

1414 Degrees Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity: 1414 Degrees Ltd
ABN: 57 138 803 620
Reporting period: For the half-year ended 31 December 2022
Previous period: For the half-year ended 31 December 2021

2. Results for announcement to the market

| | | | \$ |
|--|------|----------|-----------|
| Revenues from ordinary activities | down | - to | - |
| Loss from ordinary activities after tax attributable to the owners of 1414 Degrees Ltd | down | 75.7% to | (791,026) |
| Loss for the half-year attributable to the owners of 1414 Degrees Ltd | down | 75.7% to | (791,026) |

Dividends

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

Comments

The loss for the company after providing for income tax amounted to \$791,026 (31 December 2021: \$3,256,210).

3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|---|------------------------------|-----------------------------|
| Net tangible assets per ordinary security | <u>3.61</u> | <u>4.33</u> |

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

| Name of associate / joint venture | Reporting entity's percentage holding | | Contribution to profit/(loss) (where material) | |
|---|---------------------------------------|-------------------|--|--------------------|
| | Reporting period % | Previous period % | Reporting period \$ | Previous period \$ |
| SiliconAurora Pty Ltd | 50.00% | 100.00% | (185,114) | - |
| <i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i> | | | | |
| Profit/(loss) from ordinary activities before income tax | | | (185,114) | - |
| Income tax on operating activities | | | - | - |

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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


The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of 1414 Degrees Ltd for the half-year ended 31 December 2022 is attached.

12. Signed

Signed 
Kevin Moriarty - Executive Chairman

Date: 28 February 2023

1414 Degrees Ltd

ABN 57 138 803 620

Interim Report - 31 December 2022

**1414 Degrees Ltd
Directors' report
31 December 2022**

The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2022.

Directors

The following persons were directors of the company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

| | |
|---|----------------------------|
| Kevin Moriarty - Executive Chairman | Re-elected 28 July 2022 |
| Graham Dooley - Non-Executive Director | Appointed 3 November 2022 |
| Randolph Bowen - Non-Executive Director | Appointed 3 November 2022 |
| Alison Evans - Non-Executive Director | Resigned 3 November 2022 |
| Dana Larson - Non-Executive Director | Resigned 3 November 2022 |
| Peter Gan - Non-Executive Director | Resigned 3 November 2022 |
| Tony Sacre - Non-Executive Director | Resigned 3 November 2022 |
| Sheree Ford - Non-Executive Director | Resigned 15 September 2022 |

Company Secretary

The following persons were company secretary of the company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

| | |
|---------------|--|
| Katelyn Adams | Appointed 15 November 2022 |
| Larry Mitchel | Appointed 8 November 2022, Resigned 15 November 2022 |
| Tania Sargent | Resigned 3 November 2022 |

Review of operations

The loss for the company after providing for income tax amounted to \$791,026 (31 December 2021: \$3,256,210).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Kevin Moriarty - Executive Chairman

28 February 2023

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

As lead auditor for the review of 1414 Degrees Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.



Paul Gosnold
Director

BDO Audit Pty Ltd

Adelaide, 28 February 2023

1414 Degrees Ltd
Contents
31 December 2022

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General information

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

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

136 Daws Road
Melrose Park SA 5039

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2023.

1414 Degrees Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

| | Note | 31 December 2022 \$ | Consolidated 31 December 2021 \$ |
|---|------|---------------------------|---|
| Revenue | | | |
| Other income | 3 | 99,856 | 165,406 |
| Total revenue | | <u>99,856</u> | <u>165,406</u> |
| Expenses | | | |
| Administration and professional expenses | | (688,452) | (764,889) |
| Provision for Gas-TESS decommissioning (Glenelg project) | | 466,000 | (500,000) |
| Depreciation and amortisation | | (18,101) | (37,758) |
| Asset impairment | | - | (997,516) |
| Employee benefits expense | | (162,381) | (573,162) |
| Share based payments (equity settled) | | 64,614 | (28,068) |
| Share of loss - SiliconAurora joint venture | | (185,114) | - |
| Other expenses | 4 | (367,448) | (520,223) |
| Total expenses | | <u>(890,882)</u> | <u>(3,421,616)</u> |
| Loss before income tax expense | | (791,026) | (3,256,210) |
| Income tax expense | | - | - |
| Loss after income tax expense for the half-year attributable to the owners of 1414 Degrees Ltd | | (791,026) | (3,256,210) |
| Other comprehensive income for the half-year, net of tax | | - | - |
| Total comprehensive income for the half-year attributable to the owners of 1414 Degrees Ltd | | <u>(791,026)</u> | <u>(3,256,210)</u> |
| | | Cents | Cents |
| Basic earnings per share | 16 | (0.39) | (1.63) |
| Diluted earnings per share | 16 | (0.39) | (1.63) |

