scholefield also supported the CEO in the assessment and recommendation for

involvement in renewable and clean energy opportunities. With the Company's geothermal wells permanently abandoned during 2021 and a portfolio of renewable and clean energy investments secured, Mr Scholefield ceased his executive role on 31 December 2021.

During the 2022 financial year, Mr Scholefield was engaged through an associated company Pacific Energy Partners Pty Ltd to provide consulting services to the Company (that are in addition to Executive and Non-executive Director responsibilities). The daily rate is $1,850. With effect from 1 January 2022, Non-executive Director fees of $50,000 per annum are payable. The services agreement with Pacific Energy Partners Pty Ltd has a three-month notice period and no amounts are payable on termination.

Long term incentive (Loan Share Plan Shares) – Mr Scholefield was granted three equal tranches of shares, totalling 6,000,000 shares, pursuant to the Loan Share Plan (Plan Shares), following approval by shareholders at the extraordinary general meeting held on 1 February 2022. Each tranche vests if, within 10 years of issue, the Company's share price achieves a 15-trading day volume weighted average price in excess of $0.15, $0.25 and $0.35 for each of the three tranches respectively. Unvested shares vest upon a change of control of the Company. The shares were issued at an Issue Price of $0.09 and Mr Scholefield was provided with an interest-free, non-recourse loan for the value of the shares.

Mr Scholefield was granted a discretionary bonus of 675,000 shares during the 2022 financial year in recognition of the results achieved during calendar year 2021.

**Executive Director – Geoffrey Drucker (appointed 8 February 2022)**

Mr Drucker was appointed Executive Director – Hydrogen, on completion of the Company's acquisition of Countrywide Hydrogen Pty Ltd on 8 February 2022. The key terms of Mr Drucker's employment are as follows:

- Base remuneration of $240,000 per annum plus superannuation.
- Conditional remuneration of $60,000 plus superannuation in the event of meeting defined hydrogen project development milestones.
- Discretionary short-term incentive up to a maximum of 30% of the aggregate of the base and conditional remuneration, to be awarded based on achievement of KPIs to be specified by the Board;
- Long term incentive (Loan Share Plan Shares) – Mr Drucker was granted three equal tranches of shares, totalling 8,000,000 shares, pursuant to the Loan Share Plan (Plan Shares), following approval by shareholders at the extraordinary general meeting held on 1 February 2022. Each tranche vests if, within 10 years of issue, the Company's share price achieves a 15-trading day volume weighted average price in excess of $0.15, $0.25 and $0.35 for each of the three tranches respectively. Unvested shares vest upon a change of control of the Company. The shares were issued at an Issue Price of $0.09 and Mr Drucker was provided with an interest-free, non-recourse loan for the value of the shares;
- Termination provisions as set out below:

# Directors' Report (continued)

## Remuneration Report (Audited) (continued)

| | Notice period | Payment in lieu of notice | Treatment of STI on termination | Treatment of LTI on termination |
|---|---|---|---|---|
| **Resignation** | 3 months | 3 months | Unvested awards forfeited | Unvested awards forfeited |
| **Failure by Company to pay remuneration or benefits** | None | None | Unvested awards forfeited | Unvested awards forfeited |
| **Change of control** | 1 month | 1 month | Unvested awards forfeited | The Board may determine that Loan Share Plan Shares vest on terms and conditions determined by the Board |
| **Termination for cause** | 14 days | None | Unvested awards forfeited | Unvested awards forfeited |
| **Termination without cause** | 6 months | 6 months | Unvested awards forfeited | Unvested awards forfeited |
| **Termination without cause** | 6 months | 6 months | Unvested awards forfeited | Unvested awards forfeited |

## 5. Non-executive Director remuneration arrangements

**Remuneration Policy**

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board may consider advice from external consultants as well as the fees paid to Non-executive Directors of comparable companies when undertaking the annual review process. The amounts are set at a level that compensates the Directors for their significant time commitment in overseeing the progression of the Company's business plan.

The Constitution of ReNu Energy and the ASX Listing Rules specify that the aggregate remuneration of Non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 28 November 2007 when shareholders approved a maximum aggregate remuneration of $700,000 per year.

**Structure**

Each Non-executive Director receives a fee for being a Director of the Company. The current fee structure is to pay Non-executive Directors a gross annual remuneration of $50,000 per annum with the Chairman paid $65,000 per annum including superannuation. There are no additional fees paid for committee memberships. There are no retirement benefits offered to Non-executive Directors.

The remuneration of Non-executive Directors for the year ended 30 June 2022 is detailed in Table 3 of this report and the remuneration for the comparative year ended 30 June 2021 is detailed in Table 4.

# Directors' Report (continued)

## Remuneration Report (Audited) (continued)

### Table 3 – Non-executive Directors' Remuneration for the year ended 30 June 2022

| Director | Directors' fees $ | Consulting Fees $ | Superannuation $ | Loan Share Plan Shares $ | Bonus Shares $ | Total $ |
|---|---|---|---|---|---|---|
| B. White[1] | 59,091 | - | 5,909 | 28,397 | 20,250 | **113,647** |
| T. Louka[2] | 50,004 | - | - | 18,931 | 16,200 | **85,135** |
| T. Scholefield[3] | 25,000 | 41,158 | - | - | - | **66,158** |
| S. Oliver[4] | 18,939 | - | 1,894 | 18,931 | - | **39,765** |
| **Totals** | **153,034** | **41,158** | **7,803** | **66,259** | **36,450** | **304,705** |

1. Mr B. White was Chairman for the whole period.
2. Mr T Louka is engaged through an associated company, Maxify Pty Ltd, to provide director services to the Company
3. Mr T. Scholefield is engaged through an associated company, Pacific Energy Partners Pty Ltd, to provide director services to the Company. Mr Scholefield was an Executive Director until 31 December 2021. The above table reflects the non-executive director fees and consulting fees (for services that are in addition to Non-executive Director responsibilities) for the period 1 January 2022 to 30 June 2022. Mr Scholefield's share-based payments are captured in Table 1. A portion of the consulting fees is recoverable by the Group under agreements with third parties.
4. Ms S. Oliver was appointed on 8 February 2022.

### Table 4 – Non-executive Directors' Remuneration for the year ended 30 June 2021

| Director | Directors' fees $ | Consulting fees $ | Superannuation $ | Loan Share Plan Shares $ | Bonus Shares $ | Total $ |
|---|---|---|---|---|---|---|
| B. White[1] | 59,361 | - | 5,639 | - | - | **65,000** |
| T. Louka[2] | 50,004 | - | - | - | - | **50,004** |
| **Totals** | **109,365** | **-** | **5,639** | **-** | **-** | **115,004** |

1. Mr B. White was Chairman for the whole period.
2. Mr T Louka is engaged through an associated company, Maxify Pty Ltd, to provide director services to the Company.

## 6. Share based compensation

### Loan Share Plan Shares

On 8 February 2022, the Company issued 45,000,000 ordinary shares (Plan Shares) to Directors and executives of the Company pursuant to the Loan Share Plan approved by shareholders at an extraordinary general meeting held on 1 February 2022.

The Plan Shares are subject to the achievement of certain share price targets for ReNu Energy's shares (Target Price) as follows:

# Directors' Report (continued)

## Remuneration Report (Audited) (continued)

| Vesting Condition | Boyd White | Tony Louka | Tim Scholefield | Susan Oliver | Geoffrey Drucker | Greg Watson | |
|---|---|---|---|---|---|---|---|
| **Share Target Price*** | **Number of Plan Shares** | **Number of Plan Shares** | **Number of Plan Shares** | **Number of Plan Shares** | **Number of Plan Shares** | **Number of Plan Shares** | **Total Plan Shares** |
| $0.15 | 3,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,666,667 | 3,333,333 | 15,000,000 |
| $0.25 | 3,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,666,667 | 3,333,333 | 15,000,000 |
| $0.35 | 3,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,666,666 | 3,333,334 | 15,000,000 |
| **Total Plan Shares** | 9,000,000 | 6,000,000 | 6,000,000 | 6,000,000 | 8,000,000 | 10,000,000 | 45,000,000 |

* The Target Price vesting condition will be satisfied where the Volume Weighted Average Price of the Company's shares over any 15 day trading period is at least the Target Price.

The Board may determine that Plan Shares vest if there is a change of control event.

Each recipient has been provided with a 10-year, limited recourse, interest-free loan to fund the acquisition of the Plan Shares. The loan amount is calculated as $0.09 per Plan Share multiplied by the number of Plan Shares and is repayable in certain circumstances, including when employment with the Company ceases. The Company's recourse against the employee is limited to the loan amount if the Plan Shares have vested, or otherwise the transfer back to the Company of the Plan Shares to which the loan relates.

As the Company has no right to receive cash settlement for the loan (the directors and executive can elect to forfeit the shares), no loan receivable has been recognised by the Company. The effect of the contractual arrangements is equivalent to an option exercisable at the time of loan repayment at an exercise price of $0.09 per share. As a result, the grant of Plan Shares has been valued using an option pricing model and the fair value recognised in profit or loss over the expected vesting period.

The movements of Plan Shares, held directly, indirectly, or beneficially by each key management personnel member, including their related parties during the financial year ended 30 June 2022 is set out in Table 5 below.

