1414 Degrees Ltd
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	1414 Degrees Ltd
ABN:	57 138 803 620
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

2. Results for announcement to the market

				$
Other income from ordinary activities	down	79.6%	to	115,386
Loss from ordinary activities after tax attributable to the owners of 1414 Degrees Ltd	up	33.7%	to	(1,831,251)
Loss for the year attributable to the owners of 1414 Degrees Ltd	up	33.7%	to	(1,831,251)

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 $1,831,251 (30 June 2022: $1,369,310).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	3.15	4.30

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

	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
Name of associate / joint venture	**Reporting period %**	**Previous period %**	**Reporting period $**	**Previous period $**
SiliconAurora Pty Ltd	50.00%	50.00%	(375,488)	(185,114)
Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)				
Profit/(loss) from ordinary activities before income tax			(375,488)	(185,114)

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 audit of the financial statements has not yet been finalised. At this stage no opinion has been issued.

11. Attachments

Details of attachments (if any):

The Unaudited Financial Report of 1414 Degrees Ltd for the year ended 30 June 2023 is attached.

12. Signed

Signed ____________________________ Date: 31 August 2023

1414 Degrees Ltd

ABN 57 138 803 620

Unaudited Financial Report - 30 June 2023

1414 Degrees Ltd
Contents
30 June 2023

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

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

The company is also developing the Aurora Energy Project. The focus of the project is to develop a hybrid renewable energy project delivering reliable electricity to the region and national electricity market. The AEP site is also an opportunity to build and demonstrate a large-scale pilot of the SiBox™ technology.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2023. The directors have the power to amend and reissue the financial statements.

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

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

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

1414 Degrees Ltd
Statement of financial position
As at 30 June 2023

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

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

1414 Degrees Ltd
Statement of changes in equity
For the year ended 30 June 2023

	Contributed equity $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2021	32,486,429	196,904	(21,154,998)	11,528,335
Loss after income tax expense for the year	-	-	(1,369,310)	(1,369,310)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,369,310)	(1,369,310)
Transactions with owners in their capacity as owners:				
Share-based payments (note 31)	11,000	147,820	19,772	178,592
Employee Share Scheme - Performance Rights Valuation	-	138,121	-	138,121
Employee Share Scheme - Conversion of Performance Rights	159,450	(159,450)	-	-
Balance at 30 June 2022	32,656,879	323,395	(22,504,536)	10,475,738

	Contributed equity $	Reserves $	Accumulated losses $	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 year	-	-	(1,831,251)	(1,831,251)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,831,251)	(1,831,251)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 17)	276,806	-	-	276,806
Employee Share Scheme - Performance Rights Valuation	-	15,681	-	15,681
Employee Share Scheme - Performance Rights Lapsed	-	(102,856)	-	(102,856)
Employee Share Scheme - Conversion of Performance Rights	68,500	(68,500)	-	-
Balance at 30 June 2023	33,002,185	167,720	(24,335,787)	8,834,118

1414 Degrees Ltd
Statement of cash flows
For the year ended 30 June 2023

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

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

Note 1. Significant accounting policies

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

Going concern

The financial report has been prepared on the basis of a going concern. The financial report shows the company incurred a net loss of $1,831,251 and a net cash outflow from activities of $1,600,959 during the reporting period. The company's ability to continue as a going concern is contingent upon generation of cash inflow from its business and/or successfully raising additional capital. The circumstances represent a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore the company may be unable to realise its assets and discharge its liabilities in the normal course of business. No allowance for such circumstances has been made in the financial report.

Principles of consolidation

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

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

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

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

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

New or amended Accounting Standards and Interpretations adopted

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

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Note 1. Significant accounting policies (continued)

Revenue recognition
The company recognises revenue as follows:

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

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

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

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

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

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

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Note 1. Significant accounting policies (continued)

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

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

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

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

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

Joint ventures
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the company's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

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

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

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

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

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

Note 1. Significant accounting policies (continued)

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

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

Impairment of non-financial assets

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

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

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

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

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

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

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

Note 2. Critical accounting judgements, estimates and assumptions

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

Key estimates - impairment

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

With respect to cash flow projections for intangible assets and those with a finite useful life but not yet considered ready for use, relevant inputs have been factored into valuation models on the basis of management’s expectations regarding the growth of the market and the Company’s ability to capture market share. Pre-tax discount rates of 15.8% have been used in all models.