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

1414 Degrees Ltd
Statement of financial position
As at 31 December 2022

| | Note | 31 December 2022 \$ | 30 June 2022 \$ |
|--------------------------------|------|---------------------------|---------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 1,246,957 | 3,549,416 |
| Trade and other receivables | 6 | 3,532,497 | 3,442,624 |
| Other | | 341,814 | 137,021 |
| Total current assets | | <u>5,121,268</u> | <u>7,129,061</u> |
| Non-current assets | | | |
| Trade and other receivables | 6 | 362,610 | 64,075 |
| Joint venture investment | | 2,314,886 | 2,500,000 |
| Property, plant and equipment | | 57,262 | 60,966 |
| Right-of-use assets | 7 | 311,564 | 414,705 |
| Intangibles | 8 | 2,407,542 | 1,822,904 |
| Total non-current assets | | <u>5,453,864</u> | <u>4,862,650</u> |
| Total assets | | <u>10,575,132</u> | <u>11,991,711</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 467,591 | 444,991 |
| Lease liabilities | 9 | 258,372 | 205,000 |
| Employee benefits | | 99,642 | 58,577 |
| Provisions | 10 | 34,000 | 500,000 |
| Total current liabilities | | <u>859,605</u> | <u>1,208,568</u> |
| Non-current liabilities | | | |
| Lease liabilities | 9 | 74,265 | 232,167 |
| Employee benefits | | 21,164 | 75,238 |
| Total non-current liabilities | | <u>95,429</u> | <u>307,405</u> |
| Total liabilities | | <u>955,034</u> | <u>1,515,973</u> |
| Net assets | | <u>9,620,098</u> | <u>10,475,738</u> |
| Equity | | | |
| Contributed equity | 11 | 32,656,879 | 32,656,879 |
| Reserves | | 258,781 | 323,395 |
| Accumulated losses | | <u>(23,295,562)</u> | <u>(22,504,536)</u> |
| Total equity | | <u>9,620,098</u> | <u>10,475,738</u> |

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

1414 Degrees Ltd
Statement of changes in equity
For the half-year ended 31 December 2022

| | Contributed equity \$ | Reserves \$ | Retained profits \$ | Total equity \$ |
|--|--------------------------------------|------------------------|------------------------------------|----------------------------|
| Balance at 1 July 2021 | 32,486,429 | 196,904 | (21,154,997) | 11,528,336 |
| Loss after income tax expense for the half-year | - | - | (3,256,210) | (3,256,210) |
| Other comprehensive income for the half-year, net of tax | - | - | - | - |
| Total comprehensive income for the half-year | - | - | (3,256,210) | (3,256,210) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Share-based payments | 11,000 | (19,772) | 19,772 | 11,000 |
| Employee Share Scheme - Performance Rights Valuation | - | 17,068 | - | 17,068 |
| Employee Share Scheme - Conversion of Performance Rights | 27,500 | (27,500) | - | - |
| Balance at 31 December 2021 | <u>32,524,929</u> | <u>166,700</u> | <u>(24,391,435)</u> | <u>8,300,194</u> |
| | Contributed equity \$ | Reserves \$ | Retained profits \$ | Total equity \$ |
| Balance at 1 July 2022 | 32,656,879 | 323,395 | (22,504,536) | 10,475,738 |
| Loss after income tax expense for the half-year | - | - | (791,026) | (791,026) |
| Other comprehensive income for the half-year, net of tax | - | - | - | - |
| Total comprehensive income for the half-year | - | - | (791,026) | (791,026) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Employee Share Scheme - Performance Rights Valuation | - | 14,344 | - | 14,344 |
| Employee Share Scheme - Performance Rights Lapsed | - | (78,958) | - | (78,958) |
| Balance at 31 December 2022 | <u>32,656,879</u> | <u>258,781</u> | <u>(23,295,562)</u> | <u>9,620,098</u> |