# Directors' Report (continued)

## Remuneration Report (Audited) (continued)

**Table 5 – Shares granted to Directors and key management personnel as part of remuneration for the year ended 30 June 2022**

| Executive | Balance at beginning of period (shares) | Shares granted during the reporting period (shares) | Fair value of shares granted during the year ($) | Grant date | Expiry date | Shares lapsed during the reporting period (shares) | Balance as at the end of the reporting period (shares) |
|---|---|---|---|---|---|---|---|
| B. White | - | 3,000,000 | 0.061 | 1/02/2022 | 1/02/2032 | - | 3,000,000 |
| | | 3,000,000 | 0.056 | 1/02/2022 | 1/02/2032 | - | 3,000,000 |
| | | 3,000,000 | 0.050 | 1/02/2022 | 1/02/2032 | - | 3,000,000 |
| | | 250,000[2] | 0.081 | 1/02/2022 | - | - | 250,000 |
| | | | | | | | **9,250,000** |
| T. Louka | - | 2,000,000 | 0.061 | 1/02/2022 | 1/02/2032 | - | 2,000,000 |
| | | 2,000,000 | 0.056 | 1/02/2022 | 1/02/2032 | - | 2,000,000 |
| | | 2,000,000 | 0.050 | 1/02/2022 | 1/02/2032 | - | 2,000,000 |
| | | 200,000[2] | 0.081 | 1/02/2022 | - | - | 200,000 |
| | | | | | | | **6,200,000** |
| T Scholefield | - | 2,000,000 | 0.061 | 1/02/2022 | 1/02/2032 | - | 2,000,000 |
| | | 2,000,000 | 0.056 | 1/02/2022 | 1/02/2032 | - | 2,000,000 |
| | | 2,000,000 | 0.050 | 1/02/2022 | 1/02/2032 | - | 2,000,000 |
| | | 675,000[2] | 0.081 | 1/02/2022 | - | - | 675,000 |
| | | | | | | | **6,675,000** |
| S. Oliver | - | 2,000,000 | 0.061 | 1/02/2022 | 1/02/2032 | - | 2,000,000 |
| | | 2,000,000 | 0.056 | 1/02/2022 | 1/02/2032 | - | 2,000,000 |
| | | 2,000,000 | 0.050 | 1/02/2022 | 1/02/2032 | - | 2,000,000 |
| | | | | | | | **6,000,000** |
| G Drucker | - | 2,666,667 | 0.061 | 1/02/2022 | 1/02/2032 | - | 2,666,667 |
| | | 2,666,667 | 0.056 | 1/02/2022 | 1/02/2032 | - | 2,666,667 |
| | | 2,666,666 | 0.050 | 1/02/2022 | 1/02/2032 | - | 2,666,666 |
| | | | | | | | **8,000,000** |
| G. Watson | - | 3,333,333 | 0.061 | 1/02/2022 | 1/02/2032 | - | 3,333,333 |
| | | 3,333,333 | 0.056 | 1/02/2022 | 1/02/2032 | - | 3,333,333 |
| | | 3,333,334 | 0.050 | 1/02/2022 | 1/02/2032 | - | 3,333,334 |
| | | 675,000[2] | 0.081 | 1/02/2022 | - | - | 675,000 |
| | | | | | | | **10,675,000** |
| **Total[1]** | | **46,800,000** | | | | | **46,800,000** |

1. Shares granted as part of short-term incentive remuneration have been accounted for as share-based payments.
2. This relates to the discretionary bonus granted during the 2022 financial year in recognition of the results achieved during calendar year 2021.

# Directors' Report (continued)

## Remuneration Report (Audited) (continued)

### Table 6 - Shares granted to KMP as part of remuneration for the year ended 30 June 2021

| Executive | Balance at beginning of period (shares) | Fair value of shares granted during the year ($) | Grant date | Expiry date | Shares lapsed during the reporting period (shares) [1] | Balance as at the end of the reporting period (shares) |
|---|---|---|---|---|---|---|
| C. Ricato | **8,655,000** | $0.068 | 28/11/18 | 28/11/28 | **(8,655,000)** | **-** |
| W. Leitao | **5,769,000** | $0.068 | 29/11/18 | 29/11/28 | **(5,769,000)** | **-** |
| **Total** | **14,424,000** | | | | **(14,424,000)** | **-** |

1. Loan Share Plan Shares did not meet the vesting conditions and therefore were transferred back to the Company following approval at the Annual General Meeting for the year ended 30 June 2020.

No Plan Shares have vested at the end of the reporting period.

## 7. Other statutory disclosures

### Related party transactions with Directors

The Group engaged Pacific Energy Partners Pty Ltd to provide consulting services. The key resource from Pacific Energy Partners Pty Ltd is Tim Scholefield (Executive Director). Consulting and Executive director fees of $166,381 (2021: $261,454) were paid during the year.[1] The material terms of the engagement of Pacific Energy Partners are disclosed in section 4 of the Remuneration Report.

### Shareholdings of Key Management Personnel

The movements of the Company's ordinary shares, held directly, indirectly or beneficially by each Key Management Personnel member, including their related parties during the financial year ended 30 June 2022 are set out in Table 7 below.

[1] Excludes Non-executive Director fees

# Directors' Report (continued)

## Remuneration Report (Audited) (continued)

### Table 7 - Shareholdings of Key Management Personnel

| | Balance at Beginning of Period 1/07/2021 | Issued under Loan Share Plan[1] | Share based STI[2] | Acquired Under the Share Purchase Plan[3] | On-market purchase of shares | Shares acquired in Countrywide Hydrogen Acquisition[4] | Balance at End of Period 30/06/2022 |
|---|---|---|---|---|---|---|---|
| **Directors** | | | | | | | |
| B. White | | | | | | | |
| - Unrestricted | 500,000 | - | 250,000 | 333,333 | - | - | **1,083,333** |
| - Unvested[6] | - | 9,000,000 | - | - | - | - | **9,000,000** |
| T. Louka | | | | | | | |
| - Unrestricted | - | - | 200,000 | - | 118,500 | - | **318,500** |
| - Unvested[6] | - | 6,000,000 | - | - | - | - | **6,000,000** |
| T. Scholefield | | | | | | | |
| - Unrestricted | - | - | 675,000 | - | 226,931 | - | **901,931** |
| -- Unvested[6] | - | 6,000,000 | - | - | - | - | **6,000,000** |
| G. Drucker | | | | | | | |
| - Unrestricted | - | - | - | - | - | - | **-** |
| - Unvested[5 6] | - | 8,000,000 | - | - | - | 34,543,958 | **42,543,958** |
| S. Oliver | | | | | | | |
| - Unrestricted | - | - | - | - | - | - | **-** |
| - Unvested[6] | - | 6,000,000 | - | - | - | - | **6,000,000** |
| **Executives** | | | | | | | |
| G. Watson | | | | | | | |
| - Unrestricted | - | - | 675,000 | 333,333 | 35,000 | - | **1,043,333** |
| - Unvested[6] | - | 10,000,000 | - | - | - | - | **10,000,000** |
| **Total** | **500,000** | **45,000,000** | **1,800,000** | **666,666** | **380,431** | **34,543,958** | **82,891,055** |

1. Ordinary Shares issued under the Loan Share Plan are subject to vesting conditions – refer to section 6 of the Remuneration Report for further details.
2. Issued in recognition of achievements during the 2021 calendar year, including: addressing long standing liabilities from previous operations, reduction in cost base, implementing a strategy to position the Company as a renewable and clean energy incubator/ accelerator, investing in 3 x portfolio clean and renewable energy companies, agreement to acquire 100% green hydrogen company Countrywide Hydrogen, and successful capital raisings.
3. Shares taken up under the Share Purchase Plan that closed on 18 February 2022.
4. Acquisition of Countrywide Hydrogen Pty Ltd was a 100% scrip acquisition. Reflects consideration for founder shares acquired.
5. Shares issued on the acquisition of Countrywide Hydrogen Pty Ltd subject to escrow commencing 8 February 2022: 100% for 12 months, 75% for 18 months, and 50% for 24 months.
6. Ordinary Shares issued under the Loan Share Plan are subject to vesting conditions – refer to section 6 of the Remuneration Report for further details.

# Directors' Report (continued)

## Remuneration Report (Audited) (continued)

## End of Remuneration Report (Audited)

Signed in accordance with a resolution of the Directors.

**Boyd White**
Chairman
Brisbane
31 August 2022

BDO

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

**DECLARATION OF INDEPENDENCE BY ANTHONY WHYTE TO THE DIRECTORS OF RENU ENERGY LIMITED**

As lead auditor of ReNu Energy Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of ReNu Energy Limited and the entities it controlled during the year.

**A J Whyte**
Director

**BDO Audit Pty Ltd**

Brisbane, 31 August 2022

# : Consolidated statement of profit or loss and other comprehensive income

| FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 | Note | 2022 $ | 2021 $ |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue from contracts with customers | | - | - |
| **Total operating income** | | | - |
| Interest income | | 55,362 | 24,214 |
| Other income | 3A | 87,540 | 263,052 |
| **Total income** | | **142,902** | **287,266** |
| Personnel expenses | 3B | (1,479,584) | (691,775) |
| Other operating expenses | 3C | (652,177) | (69,807) |
| General & administrative expenses | 3D | (831,464) | (670,722) |
| Finance costs | | (4,220) | (2,319) |
| **Total expenses** | | **(2,967,445)** | **(1,434,623)** |
| **Loss before income tax expense** | | **(2,824,543)** | **(1,147,357)** |
| Income tax expense | | - | - |
| **Loss after income tax expense from continuing operations** | | **(2,824,543)** | **(1,147,357)** |
| Profit / (loss) from discontinued operations after tax | 13 | - | 145,472 |
| **Net loss for the year after income tax attributable to the owners of the parent** | | **(2,824,543)** | **(1,001,885)** |
| Other comprehensive income for the period | | - | - |
| **Total comprehensive loss for the period attributable to the owners of the parent** | | **(2,824,543)** | **(1,001,885)** |
| **Earnings Per Share attributable to the owners of the parent** | | | |
| Basic and Diluted Loss per share from continuing operations (cents per share) | 12 | (1.03) | (0.86) |
| Basic and Diluted Loss per share (cents per share) | 12 | (1.03) | (0.75) |

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 2022 | Note | 2022 $ | 2021 $ |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 18(A) | 2,016,762 | 2,468,210 |
| Trade and other receivables | 5 | 270,454 | 779,787 |
| Prepayments | | 157,554 | 150,714 |
| **Total current assets** | | **2,444,770** | **3,398,711** |
| **Non-current assets** | | | |
| Property, plant and equipment | | 30,700 | 25,389 |
| Investments at fair value through profit or loss | 7 | 1,300,000 | - |
| Intangibles | 6 | 10,827,532 | - |
| **Total non-current assets** | | **12,158,232** | **25,389** |
| **Total assets** | | **14,603,002** | **3,424,100** |
| **Current Liabilities** | | | |
| Trade and other payables | 8 | 260,545 | 585,276 |
| Borrowings | 9 | 19,290 | 120,531 |
| Employee provisions | | 62,517 | 20,832 |
| **Total current liabilities** | | **342,352** | **726,639** |
| **Non-current liabilities** | | | |
| Deferred tax | 4 | 566,714 | - |
| Employee provisions | | 7,306 | - |
| **Total non-current liabilities** | | **574,020** | **-** |
| **Total liabilities** | | **916,372** | **726,639** |
| **Net assets** | | **13,686,630** | **2,697,461** |
| **Equity** | | | |
| Issued capital | 10 | 371,529,007 | 358,435,465 |
| Other reserves | 11 | 720,170 | - |
| Accumulated losses | | (358,562,547) | (355,738,004) |
| **Total equity** | | **13,686,630** | **2,697,461** |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

# : Consolidated statement of cash flows

| FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 | Note | 2022 $ | 2021 $ |
|---|---|---|---|
| **Operating Activities** | | | |
| Receipts from customers | | - | 228,960 |
| Payments to suppliers and employees | | (1,979,967) | (1,048,705) |
| Proceeds from R&D tax incentive | | 634,061 | 182,188 |
| Payments for rehabilitation expenditure | | (349,594) | (1,217,722) |
| Net Goods and Services Tax received (paid) | | (123,858) | 79,565 |
| Interest received | | 55,317 | 42,047 |
| Interest paid | | (3,020) | (1,510) |
| Costs associated with investments made | | (241,853) | - |
| **Net cash flows used in operating activities** | **18(B)** | **(2,008,914)** | **(1,735,177)** |
| **Investing Activities** | | | |
| Proceeds from sale of business | | - | 500,000 |
| Investment in other entities | 7 | (1,275,000) | - |
| Cash acquired on acquisition of subsidiary | 20 | 384,343 | - |
| Derecognition of joint venture funds | | (141,732) | - |
| **Net cash from / (used in) investing activities** | | **(1,032,389)** | **500,000** |
| **Financing Activities** | | | |
| Proceeds from issue of shares, net of share issue cost[1] | 10 | 3,622,800 | 1,365,617 |
| Repayment of borrowings | 9 | (106,162) | (54,107) |
| Repayment of lease liabilities | 9 | (57,148) | (56,926) |
| Transaction costs of share issues | 10 | (442,508) | - |
| Buy-back of unmarketable parcels of shares | 10 | (427,126) | - |
| **Net cash flow provided by financing activities** | | **2,589,855** | **1,254,584** |
| **Net decrease in cash and cash equivalents** | | **(451,448)** | **19,407** |
| Add: Opening cash and cash equivalents at 1 July | | **2,468,210** | **2,448,803** |
| **Cash and cash equivalents at 30 June** | 18(A) | **2,016,762** | **2,468,210** |

1. Share issue costs are separated as new line item in FY22

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

# : Consolidated statement of changes in equity

| FINANCIAL YEAR ENDED 30 JUNE 2022 | Issued Capital | Share Based Payment Reserve (Note 11) | Foreign Currency Translation Reserve (Note 11) | Accumulated Losses | Total Equity |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **At 1 July 2021** | **358,435,465** | **-** | **-** | **(355,738,004)** | **2,697,461** |
| Loss for the period | - | - | - | (2,824,543) | (2,824,543) |
| Other comprehensive income | - | - | - | - | - |
| **Total comprehensive income for the year** | | | | **(2,824,543)** | **(2,824,543)** |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Shares issued | 3,622,800 | - | - | - | 3,622,800 |
| Shares issued relating to business combination | 10,772,762 | - | - | - | 10,772,762 |
| Buy-back of unmarketable parcels | (427,126) | - | - | - | (427,126) |
| Share issue costs | (442,508) | - | - | - | (442,508) |
| Share based payment (note 15) | (432,386) | 720,170 | - | - | 287,784 |
| **At 30 June 2022** | **371,529,007** | **720,170** | **-** | **(358,562,547)** | **13,686,630** |

| FINANCIAL YEAR ENDED 30 JUNE 2021 | Issued Capital | Share Based Payment Reserve (Note 11) | Foreign Currency Translation Reserve (Note 11) | Accumulated Losses | Total Equity |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **At 1 July 2020** | **357,069,848** | **48,307** | **15,464** | **(354,750,907)** | **2,382,712** |
| Loss for the period | - | - | - | (1,001,885) | (1,001,885) |
| Other comprehensive income | - | - | - | - | - |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **(1,001,885)** | **(1,001,885)** |
| Deregistration of equity investment | - | - | (15,464) | 14,788 | (676) |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Shares issued | 1,460,391 | - | - | - | 1,460,391 |
| Share issue costs | (94,774) | - | - | - | (94,774) |
| Share based payment (note 3B) | | (48,307) | - | - | (48,307) |
| **At 30 June 2021** | **358,435,465** | **-** | **-** | **(355,738,004)** | **2,697,461** |

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

## Note 1 – Corporate information

The financial report of ReNu Energy Limited (the Company) and its subsidiaries (collectively the Group) for the year ended 30 June 2022 was authorised in accordance with a resolution of the Directors on 31 August 2022.

ReNu Energy Limited is a for profit Company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report.

## Note 2 – Summary of significant accounting policies

### A. Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

### B. Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

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

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

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

There were no standards that had any significant impact on the Group's accounting policies.

### D. Going Concern

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

As disclosed in the financial statements, the Group has net operating cash outflows for the year of $2,008,914 and as at 30 June 2022 has cash and cash equivalents of $2,016,762. The Group also generated a loss after tax of $2,824,543. The ability of the Group to continue as a going concern is principally dependent upon one or more of the following conditions:

- Securing appropriate projects and related funding for project investment.
- Effective cash flow management.
- Raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure required for the Group to advance its strategy to investing in renewable and clean energy technologies and develop green hydrogen projects.

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

# Notes to the Financial Statements (continued)



The Directors are satisfied that the Group has access to sufficient funds to extinguish creditors and liabilities in the ordinary course of business for at least the next 12 months from the date of signing this report and accordingly have applied the going concern basis of accounting in preparing the financial statements.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

**E. Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Group as at 30 June 2022. Subsidiaries are all entities which the Group controls. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

**Material controlled entity/subsidiaries**

The consolidated financial statements include the financial statements of the ultimate parent company, ReNu Energy Limited, and its controlled entities. Principal subsidiaries, all of which are incorporated in Australia, are listed in the following table:

| | | Equity Interest % | |
|---|---|---|---|
| **Name** | **Principal activities** | **2022** | **2021** |
| Countrywide Hydrogen Pty Ltd (formerly Countrywide Renewable Hydrogen Limited) | Hydrogen project origination | 100 | - |
| Countrywide Renewable Energy Pty Ltd | Dormant | 100 | - |

## Notes to the Financial Statements (continued)

### F. Foreign currency translation

Both the functional and presentation currency of ReNu Energy is Australian dollars ($A). Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Differences arising on the settlement or translation of monetary items are recognised in the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the translation of financial statements of foreign subsidiaries are taken to the foreign currency translation reserve at the reporting date. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

### G. Property, plant & equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided on a straight-line basis on all property, plant and equipment. All classes are depreciated over periods ranging from 3 to 25 years (2021: 3 to 25 years). The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the profit or loss during the reporting period in which they are incurred.

***Derecognition and disposal***

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

### H. Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for a cash-generating unit (CGU). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in the profit or loss in the year the loss is recognised.

## Notes to the Financial Statements (continued)

### I. Cash and cash equivalents

Cash and cash equivalents on the Statement of Financial Position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purposes of the Consolidated Statement of Cash Flows, cash includes cash on hand and in banks and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

### J. Contributed equity

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

### K. Trade and other payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

### L. Borrowings

Borrowings are initially recognised at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

***Transaction costs of borrowings***

Fees and other costs incurred in relation to the establishment of borrowing facilities are treated as transaction costs to the extent that it is probable that some or all of the facility will be drawn down and are included in the initial fair value of the financial liability. Costs for facilities which do not eventuate or for which the probability of utilisation is not probable are expensed in profit or loss.

### M. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

# Notes to the Financial Statements (continued)

## N. Employee benefits

### *(i) Wages, salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables or provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

### *(ii) Long service leave*

The liability for long service leave is recognised in the provision for employee entitlements.

### *(iv) Share-based payments*

The Group provides benefits to employees (including Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognised in the Statement of Profit or Loss and Other Comprehensive Income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award provided the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification. When the award is cancelled by the entity or by the counterparty any remaining element of the fair value of the award is expensed immediately through the profit or loss.

## O. Revenue recognition

The Group's primary revenue relates to contributions from the joint licensee for geothermal remediation.

### *Revenues from contracts with customers*

Revenue from contracts from customers is recognised when control of the goods or services is transferred to a customer at an amount that reflects the consideration to which the group expects to be entitled to receive in exchange for those goods or services.