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

1414 Degrees Ltd
Statement of cash flows
For the half-year ended 31 December 2022

| | 31 December 2022 | Consolidated 31 December 2021 |
|--|-----------------------------|--|
| | \$ | \$ |
| Cash flows from operating activities | | |
| Receipts from customers (inclusive of GST) | 573 | 189,043 |
| Payments to suppliers and employees (inclusive of GST) | (1,407,217) | (2,674,133) |
| Interest received | 13,513 | 8,866 |
| Interest paid on lease liabilities | (10,020) | (82,849) |
| | <u>(1,403,151)</u> | <u>(2,559,073)</u> |
| Net cash used in operating activities | | |
| Cash flows from investing activities | | |
| Payments for property, plant and equipment | (6,885) | (5,857) |
| Payments for product development activities | (1,975,662) | (352,198) |
| Partner project contributions | 600,000 | 200,000 |
| Research and development tax offset received and used for intangible asset | - | 830,107 |
| Loans to Joint Venture | (298,535) | - |
| Proceeds from disposal of investments | 900,000 | - |
| | <u>(781,082)</u> | <u>672,052</u> |
| Net cash from/(used in) investing activities | | |
| Cash flows from financing activities | | |
| Repayment of lease liabilities | (118,226) | - |
| | <u>(118,226)</u> | <u>-</u> |
| Net cash used in financing activities | | |
| Net decrease in cash and cash equivalents | (2,302,459) | (1,887,021) |
| Cash and cash equivalents at the beginning of the financial half-year | 3,549,416 | 5,704,957 |
| Effects of exchange rate changes on cash and cash equivalents | - | 20 |
| | <u>1,246,957</u> | <u>3,817,956</u> |
| Cash and cash equivalents at the end of the financial half-year | | |

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Going concern

The financial report has been prepared on the basis of a going concern. The financial report shows the company incurred a net loss of \$791,026 and a net cash outflow from activities of \$2,302,459 during the reporting period. The company's ability to continue as a going concern is contingent upon generation of cash inflow from its business and/or successfully raising additional capital. The circumstances represent a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore the company may be unable to realise its assets and discharge its liabilities in the normal course of business. No allowance for such circumstances has been made in the financial report.

Principles of consolidation

The financial statement's comparative period ended 31 December 2021 was prepared on a consolidated basis. The principles of consolidation are as follows:

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

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

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

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

New or amended Accounting Standards and Interpretations adopted

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

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

Note 2. Critical accounting judgements, estimates and assumptions

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

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

Key estimates - impairment

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

With respect to cash flow projections for intangible assets and those with a finite useful life but not yet considered ready for use, relevant inputs have been factored into valuation models on the basis of management's expectations regarding the growth of the market and the Company's ability to capture market share. Pre-tax discount rates of 11% have been used in all models.

Key estimates - Gas-TESS Decommissioning Provision

The original \$500,000 provision for decommissioning the Gas-TESS (Glenelg Project) site was based on supplier estimates for removal and reinstatement works on major components (approximately \$300,000), plus an estimate of \$150,000 for relocation expenses based on similar costs incurred in past projects, plus \$50,000 for project management, other minor costs, and contingency.

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

Key judgements - product development

Included within intangible assets at the end of the reporting period is Product Development with a net carrying value of \$2,407,542 (30 June 2022: \$1,822,904 being the carrying value of the Product Development intangible asset of \$12,096,477 (30 June 2022: \$10,018,165) less the associated Government Grant funding of \$1,896,000 (30 June 2022: \$1,896,000), the R&D refundable tax offsets applied of \$6,142,935 (30 June 2022: \$5,249,261) and the Woodside Energy Technologies Pty Ltd contributions applied \$1,650,000 (30 June 2022: \$1,050,000). The directors believe that while the development and commercialisation of the technology remains in-progress and the asset is not yet generating economic benefits (beyond customer trials), it is not considered ready for use. A reliable estimate for the useful life of the asset will only be capable of being determined once the asset is assessed as ready for use, after which point, amortisation will commence. The directors are satisfied that it is probable that the intangible asset will generate future economic benefits based on internal financial models and potential project scenario analysis.