# Notes to the Financial Statements (continued)

***Interest income***

Interest income is recorded as the interest accrues, using the effective interest rate (EIR) in accordance with AASB9. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

**P. Government grants**

Government Grants (including R&D tax incentives) are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants relating to rehabilitation costs are recorded as an offset against expenditure. To the extent the government grant is greater than the associated expenditure the residual amount is recorded as other income.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset or liability, the fair value is credited to a deferred income account until such time as all conditions associated with the grant are met. Once these conditions are achieved the credit is allocated to the relevant asset or liability. The amount of the grant is then released to net income over the expected useful life (by way of reduced depreciation or amortisation) of the relevant asset.

**Q. Earnings per share**

Basic earnings per share is determined by dividing the profit/(loss) after tax by the weighted average number of ordinary shares outstanding during the financial period. Diluted earnings per share is determined by dividing the profit/(loss) after tax adjusted for the effect of earnings on potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) outstanding during the financial period.

**R. Income tax**

***Current income tax***

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

# Notes to the Financial Statements (continued)

***Deferred tax***

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

## Notes to the Financial Statements (continued)

### S. Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the Statement of Cash Flow on a net basis and the GST component arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### T. Segment reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. Operating segments are identified on the basis of internal reports that are regularly reviewed and used by the Board of Directors in order to allocate resources to the segment and assess its performance and are reported in note 25.

### U. Parent Entity financial information

The financial information for the parent entity, ReNu Energy, included in note 23, has been prepared on the same basis as the consolidated financial statements.

### V. Comparative figures

When required by Accounting Standards, comparative figures are adjusted to conform to changes in presentation for the current financial year. Certain comparative financial information presented in the Statement of Profit or Loss and Other Comprehensive Income, and Statement of Cash Flows have been reclassified in this financial report to improve the presentation of information. The reclassification results in no net change to loss or cash flows for the comparative period.

### W. Rounding of amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest dollar.

### X. Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

# Notes to the Financial Statements (continued)

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss and other comprehensive income.

**Y. Financial Assets**

*Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income (OCI), or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The election is made on an investment-by-investment basis. All other financial assets are classified as measured at fair value through profit or loss (FVPL).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the group recognises the difference as follows:

(a) when the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e.: a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

## Notes to the Financial Statements (continued)

*Debt instruments*

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. The Group has cash and cash equivalents and trade and other receivables as financial assets. Consequently, the measurement category most relevant to the group is as follows:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

*Equity instruments*

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. The Group subsequently measures all equity investments at fair value through profit or loss. Gains and losses on equity investments at FVPL are included in the 'net gains/(losses) on financial assets at fair value through profit or loss' in the statement of profit or loss and other comprehensive income.

*Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

*Derecognition other than modification*

Financial assets, or portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownerships and the Group has not retained control.

### Z. Right-of-use assets

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

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

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred. Right-of-use assets has been included in property, plant and equipment in the statement of financial position.

## Notes to the Financial Statements (continued)

### AA. Lease liabilities

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

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

### BB. Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

## Notes to the Financial Statements (continued)

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

### CC. Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

*Goodwill*
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

*Customer contracts*
Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

### DD. Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### EE. Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on judgement, estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

# Notes to the Financial Statements (continued)

***Share-based payment transactions***

The Group measures the cost of equity-settled transactions with employees and directors 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 either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments will 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. Refer to note 15 for further information.

***Impairment assessment of goodwill***

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2 CC. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of a number of key assumptions given the early stage of development of the underlying projects. In assessing the impairment of goodwill arising from the acquisition of Countrywide Hydrogen Pty Ltd during the period, the Group assessed Countrywide Hydrogen Pty Ltd to include three cash-generating units being hydrogen development projects in Melbourne, Portland and Tasmania. It is not possible to allocate the goodwill to the planned hydrogen projects on a non-arbitrary basis given the synergies between the projects at this early stage of development. Because of this the recoverable amount of goodwill was determined at the hydrogen operating segment level. Refer to note 6 for further information.

***Impairment of non-financial assets other than goodwill***

The Group assesses impairment of non-financial assets other than goodwill at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

***Acquisition of Countrywide Hydrogen Pty Ltd (formerly Countrywide Renewable Hydrogen Limited)***

The Group accounted for the acquisition of Countrywide Hydrogen Pty Ltd as a Business Combination under AASB 3 based on the judgement that the company had substantive processes and inputs at the time of acquisition, which could significantly contribute to the ability to create outputs and therefore the company is a business, and the transaction should be considered a business combination under AASB 3.

***Intangible assets – customer relationships***

The Group determined that customer relationships that Countrywide Hydrogen Pty Ltd held at the time of acquisition met the accounting criteria to be recognised as identifiable intangible assets. This involved significant judgement regarding the nature of the relationships and took into consideration the memorandums of understanding (MOUs) that had been entered into and that these are not potential contracts with new customers, rather they illustrate that Countrywide Hydrogen Pty Ltd has information about the customer, regular contact with them and the customer can make direct contact with the company. The valuation of the customer relationship intangible asset was assessed by adopting an income-based methodology utilising an estimate of discounted cash flows arising from the MOUs. The discount rate applied in valuing the MOUs was 14.8% and other key assumptions were similar to those detailed in note 6 for the impairment testing of goodwill.

***Valuation of investments at fair value through profit or loss***

Investments at fair value through profit or loss are investments in companies that are not publicly traded. Determination of the fair value of these investments involves considerable judgement. Reference is made to the price at which these companies most recently raised funds, along with consideration whether events or circumstances have occurred subsequent to raising funds that is likely to result in a material change in the fair value of the investment.

# Notes to the Financial Statements (continued)

## Note 3A – Income

| | 2022 $ | 2021 $ |
|---|---|---|
| **Other income** | | |
| Recoupment of remediation costs | 48,412 | - |
| R&D tax incentive received[1] | 14,098 | 107,565 |
| Grant income | - | 113,000 |
| Other income | 25,030 | 42,487 |
| | **87,540** | **263,052** |

1. Total R&D incentive received or receivable is in relation to remediation costs

## Note 3B – Personnel expenses

| | 2022 $ | 2021 $ |
|---|---|---|
| Loss before income tax has been determined after charging the following specific items: | | |
| Personnel expenses | 1,191,800 | 740,083 |
| Termination payments | - | - |
| Share based payments[1] | 287,784 | (48,308) |
| | **1,479,584** | **691,775** |

1. Refer to note 15

## Note 3C – Other operating expenses

| | 2022 $ | 2021 $ |
|---|---|---|
| Depreciation of operational plant & equipment | 2,282 | 4,082 |
| Remediation costs | - | 65,725 |
| Project operational expenses | 58,994 | - |
| Write down of geothermal assets | 165,215 | - |
| Amortisation expense | 183,833 | - |
| Investment & acquisition costs | 241,853 | - |
| | **652,177** | **69,807** |

# Notes to the Financial Statements (continued)

## Note 3D – General & administrative expenses

| | 2022 $ | 2021 $ |
|---|---|---|
| Governance | 241,179 | 120,399 |
| External advisory | 162,487 | 236,321 |
| Facility, IT and communications | 48,004 | 62,941 |
| Travel | 35,653 | 3,716 |
| Insurance | 153,222 | 161,991 |
| Depreciation on right of use asset | 56,697 | 53,310 |
| Investor and public relations | 88,901 | - |
| Other | 45,321 | 32,044 |
| | **831,464** | **670,722** |

## Note 4 – Income tax

| | 2022 $ | 2021 $ |
|---|---|---|
| **Income tax expense** | | |
| The prima facie tax benefit on loss of 25.0% (2021 – 26.0%) differs from the income tax provided in the financial statements as follows: | | |
| Prima facie tax benefit on loss | 706,136 | 260,490 |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Change in R&D incentive for the prior year[1] | 3,525 | 27,967 |
| Other income/(expenses) | (176,912) | 16,534 |
| Income tax benefit/(expense) | 532,748 | 304,991 |
| Adjustments for current tax of prior periods | - | - |
| Deferred tax assets for tax losses and other temporary differences not recognised | (532,748) | (304,991) |
| Income tax expense | - | - |

1 Change in R&D incentive represents amounts received in excess of carrying receivable balances

## Notes to the Financial Statements (continued)

Income tax expense comprises:

| | | |
|---|---|---|
| Current tax | 535,595 | - |
| Deferred tax | (2,847) | (304,991) |
| Deferred tax asset | (532,748) | 304,991 |
| Total income tax expense | - | - |

| **Tax losses** | **2022 $** | **2021 $** |
|---|---|---|
| Unused tax losses for which no deferred tax asset has been recognised[1] | 263,864,332 | 261,903,876 |
| Potential tax benefit at 25.0% (2021 – 26.0%) | **65,966,083** | **68,098,555** |

### Deferred income tax

Deferred income tax at the end of the reporting period relates to the following:

| | **2022 $** | **2021 $** |
|---|---|---|
| **Deferred tax liabilities** | | |
| Other deferred tax liability | (524,047) | (1,151) |
| Total deferred tax liabilities (A) | **(524,047)** | **(1,151)** |
| | | |
| **Deferred tax assets** | | |
| Losses available for offset against future taxable income: | | |
| Company | 65,966,083 | 68,098,555 |
| Subsidiary | - | - |
| Other deferred tax asset | 58,878 | 90,167 |
| Total deferred tax assets (B) | **66,024,961** | **68,188,722** |
| Net deferred tax assets (A) + (B) | 65,500,914 | 68,187,571 |
| Deferred tax assets not recognised[1] | (65,500,914) | (68,187,571) |
| Recognised net deferred income tax assets | - | - |

1 Deferred tax assets arising from tax losses and temporary differences are only brought to account to the extent that it offsets the Group's deferred tax liabilities arising from temporary differences. As the Group does not have a history of taxable profits, the deferred tax assets associated with tax losses and temporary differences in excess of the Group's deferred tax liabilities arising from temporary differences is not yet regarded as probable of recovery at 30 June 2022.