Employee benefits provision

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

SiliconAurora Joint Control

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

Note 3. Other income

| | 31 December | Consolidated |
|-------------------|--------------------|---------------------|
| | 2022 | 31 December |
| | \$ | 2021 |
| | | \$ |
| Interest received | 13,760 | 9,181 |
| Other income | 86,096 | 156,225 |
| | <hr/> | <hr/> |
| Other income | 99,856 | 165,406 |
| | <hr/> <hr/> | <hr/> <hr/> |

1414 Degrees Ltd
Notes to the financial statements
31 December 2022

Note 4. Other expenses

| | 31 December 2022 | Consolidated 31 December 2021 |
|-----------------------------------|-----------------------------|--|
| | \$ | \$ |
| Directors fees | 102,077 | 73,695 |
| Finance costs | 625 | (22,788) |
| Marketing | 103,097 | 32,084 |
| Occupancy | - | 179,421 |
| Research and development expenses | - | 2,678 |
| Other expenses | 161,649 | 255,133 |
| | <u>367,448</u> | <u>520,223</u> |

Note 5. Cash and cash equivalents

| | 31 December 2022 | 30 June 2022 |
|-----------------------|-----------------------------|---------------------|
| | \$ | \$ |
| <i>Current assets</i> | | |
| Cash at bank | <u>1,246,957</u> | <u>3,549,416</u> |

An amount of \$236,841 is included as cash has been set aside to support bank guarantees issued to the landlords of rented locations.

Note 6. Trade and other receivables

| | 31 December 2022 | 30 June 2022 |
|---|-----------------------------|---------------------|
| | \$ | \$ |
| <i>Current assets</i> | | |
| Trade receivables | 102,219 | 900,000 |
| R & D refundable tax offset | 1,885,307 | 991,633 |
| SiliconAurora sales proceeds receivable | 1,500,000 | 1,500,000 |
| Other receivables | 44,971 | 50,991 |
| | <u>3,532,497</u> | <u>3,442,624</u> |
| <i>Non-current assets</i> | | |
| SiliconAurora Pty Ltd loan | <u>362,610</u> | <u>64,075</u> |
| | <u>3,895,107</u> | <u>3,506,699</u> |

Note 7. Right-of-use assets

| | 31 December 2022 | 30 June 2022 |
|-----------------------------------|-----------------------------|---------------------|
| | \$ | \$ |
| <i>Non-current assets</i> | | |
| Land and buildings - right-of-use | 730,004 | 716,308 |
| Less: Accumulated depreciation | <u>(418,440)</u> | <u>(301,603)</u> |
| | <u>311,564</u> | <u>414,705</u> |

1414 Degrees Ltd
Notes to the financial statements
31 December 2022

Note 7. Right-of-use assets (continued)

Reconciliations

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

| | Daws Road \$ | Total \$ |
|-----------------------------|-----------------|----------------|
| Balance at 1 July 2022 | 414,705 | 414,705 |
| Revaluation increments | 17,425 | 17,425 |
| Depreciation expense | (120,566) | (120,566) |
| | <u>311,564</u> | <u>311,564</u> |
| Balance at 31 December 2022 | <u>311,564</u> | <u>311,564</u> |

Note 8. Intangibles

| | 31 December 2022 \$ | 30 June 2022 \$ |
|--|---------------------------|--------------------|
| <i>Non-current assets</i> | | |
| Product development - intellectual property at cost | 12,096,477 | 10,018,165 |
| Government grants and R & D refundable tax offsets applied | (8,038,935) | (7,145,261) |
| Woodside funding applied | (1,650,000) | (1,050,000) |
| | <u>2,407,542</u> | <u>1,822,904</u> |

Reconciliations

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

| | TESS Development \$ | Total \$ |
|-----------------------------|---------------------------|------------------|
| Balance at 1 July 2022 | 1,822,904 | 1,822,904 |
| Additions | 2,078,312 | 2,078,312 |
| R & D tax offset applied | (893,674) | (893,674) |
| Woodside funding applied | (600,000) | (600,000) |
| | <u>2,407,542</u> | <u>2,407,542</u> |
| Balance at 31 December 2022 | <u>2,407,542</u> | <u>2,407,542</u> |

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

No amortisation has been recognised as the intellectual property is not available for use as at 31 December 2022. The intangible asset is tested for impairment annually. The government grants relate to accelerating the commercialisation of the Company's intellectual property.