## Notes to the Financial Statements (continued)

| Movement in deferred tax assets | 2022 $ | 2021 $ |
|---|---|---|
| Balance at the beginning of the year | 68,188,722 | 76,677,294 |
| (Charged)/credited to profit or loss: | | |
| Tax losses | 535,595 | (4,013,786) |
| Trade and other payables | (42,478) | (160,975) |
| Provisions | (3,038) | (387,797) |
| Adjustment for deferred tax of prior periods | (20,440) | - |
| Change in tax rate | (2,633,401) | (3,926,014) |
| Balance at the end of the year | **66,024,961** | **68,188,722** |

| Movement in deferred tax liabilities | 2022 $ | 2021 $ |
|---|---|---|
| Balance at the beginning of the year | (1,151) | (4,064) |
| (Charged)/credited to profit or loss: | | |
| Leases | (3,290) | 2,847 |
| Intangible assets | 45,958 | - |
| Adjustment for deferred tax of prior periods | 1,105 | - |
| Recognition of DTL of acquired entities | (566,714) | - |
| Change in tax rate | 44 | 66 |
| Balance at the end of the year | **(524,047)** | **(1,151)** |

## Note 5 – Trade and other receivables

| | 2022 $ | 2021 $ |
|---|---|---|
| **Current** | | |
| Cash held as security | 150,052 | 150,000 |
| Trade receivables | 52,369 | - |
| GST Receivable | 65,400 | - |
| R&D Tax Incentive receivable | - | 619,962 |
| Interest receivable | 19 | 27 |
| Other receivables and deposits | 2,614 | 9,798 |
| Total current trade and other receivables | **270,454** | **779,787** |

## Notes to the Financial Statements (continued)

**Assets pledged as security**

Of the cash held as security $150,052 (2021: $150,000) for bank guarantees (refer note 19).

**Foreign exchange, interest rate and liquidity risk**

Information about the Group's exposure to foreign exchange risk, interest rate risk and liquidity risk is provided in note 22. Trade and other receivables are non-interest bearing.

**Fair value and credit risk**

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 22 for more information on the risk management policy of the Group.

**Impairment**

The Group assesses impairment on a forward looking basis for its trade and other receivables carried at amortised cost. 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. No expected credit loss has been recognised by the Group during the year.

| Note 6 – Intangibles | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Intangibles (including goodwill) at cost | 11,011,365 | |
| Less: accumulated amortisation and impairment | (183,833) | - |
| Total Intangibles | **10,827,532** | **-** |
| *Reconciliation of Intangibles* | | |
| Acquisitions – Customer relationships | 2,266,855 | |
| Amortisation of Customer relationships | (183,833) | |
| | **(2,083,022)** | |
| Acquisitions – Goodwill | 8,744,510 | |
| Impairment | - | |
| | **8,744,510** | |
| Carrying amount 30 June 2022 | **10,827,532** | **-** |

*Reconciliations*

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

## Notes to the Financial Statements (continued)

| FINANCIAL YEAR ENDED 30 JUNE 2022 | Goodwill $ | Customer contracts $ | Total $ |
|---|---|---|---|
| **Balance at 30 June 2021** | **-** | **-** | **-** |
| Additions through business combinations (note 20) | 8,744,510 | 2,266,855 | 11,011,365 |
| Impairment of Assets | - | - | - |
| Amortisation Expense | - | (183,833) | (183,833) |
| **Balance at 30 June 2022** | **8,744,510** | **2,083,022** | **10,827,532** |

*Impairment testing*

Goodwill acquired through the business combination is monitored at the hydrogen operating segment level. This is the lowest level at which the goodwill is monitored as it is not possible to allocate the goodwill to the planned hydrogen projects on a non-arbitrary basis given the synergies between the projects at this early stage of development.

The recoverable amount of the Group's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 20-year project life.

Key assumptions are those to which the recoverable amount of an asset or cash generating unit is most sensitive. Other than first hydrogen sales, each of the key assumptions has been based on a range of possible values reflecting an estimated 10%, 50% and 90% chance of occurring. The following key assumptions were used in the discounted cash flow model:

| Key assumption | Approach to determining the value assigned to the key assumption |
|---|---|
| Discount rate | Reflects management's estimate of the time value of money and the Group's expected weighted average cost of capital, the risk-free rate and the volatility of the share price relative to market movements. It also reflects that for the key assumptions, adjustments to the cash flows have been made to arrive at risk-adjusted expected cash flows. A 14.8% pre-tax discount rate has been assumed. |
| Federal and State grant funding | Takes into consideration government announcements of funding to be made available for projects and funding already provided for other projects that don't belong to the Group. Depending on the project location and size, grant funding ranging from $9 million to $39 million has been modelled. |
| Capital expenditure | Determined based on estimates provided by a global engineering consultancy engaged by the Company working on similar projects and discussions/pricing from key equipment vendors. The capex assumptions also include a contingency appropriate to the status of the project. Depending on the project location and size, capital expenditure ranging from $23 million to $80 million has been modelled. |
| Hydrogen sales price | Depending on the use case for the facility, management considered the diesel displacement breakeven point for heavy vehicles, business demand to decarbonise operations, the opportunity to blend hydrogen in natural gas pipelines and conversations on expected price with potential customers. Depending on the project location and customer, a hydrogen sales price ranging from $7 to $14/kg has been modelled. |

## Notes to the Financial Statements (continued)

| Key assumption (continued) | Approach to determining the value assigned to the key assumption |
|---|---|
| Power price | Determined considering estimates of current behind-the-meter and national energy market (NEM) peak and off-peak power costs, potential project partner purchase price agreements and government subsidies. Depending on the project location and supplier, a power price ranging from \$40 to \$80/MWh has been modelled. |
| First hydrogen sales | Determined considering the key milestones to be achieved before financial close and expected construction timeframe based on discussions with the Company's engineering consultant and considering current supply chains. Although first sales may occur earlier, sales commencing during calendar year 2025 have been modelled in each case. |

In determining the recoverable amount, an annual growth rate of 2.5% has been applied to income and 3% to operating expenses.

*Sensitivity*

Based on the above the recoverable amount of the cash generating units exceeded the carrying amount by \$16 million.

The Directors have made judgements and estimates in respect of impairment testing goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- The discount rate would be required to increase by 2.0% before goodwill would need to be impaired, with all other assumptions remaining constant.
- If Federal and State Government grant funding is 30% less than the mean value estimated, the carrying amount of goodwill may then exceed it recoverable amount.
- If capital expenditure on an individual project or across the projects exceeds the mean value construction costs estimated by approximately 15% (after contingency), the carrying amount of goodwill may then exceed recoverable amount.
- If power supply increases from the mean value estimated by approximately 15%, the carrying amount of goodwill may then exceed its recoverable amount.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

# Notes to the Financial Statements (continued)

## Note 7 – Investments at fair value through profit or loss

| | 2022 $ | 2021 $ |
|---|---|---|
| Investment in Uniflow Power Limited(1) | 350,000 | - |
| Investment in Enosi Australia Pty Ltd(2) | 500,000 | - |
| Investment in Allegro Energy Pty Ltd(3) | 450,000 | - |
| | 1,300,000 | - |

(1) Shares held in Uniflow Power Limited (**Uniflow**) with a face value of $350,000, an Australian unlisted public company, commercialising a unique, micro renewable energy generator – The Cobber. The shares held equate to 5.0% of Uniflow equity (on a post money basis).

(2) Shares held in Enosi Australia Pty Ltd (**Enosi**) with a face value of $500,000. Enosi is an Australian company that has developed Powertracer, a leading grid-scale renewable energy trading and tracing solution. The shares held equate to 5.8% of Enosi equity (on a post money basis).

(3) Shares held in Allegro Energy Pty Ltd (**Allegro**) with a face value of $450,000. Allegro is an Australian energy storage solution and battery technology company that has developed a unique water-based electrolyte, which can be used in the development of high performance, safe, non-toxic, non-flammable supercapacitors and redox flow batteries. The shares held equate to 5.0% of Allegro equity (on a post money basis).

## Note 8 – Trade and other payables

| | 2022 $ | 2021 $ |
|---|---|---|
| **Current** | | |
| Trade creditors | 143,437 | 76,669 |
| Accrued and other liabilities | 117,108 | 441,457 |
| GST payable | - | 67,150 |
| Trade creditors and accruals | **260,545** | **585,276** |

### Terms and conditions

Accounts payable and accrued liabilities are non-interest bearing. Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. All amounts are normally settled within 30 days, and discounts for early payment are normally taken where it is considered advantageous for the Company to do so. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

# Notes to the Financial Statements (continued)

## Note 9 – Borrowings

| | 2022 $ | 2021 $ |
|---|---|---|
| **Current borrowings** | | |
| Lease liability | 19,290 | 14,369 |
| Other borrowings[1] | - | 106,162 |
| Total current borrowings | **19,290** | **120,531** |

1 Other borrowings relates to FY21 insurance premium funding.

| **Changes in borrowings resulting from financing activities** | 2022 $ | 2021 $ |
|---|---|---|
| Balance as at beginning of financial year | 120,531 | 27,358 |
| Facility from borrowings[1] | - | 160,269 |
| Movement in lease liabilities | 4,921 | (12,989) |
| Repayments of principal[2] | (106,162) | (54,107) |
| Balance at the end of the financial year | **19,290** | **120,531** |

1 Facility from borrowings relates to insurance premium funding.
2 Insurance premium funding instalments.

### Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under borrowings) and the movements during the period:

| **Changes in lease liabilities** | 2022 $ | 2021 $ |
|---|---|---|
| At 1 July | 14,369 | 27,358 |
| Additions | 60,870 | 43,130 |
| Interest | 1,199 | 807 |
| Lease payments | (57,148) | (56,926) |
| At 30 June | **19,290** | **14,369** |
| Current | 19.290 | 14,369 |
| Non-current | - | - |
| | **19,290** | **14,369** |

The maturity analysis of lease liabilities are disclosed in Note 22.