1414 Degrees Ltd
Notes to the financial statements
31 December 2022

Note 9. Lease liabilities

| | 31 December | 30 June 2022 |
|--------------------------------|-----------------------|-----------------------|
| | 2022 | 2022 |
| | \$ | \$ |
| <i>Current liabilities</i> | | |
| Lease liability | <u>258,372</u> | <u>205,000</u> |
| <i>Non-current liabilities</i> | | |
| Lease liability | <u>74,265</u> | <u>232,167</u> |
| | <u><u>332,637</u></u> | <u><u>437,167</u></u> |

Total interest incurred on the lease liability for the year was \$10,020 (2021: \$15,932).

Note 10. Provisions

| | 31 December | 30 June 2022 |
|--|--------------------|---------------------|
| | 2022 | 2022 |
| | \$ | \$ |
| <i>Current liabilities</i> | | |
| Provision for Gas-TESS decommissioning | <u>34,000</u> | <u>500,000</u> |

Gas-TESS Decommissioning Provision

In the year ended 30 June 2022 a \$500,000 provision for decommissioning the Gas-TESS (Glenelg Project) site was recognised. The provision based on supplier estimates for removal and reinstatement works on major components (approximately \$300,000), plus an estimate of \$150,000 for relocation expenses based on similar costs incurred in past projects, plus \$50,000 for project management, other minor costs, and contingency.

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

Movements in provisions

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

| | Gas-TESS |
|---|------------------------|
| | Decommissioning |
| | Provision |
| | \$ |
| 31 December 2022 | |
| Carrying amount at the start of the half-year | 500,000 |
| Reduction in estimated costs | <u>(466,000)</u> |
| Carrying amount at the end of the half-year | <u><u>34,000</u></u> |

Note 11. Contributed equity

| | 31 December | 30 June 2022 | 31 December | 30 June 2022 |
|------------------------------|--------------------|---------------------|--------------------|---------------------|
| | 2022 | 2022 | 2022 | 2022 |
| | Shares | Shares | \$ | \$ |
| Ordinary shares - fully paid | <u>200,310,458</u> | <u>200,310,458</u> | <u>32,656,879</u> | <u>32,656,879</u> |

Ordinary shares

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

Note 11. Contributed equity (continued)

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

Share buy-back

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

Capital risk management

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

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

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

The capital risk management policy remains unchanged from the 30 June 2022 Annual Report.

Note 12. Dividends

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

Note 13. Contingent liabilities

As at 31 December 2022 those charged with governance of the group note that there are no known contingent liabilities (2021: nil).

Note 14. Interests in joint ventures

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

| Name | Principal place of business / Country of incorporation | Ownership interest | |
|-----------------------|---|--------------------------|-------------------|
| | | 31 December 2022 % | 30 June 2022 % |
| SiliconAurora Pty Ltd | Australia | 50.00% | 50.00% |

Note 15. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

1414 Degrees Ltd
Notes to the financial statements
31 December 2022

Note 16. Earnings per share

| | 31 December 2022 \$ | Consolidated 31 December 2021 \$ |
|---|---------------------------|---|
| Loss after income tax attributable to the owners of 1414 Degrees Ltd | <u>(791,026)</u> | <u>(3,256,210)</u> |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | <u>200,310,458</u> | <u>200,310,458</u> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>200,310,458</u> | <u>200,310,458</u> |
| | Cents | Cents |
| Basic earnings per share | (0.39) | (1.63) |
| Diluted earnings per share | (0.39) | (1.63) |

1414 Degrees Ltd
Directors' declaration
31 December 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Kevin Moriarty - Executive Chairman

28 February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF 1414 DEGREES LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of 1414 Degrees Limited (the Company), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the company's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

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



Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

A handwritten signature in blue ink that reads 'BDO'.

BDO Audit Pty Ltd

A handwritten signature in blue ink that reads 'Paul Gosnold'.

Paul Gosnold
Director

Adelaide, 28 February 2023