### Fair value of borrowings

The fair values of borrowings are not materially different from their carrying values as interest rates on those borrowings are either close to current market rates or the borrowings are of a short-term nature.

# Notes to the Financial Statements (continued)

## Note 10 – Issued capital

| | 2022 $ | 2021 $ |
|---|---|---|
| Authorised Shares | | |
| 364,566,012 (2021 – 132,762,923) fully paid ordinary shares | **371,529,007** | **358,435,465** |

| MOVEMENT IN ORDINARY SHARE CAPITAL: | | NUMBER OF SHARES | ISSUE PRICE $ PER SHARE | $ |
|---|---|---|---|---|
| **30/06/20** | **Balance at end of financial year** | **120,634,341** | | **357,069,848** |
| 3/12/20 | Share cancellation | (14,424,000) | - | - |
| 8/6/21 | Share issue | 26,552,581 | 0.055 | 1,460,392 |
| 8/6/21 | Share issue costs | - | - | (94,775) |
| **30/06/21** | **Balance at end of financial year** | **132,762,923** | | **358,435,465** |
| 9/12/2021 | Share Issue(1) | 26,400,000 | 0.09 | 2,376,000 |
| 8/02/2022 | Share issue(2) | 1,800,000 | 0.081 | 145,800 |
| 8/02/2022 | Share issue(3) | 45,000,000 | - | - |
| 8/02/2022 | Share issue(4) | 124,680,158 | 0.08 | 9,974,413 |
| 18/02/2022 | Share issue(5) | 13,853,318 | 0.09 | 1,246,800 |
| 21/04/2022 | Share issue(4) | 9,979,362 | 0.08 | 798,349 |
| 11/05/2022 | Share buy-back (6) | (7,909,749) | 0.054 | (427,126) |
| 30/05/2022 | Share Issue (7) | 18,000,000 | | |
| | Share issue costs – options issued to corporate advisor and lead manager | | | (578,186) |
| | Share issue costs | | | (442,508) |
| **30/06/2022** | **Balance at end of financial year** | **364,566,012** | | **371,529,007** |

(1) 26,400,000 shares issued on 9 December 2021 in respect of a private placement to sophisticated and institutional investors at $0.09 per share.

(2) 1,800,000 bonus shares awarded to the Board and CEO in December 2021 and approved by shareholders on 1 February 2022. The award was in recognition of work completed during 2021, including addressing long standing liabilities from previous operations, achieving reduced operating costs, raising capital and implementing a strategy to be one of the only ASX listed companies focussed on acquiring strategic stakes in and nurturing renewable and clean energy projects and technologies. The shares were issued on 8 February 2022.

(3) 45,000,000 Loan Share Plan Shares (Plan Shares) issued to executives and Directors (pursuant to the terms of the Loan Share Plan approved by shareholders at the Company's 2017 annual general meeting) with vesting conditions that require the Company's share price achieving a price which represents a significant increase in shareholder value in relation to the share price at the time that the Plan Shares were granted. The issue of the Plan Shares was approved by shareholders at the extraordinary general meeting of the Company held on 1 February 2022 and the shares were issued on 8 February 2022.

(4) 134,659,520 ordinary shares issued to the shareholders of Countrywide Hydrogen Pty Ltd (CH) as consideration for the acquisition of 100% CH (Consideration Shares), comprising 124,680,159 Consideration Shares were issued on 8 February 2022 today and a further 9,979,361 Consideration Shares issued on 21 April 2022 to the three founders of CH following preparation of completion accounts.

(5) 13,853,318 shares issued to eligible applicants under the Company's Share Purchase Plan on 18 February 2022 at $0.09 per share.

# Notes to the Financial Statements (continued)

(6) 7,909,749 shares bought back under the Company's unmarketable parcels buyback facility on 18 February 2022 at $0.054 per shares.

(7) 18,000,000 shares issued as security for the Company's At The Market (ATM) Facility with Acuity Capital (Collateral Shares) for nil cash consideration. The Company may at any time cancel the ATM as well as buy back (and cancel) those shares for no cash consideration (subject to shareholder approval). The ATM provides the Company with up to $5,000,000 of standby equity capital until 31 July 2024.

**Terms and conditions of contributed equity**

Ordinary Shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Refer to note 15 for the terms and conditions of shares issued relating to Loan Share Plan.

## Note 11 – Reserves

| | 2022 $ | 2021 $ |
|---|---|---|
| Share based payment reserve | 720,170 | - |
| | **720,170** | **-** |
| **Reconciliation of Reserves** | | |
| Carrying amount at beginning | - | 63,771 |
| Net share-based payments expense recognised | 720,170 | (48,307) |
| Recognition of foreign currency translation reserve [1] | - | (15,464) |
| | **720,170** | **-** |

1 Relates to the deregistration of a subsidiary company.

**Nature and purpose of reserves**

**Share based payment reserve**

The employee share-based payment reserve is used to record the value of share loan plan shares granted to employees and directors, including Key Management Personnel, as part of their remuneration. Refer to note 15 for further details.

# Notes to the Financial Statements (continued)

## Note 12 - Earnings per share

| | 2022 Cents per share | 2021 Cents per share |
|---|---|---|
| **Basic and diluted earnings/(loss) per share attributable to the equity holders of the Company:** | | |
| From continuing operations | (1.03) | (0.86) |
| From discontinued operations | - | 0.11 |
| | **(1.03)** | **(0.75)** |

| The following reflects the income and share data used in the calculations of basic and diluted earnings per share: | 2022 $ | 2021 $ |
|---|---|---|
| **Net profit/(loss) attributable to equity shareholders:** | | |
| From continuing operations | (2,284,543) | (1,147,357) |
| From discontinued operations | - | 145,472 |
| | **(2,824,543)** | **(1,001,885)** |

| | 2022 Shares | 2021 Shares |
|---|---|---|
| **Weighted average number of ordinary shares used in calculation of basic and diluted earnings per share** | **222,737,484** | **113,975,549** |

As the Group has generated a loss, potential ordinary shares have been deemed to be anti-dilutive.

## Note 13 – Discontinued Operations

During the year ended 30 June 2021, the Group disposed of its 30% interest in the Goulburn and AJ Bush bioenergy projects for a consideration of $500,000 to its Alliance Partner, Resonance Industrial Water Infrastructure Fund.

The results from these two bioenergy projects-up until the date of sale have been classified as discontinued operations.

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| (a) Profit from discontinued operations after tax | 2022 $ | 2021 $ |
|---|---|---|
| Share of associated companies' profit/(loss) | - | (21,426) |
| Gain on disposal of subsidiary – refer to (b) below | - | 166,898 |
| **Net gain / (loss) from discontinued operations** | **-** | **145,472** |
| **Net gain / (loss) from discontinued operations after tax** | **-** | **145,472** |
| **Net cash flows from discontinued operations** | | |
| Net cash outflow from operating activities | - | (19,322) |
| Net cash inflow from investing activities | - | 500,000 |

| (b) Details of the sale of the subsidiaries | 2022 $ | 2021[1] $ |
|---|---|---|
| **Consideration received or receivable** | | |
| Cash | - | 500,000 |
| Carrying amount of net assets sold / derecognised | - | (333,102) |
| **Gain/(loss) on sale** | **-** | **166,898** |

1 Relates to the disposal of the 30% interest in the bioenergy projects on 5 August 2020.

## Note 14 – Remuneration of Auditors

| | 2022 $ | 2021 $ |
|---|---|---|
| Auditors of the Group - BDO | | |
| Audit and review of the financial statements | 76,298 | 53,934 |
| Preparation of Independent Expert's Report | 90,000 | - |
| Total services provided by BDO | **166,298** | **53,934** |

During the year there were $90,000 (2021: nil) fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms.

## Note 15 – Share based payments

**Loan Share Plan Shares**

At the 2017 AGM, shareholders approved a Loan Share Plan (LSP) to retain, motivate and attract executives and to better align the interests of employees with those of the Group and its shareholders by providing an opportunity for employees to acquire shares subject to the terms and conditions of the LSP (Plan Shares).

The Plan Shares are issued or transferred to the participants in the LSP, determined by the Board in its absolute discretion, at market value. The Group may provide a limited recourse loan to eligible employees who are invited to participate in the LSP to assist them to purchase Plan Shares (Loan).

On 8 February 2022, the Company issued 45,000,000 ordinary shares (Plan Shares) to executives of the Company pursuant to the Loan Share Plan approved by shareholders at an Extraordinary General Meeting on 1 February 2022.

## Notes to the Financial Statements (continued)

The Plan Shares will only vest if the executive has been employed for 6 months from the grant date and the achievement of certain share price targets for ReNu Energy's shares (Target Price) as follows:

| Share Target Price* | Number of Plan Shares |
|---|---|
| $0.15 | 15,000,000 |
| $0.25 | 15,000,000 |
| $0.35 | 15,000,000 |
| **Total Plan Shares** | 45,000,000 |

* The Target Price vesting condition will be satisfied where the Volume Weighted Average Price of the Company's shares over any 15-day trading period is at least the Target Price.

Plan Shares will also vest if there is a change of control event.

Each recipient has been provided with a 10-year, limited recourse, interest-free loan to fund the acquisition of the Plan Shares. The loan amount is calculated as $0.09 per Plan Share multiplied by the number of Plan Shares and is repayable in certain circumstances, including when employment with the Company ceases. The Company's recourse against the employee is limited to the loan amount if the Plan Shares have vested, or otherwise the transfer back to the Company of the Plan Shares to which the loan relates.

The issue price of the shares was $0.09 each with an aggregate loan value of $4.05 million.

As the Company has no right to receive cash settlement for the loan (the executive can elect to forfeit the shares), no loan receivable has been recognised by the Company. The effect of the contractual arrangements is equivalent to an option exercisable at the time of loan repayment at an exercise price of $0.09 per share. As a result, the grant of Plan Shares has been valued using an option pricing model and the fair value recognised in profit or loss over the expected vesting period.

The fair value of Plan Shares granted during the year is shown below, as determined using a Monte-Carlo simulation valuation methodology based on the grant date of the Plan Shares. The model inputs included: a base share price at grant date of $0.081; a deemed exercise price of $0.090; a risk-free interest rate of 1.89%; an expected exercise period of 10 years; no dividends being payable during the exercise period; and expected price volatility of the Company's shares of 97.40%, based on historic volatility to the grant date.

| Grant | Monte Carlo Value |
|---|---|
| Tranche 1 | $0.061 |
| Tranche 2 | $0.056 |
| Tranche 3 | $0.050 |

## Notes to the Financial Statements (continued)

| Plan Shares 2022<br>Grant date | Exercise price | Expiry date | Balance at the start of the year<br>Number | Granted during the year<br>Number | Forfeited during the year<br>Number | Balance at the end of the year[1]<br>Number |
|---|---|---|---|---|---|---|
| 01/02/2022 | $0.090 | 01/02/2032 | - | 45,000,000 | - | 45,000,000 |
| Weighted average fair value | | | | $0.071 | - | $0.071 |

1. No Plan Shares were exercisable at the end of the year and the weighted average remaining contractual life of the Plan Shares at the end of the year was 9.59 years (2021: nil).

### Bonus Shares

1,800,000 bonus shares awarded to the Directors and CEO in December 2021 and approved by shareholders on 1 February 2022. The award was in recognition of work completed during 2021, including addressing long standing liabilities from previous operations, achieving reduced operating costs, raising capital and implementing a strategy to be one of the only ASX listed companies focussed on acquiring strategic stakes in and nurturing renewable and clean energy projects and technologies. The shares were issued on 8 February 2022.

### Listed Options

- 7,500,000 listed options were issued on 26 August 2021 to Peak Asset Management for acting as corporate adviser and lead manager to the June 2021 placement.

  The 7,500,000 listed options granted to Peak Asset Management are accounted for as a share-based payment in respect of the services provided. The fair value at grant date is estimated using a Black Scholes model, taking into account the terms and conditions upon which the options were granted. The contractual life of each option granted is 2.4 years. There is no cash settlement of the options. The fair value of options granted during the six months ended 31 December 2021 of $ 0.0448 per option was estimated on the date of issue using the following assumptions:

| | |
|---|---|
| Exercise Price ($) | 0.07 |
| Dividend yield (%) | 0 |
| Expected volatility (%) | 168 |
| Risk-free interest rate (%) | 0.18 |
| Expected life of share options (years) | 2.4 |
| Share price ($) | 0.057 |

- 6,600,000 listed options were issued on 9 December 2021 as part of the December 2021 share placement to professional sophisticated investors and a further 3,463,403 listed options were issued on 18 February 2022 as part of the Share Purchase Plan that closed on 18 February 2022. Subscribers received one (1) free attaching option for every four (4) shares subscribed for.

- A further 5,000,000 listed options were issued on 1 February 2022 to Peak Asset Management for acting as corporate adviser and lead manager to the December 2021 placement.

  The 5,000,000 listed options granted to Peak Asset Management are accounted for as a share-based payment in respect of the services provided. The fair value at grant date is estimated using a Black Scholes model, taking into account the terms and conditions upon which the options were granted. The contractual life of each option granted is 1.9 years. There is no cash settlement of the options. The fair value of options granted during the six months ended 31 December 2021 of $ 0.0485 per option was estimated on the date of issue using the following assumptions:

# Notes to the Financial Statements (continued)

| | |
|---|---|
| Exercise Price ($) | 0.07 |
| Dividend yield (%) | 0 |
| Expected volatility (%) | 113 |
| Risk-free interest rate (%) | 0.81 |
| Expected life of share options (years) | 1.9 |
| Share price ($) | 0.081 |

An amount of $578,186 has been included in the statement of changes in equity for the year ended 30 June 2022 under 'Share Capital' (being a cost of raising capital) relating to the fair value of the options granted to Peak Asset Management in August 2021 and February 2022.

## Note 16 – Key Management Personnel

**Compensation of Key Management Personnel**

| | 2022 $ | 2021 $ |
|---|---|---|
| Short-term employee benefits | 798,612 | 615,658 |
| Post-employment benefits | - | 26,444 |
| Share based payment expense | 287,784 | - |
| | **1,086,396** | **642,102** |

Further information on remuneration of KMP is shown in the Remuneration Report contained within the Directors' Report.

## Note 17 – Related party disclosures

**Related party transactions with Directors**

The Group engaged Pacific Energy Partners Pty Ltd to provide consulting services. The key resource from Pacific Energy Partners Pty Ltd is Tim Scholefield. Consulting and Executive Director fees of $166,381 were paid during the year (2021: $261,454). The material terms of the engagement of Pacific Energy Partners are disclosed in section 4 of the Remuneration Report.

# Notes to the Financial Statements (continued)

## Note 18 - Notes to the Statement of Cash Flows

| | 2022 $ | 2021 $ |
|---|---|---|
| **A.** Reconciliation of cash | | |
| Cash balance comprises: | | |
| Cash at bank | 2,016,762 | 2,468,210 |
| Total cash – excluding cash held by disposal group held for sale | **2,016,762** | **2,468,210** |
| **B.** Reconciliation of the operating loss after tax with the net cash flows used in operations | | |
| Loss after income tax | (2,824,543) | (1,001,885) |
| Depreciation and amortisation | 242,811 | 57,392 |
| Share based payments expense | 287,784 | (48,308) |
| Share of losses of associates | - | 21,426 |
| Write down of geothermal assets | 165,215 | - |
| **Changes in Operating Assets & Liabilities** | | |
| (Increase)/decrease in receivables and prepayments | 573,861 | 397,530 |
| Increase/(decrease) in other creditors and accruals | (470,474) | 249,579 |
| Increase in provisions | 16,432 | (1,410,911) |
| Net Cash Flow used in Operating Activities | **(2,008,914)** | **(1,789,284)** |

## Note 19 – Contingent liabilities

**Bank guarantees**

The Group's bankers have issued bank guarantees as security for relevant Government authorities in respect of tenement rehabilitation obligations of the Company: $150,052 (2021: $150,000);

As noted in note 5, these amounts are secured over cash deposits.

# Notes to the Financial Statements (continued)

## Note 20 – Business Combination

On 10 November 2021, ReNu Energy announced that it had entered into a Share Purchase Agreement to acquire 100% of the issued capital of Australian green hydrogen business, Countrywide Hydrogen Pty Ltd (CH). ReNu Energy completed the acquisition of CH on 8 February 2022 with 124,680,158 shares issued to CH shareholders on 8 February 2022 and a further 9,979,362 shares issued to the three founders of CH on 21 April 2022 following preparation of completion accounts.

CH is a Melbourne based company, specialising in the origination and development of renewable ('green') hydrogen projects in Australia and abroad to supply the future demand for emission-free hydrogen.

The business combination:

- Provided the Group access to a compelling market opportunity in green hydrogen through three Australian onshore green hydrogen projects and a pipeline of early-stage opportunities in Canada and the USA.
- The goodwill of $8,744,510 recognises the time invested and extent of the relationships the CH founders have developed in each of the three Australian onshore green hydrogen opportunities over several years cannot be easily replicated by new entrants.
- Added to the Group’s leadership team by welcoming two CH Directors to the ReNu Energy Board of Directors and through gaining the considerable project origination and development expertise of the CH personnel.
- Provided the Group with a point of differentiation with the initial focus being on domestic supply.
- Came with no debt and positive working capital to progress the green hydrogen opportunities in the short term.

## Notes to the Financial Statements (continued)

**Assets acquired and Liabilities assumed**

The business combination accounting has been finalised and has resulted in the following fair values being allocated to the identifiable assets and liabilities of Countrywide Hydrogen and Countrywide Renewable Energy at the acquisition date.

| | 2-Feb-22<br>$ |
|---|---|
| Assets | |
| Current Assets | |
| Cash and cash equivalents | 384,343 |
| Current tax assets | 8,691 |
| Other current assets | 38,311 |
| **Total Current Assets** | **431,345** |
| **Non-current assets** | |
| Goodwill[1] | 8,744,510 |
| TAS - Bell Bay customer relationshipss[2] | 362,775 |
| VIC – MHH customer relationships[2] | 1,904,080 |
| Property, plant and equipment | 1,709 |
| **Total Non-Current Assets** | **11,013,074** |
| **Total Assets** | **11,444,419** |
| **Liabilities** | |
| **Current Liabilities** | |
| Trade and other payables | (51,197) |
| Short-term provisions | (32,560) |
| Loans (other) | (3,253) |
| Current tax liability | (17,933) |
| **Total Current Liabilities** | **(104,943)** |
| **Non-current liabilities** | |
| Deferred Tax Liability[3] | (566,714) |
| **Total Non-Current Liabilities** | **(566,714)** |
| **Total Liabilities** | **(671,657)** |
| Total Identifiable Net Assets At Fair Value | **10,772,762** |
| **Purchase Consideration** | |
| 134,659,520 shares at $0.080 | **10,772,762** |

1. Subsequently tested for impairment (refer Note 6)
2. Amortised to 2,083,022 as at 30 June 2022 (refer Note 6)
3. Reflects the customer relationships acquired multiplied by the tax rate (25%) on the basis the MOUs are not amortisable for income tax purposes. The DTL was subsequently offset against Deferred Tax Assets recognised.

# Notes to the Financial Statements (continued)

## Note 21 – Subsequent events

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## Note 22 – Financial risk management

The Group's principal financial instruments comprise cash, short-term deposits and borrowings. The Group has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations. The Group does not trade in financial instruments. The main risks arising from the Group's financial instruments are credit risk and liquidity risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Primary responsibility for identification and control of financial risks rests with the board of Directors, however the day-to-day management of these risks is under the control of the Chief Executive Officer. The Board agrees the strategy for managing future cash flow requirements and projections.

**(A) Credit risk**

The Group's maximum exposures to credit risk at balance date in relation to financial assets, is the carrying amount of those assets as recognised on the reporting of financial position. There are no derivative financial instruments currently being used by the Group to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties for material transactions and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. The Group's retail business does have exposure to small business customers for whom credit records may not be readily available, however individual exposures have not been assessed as posing a material credit risk to the Group.

**(B) Liquidity risk**

The Group's objective is to maintain adequate capital to finance its current operations and near-term growth opportunities while maintaining sufficient funds to meet its obligations in the event of a business downturn. The Group plans to introduce conservative levels of debt financing to fund its growth plans, with repayment profiles which match the expected cash flows from the relevant business operations. The Group's financial liabilities and their contractual maturities are:

**Contractual maturities of financial liabilities**

| 2022 | Less than 6 months | Between 6 months & 1 year | Between 1 year & 2 years | Between 2 years & 5 years | Total contractual cash flows | Total carrying value |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Trade payables | 143,437 | - | - | - | - | 143,437 |
| Lease liabilities | 19,290 | - | - | - | - | 19,290 |
| **Total financial liabilities** | **162,727** | **-** | **-** | **-** | **-** | **162,727** |

## Notes to the Financial Statements (continued)

| 2021 | Less than 6 months | Between 6 months & 1 year | Between 1 year & 2 years | Between 2 years & 5 years | Total contractual cash flows | Total carrying value |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Trade payables | 76,669 | - | - | - | - | 76,669 |
| Lease liabilities | 14,369 | - | - | - | - | 14,369 |
| **Total financial liabilities** | **91,038** | **-** | **-** | **-** | **-** | **91,038** |

### (C) Market risk

*Currency risk*

The Group does not have any material exposure to foreign currency risk (2021: nil) but may cover the expected cost of firm orders denominated in foreign currencies with forward contracts from time to time.

*Interest rate risk*

The Group's cash balances are held in a combination of interest-bearing term deposits and bank accounts. For each 10% movement in the interest rate, the Group's profit/loss after tax would increase/decrease by $2,200 if the year end cash balance was invested at those rates for 12 months.

The Group's borrowings are at fixed rates of interest and there is no exposure to interest rate risk.

## Note 23 – Information relating to ReNu Energy Limited (The Parent)

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Current Assets | 2,133,345 | 3,398,711 |
| Total Assets | 14,618,751 | 3,424,100 |
| Current Liabilities | (317,883) | (726,639) |
| Total Liabilities | (891,903) | (726,639) |
| | | |
| Contributed Equity | 371,529,007 | 358,435,465 |
| Accumulated Losses | (358,522,328) | (355,738,004) |
| Share Based Payment Reserve | 720,170 | - |
| | **13,726,849** | **2,697,461** |
| | | |
| Profit or (loss) of the Parent Entity | (2,784,323) | (1,001,885) |
| Total comprehensive income (loss) of the Parent Entity | (2, 784,323) | (1,001,885) |

# Notes to the Financial Statements (continued)

## Note 24 – Fair Value Measurement

*Fair value hierarchy*

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

| **Consolidated – 30 June 2022** | **Level 1**<br>**$** | **Level 2**<br>**$** | **Level 3**<br>**$** | **Total**<br>**$** |
|---|---|---|---|---|
| *Assets* | | | | |
| Investments at fair value through profit or loss | - | - | 1,300,000 | 1,300,000 |
| **Total assets** | **-** | **-** | **1,300,000** | **1,300,000** |

There were no transfers between levels during the financial half-year. The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

*Valuation techniques for fair value measurements categorised within level 2 and level 3*

Unquoted investments in ordinary shares have been valued using the price at which the respective entities most recently raised funds.

*Level 3 assets and liabilities*

Movements in level 3 assets and liabilities during the current financial year are set out below:

| **Consolidated – 30 June 2022** | Ordinary shares at fair value through profit or loss<br>**$** | **Total**<br>**$** |
|---|---|---|
| **Balance at 1 July 2021** | **-** | **-** |
| Additions | 1,300,000 | 1,300,000 |
| Gains recognised in profit or loss | - | - |
| **Balance at 30 June 2022** | **1,300,000** | **1,300,000** |

# Notes to the Financial Statements (continued)

## Note 25 - Segment Information

The Company operates in two segments: (i) hydrogen and (ii) renewable and clean energy investments. All operations are located in Australia.

Operating segments are identified on the basis of internal reports that are regularly reviewed and used by the CEO and Board of Directors (chief operating decision makers) in order to allocate resources to the segment and assess its performance. The financial information presented to the chief operating decision makers uses EBITDA as a measure to assess performance.

Unless otherwise stated, all amounts reported to the CEO and Board of Directors as the chief operating decision makers are in accordance with the Group's accounting policies.

Operating segment information for the year ended 30 June 2022 (there were no operating segments for the year ended 30 June 2021):

| Year Ended 30 June 2022 | Hydrogen<br>$ | Renewable & Clean Energy Investments<br>$ | Corporate*<br>$ | Total<br>$ |
|---|---|---|---|---|
| Revenue and income | | | | |
| - Other income | - | - | 87,540 | **87,540** |
| - Interest income | - | - | 55,362 | **55,362** |
| Expenses | (345,398) | (41,916) | (2,333,099) | **(2,720,413)** |
| **EBITDA** | **(345,398)** | **(41,916)** | **(2,190,197)** | **(2,577,511)** |
| Depreciation | - | - | (58,979) | **(58,979)** |
| Amortisation | (183,833) | - | - | **(183,833)** |
| Interest expense | - | - | (4,220) | **(4,220)** |
| **Profit /(Loss) after tax** | **(529,231)** | **(41,916)** | **(2,253,395)** | **(2,824,543)** |
| **Assets** | | | | |
| Segment assets | 10,827,532 | 1,300,000 | - | 12,127,532 |
| Unallocated assets | - | - | 2,475,470 | 2,475,470 |
| **Total Assets** | | | | **14,603,002** |

* Related to corporate overheads which cannot be attributable to each individual segment.

# : Directors declaration

In accordance with a resolution of the Directors of ReNu Energy Limited, I state that:

1. In the opinion of the Directors:

The financial statements, notes and additional disclosures included in the Directors' Report designated as audited of the Company are in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2022 and of their performance for the period ended on that date; and

(b) complying with Accounting Standards and Corporations Regulations 2001;

(c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and

(d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial period ended 30 June 2022.

On behalf of the Board.

**Boyd White**

Chairman
Brisbane
31 August 2022

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia



# INDEPENDENT AUDITOR'S REPORT

To the members of ReNu Energy Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of ReNu Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for opinion

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

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

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

### Material uncertainty related to going concern

We draw attention to Note 2(D) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

**Key audit matters**

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

**Accounting for the Acquisition of Countrywide Renewable Hydrogen Pty Ltd**

| ***Key audit matter*** | ***How the matter was addressed in our audit*** |
|---|---|
| During the year, the group acquired 100% interest in Countrywide Hydrogen Pty Ltd ('CH').<br><br>As disclosed in Note 20, as part of this business combination transaction, the Group recognised the following additional intangible assets:<br><br>• Goodwill<br>• Customer relationships<br><br>Business combination accounting is a key audit matter due to the significant audit effort to test the group's acquisition during the year and the level of judgement applied in evaluating management's assessment of purchase price allocation and resulting goodwill. | Our procedures included, amongst others:<br><br>• Obtaining an understanding of the transaction including an assessment of the accounting acquirer and whether the transaction constituted a business combination or an asset acquisition<br>• Reviewing purchase documentation including contracts and sale and purchase agreements and obtaining a detailed understanding of the acquired business<br>• Assessing the appropriateness of the valuation methodology of the assets acquired<br>• Reviewing management's assessment of the fair value of the consideration paid<br>• Evaluating management's assessment of the identifiable assets and liabilities acquired including reviewing the independent identifiable intangible asset valuation for the acquisition of CH<br>• Engaging with internal experts on the appropriateness of the valuation of identifiable intangible assets<br>• Assessing the adequacy of the Group's disclosures of the business combination. |

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**Impairment assessment of Goodwill**

| *Key audit matter* | *How the matter was addressed in our audit* |
|---|---|
| The Group's disclosures in respect to intangible assets, including the impairment assessment of goodwill is included in Note 6.<br><br>The carrying value of goodwill represents a significant asset of the Group.<br><br>The Group is required to annually test goodwill for impairment.<br><br>This annual impairment test was significant to our audit because the goodwill is material to the financial statements and because management's assessment process, including the determination of CGUs, is complex, highly judgmental and includes estimates and assumptions relating to expected future market or economic conditions. | Our procedures included, amongst others:<br><br>• Evaluating management's determination of the Group's Cash Generating Unit ("CGU") to ensure they are appropriate, including being at a level no higher than the operating segments of the entity<br>• Evaluating management's process regarding determining the recoverable amount for goodwill<br>• Assessing the Group's assumptions and estimates relating to forecast revenue, costs, capital expenditure, project start dates and discount rates used to determine the recoverable amount of its assets<br>• Involving our internal specialists to assess the discount rates applied. |

**Other information**

The directors are responsible for the other information. The other information comprises the information contained in the directors' report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

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

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

**Responsibilities of the directors for the Financial Report**

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

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

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

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

## Report on the Remuneration Report

**Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 14 to 28 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of ReNu Energy Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

**Responsibilities**

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

**BDO Audit Pty Ltd**

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**A J Whyte**
Director

Brisbane, 31 August 2022