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

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

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

Key judgements - product development
Included within intangible assets at the end of the reporting period is Product Development with a net carrying value of $2,349,225 (30 June 2022: $1,822,904) being the carrying value of the Product Development intangible asset of $13,165,287 (30 June 2022: $10,018,165) less the associated Government Grant funding of $2,743,000 (30 June 2022: $1,896,000), the R&D refundable tax offsets applied of $6,423,062 (30 June 2022: $5,249,261) and the Woodside Energy Technologies Pty Ltd contributions applied $1,650,000 (30 June 2022: $1,050,000). The directors believe that while the development and commercialisation of the technology remains in-progress and the asset is not yet generating economic benefits (beyond customer trials), it is not considered ready for use. A reliable estimate for the useful life of the asset will only be capable of being determined once the asset is assessed as ready for use, after which point, amortisation will commence. The directors are satisfied that it is probable that the intangible asset will generate future economic benefits based on internal financial models and potential project scenario analysis.

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

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

Note 3. Other income

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

Note 4. Other expenses

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

Note 5. Income tax expense

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

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

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

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

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 6. Cash and cash equivalents

	30 June 2023 $	30 June 2022 $
Current assets		
Cash at bank	1,948,457	3,549,416

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

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

Note 7. Trade and other receivables

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

SiliconAurora sale proceeds receivable
On 19 June 2022 the company entered into an agreement for the sale of 50% of the shares in SiliconAurora Pty Ltd to a wholly owned subsidiary of Vast Solar Pty Ltd (Vast Solar). Part of the consideration for the sale is deferred until 30 days after SiliconAurora receives a written offer to connect to the transmission system from the relevant Network Service Provider under the rules of the National Electricity Market.

SiliconAurora Pty Ltd loan
The loan to SiliconAurora Pty Ltd is unsecured with a term of 36 months. No interest is charged on the loan balance.

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 8. Joint venture investment

	30 June 2023 $	30 June 2022 $
Non-current assets		
SiliconAurora Pty Ltd	2,124,512	2,500,000

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

Opening fair value	2,500,000	-
Additions	-	2,500,000
Share of loss	(375,488)	-
Closing fair value	2,124,512	2,500,000

On 19 June 2022 the company entered into an agreement for the sale of 50% of the shares in SiliconAurora Pty Ltd to a wholly owned subsidiary of Vast Solar Pty Ltd (Vast).

Under the terms of the sale agreement the purchase price of $2,500,000 was payable in two instalments. An initial $1,000,000 was received upon completion and a further $1,500,000 will be paid when SiliconAurora receives a written offer to connect to the transmission system from the relevant Network Service Provider under the rules of the National Electricity Market. The $1,500,000 was still outstanding as at 30 June 2023 (note 7).

In addition to the sale agreement Vast and the company have executed a Shareholders Agreement that will govern the ongoing operation of SiliconAurora and the development of the Aurora Energy Project.

Note 9. Right-of-use assets

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

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

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

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

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

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

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 10. Other

	30 June 2023 $	30 June 2022 $
Current assets		
Prepayments	169,798	136,984
Other current assets	2,688	37
	172,486	137,021

Note 11. Property, plant and equipment

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

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Office equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 12. Intangibles

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

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

	TESS Development $	Total $
Balance at 1 July 2022	1,822,904	1,822,904
Additions	3,144,292	3,144,292
Government grants applied	(847,000)	(847,000)
R & D tax offset applied	(1,158,127)	(1,158,127)
Woodside funding applied	(600,000)	(600,000)
Balance at 30 June 2023	2,362,069	2,362,069

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

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

The recoverable amount of the Company's Product Development intangible asset has been determined by a value-in-use calculation using a discounted cash flow model, based on an 8 year projection period approved by management.

The following key assumptions were used in the discounted cash flow model:
- 15.8% pre-tax discount rate;
- No revenue earned until 2025;
- Major project deliverable in 2025

The discount rate of 15.8% pre-tax reflects management’s estimate of the time value of money and the Company’s weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements.

Management believes the revenue presented in the model is justified, based on the potential indicated in the market.

There were no other key assumptions.

Note 13. Trade and other payables

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

Refer to note 21 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 14. Lease liabilities

	30 June 2023 $	30 June 2022 $
Current liabilities		
Lease liability	227,357	205,000
Non-current liabilities		
Lease liability	-	232,167
	227,357	437,167

Refer to note 21 for further information on financial instruments.

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

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

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

Note 15. Employee benefits

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

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 16. Provisions

	30 June 2023 $	30 June 2022 $
Current liabilities		
Provision for Gas-TESS decommissioning	34,000	500,000

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

30 June 2023	Gas-TESS Decommissioning Provision $
Carrying amount at the start of the year	500,000
Reduction in estimated costs	(466,000)
Carrying amount at the end of the year	34,000

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

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

Note 16. Provisions (continued)

Accounting policy for provisions
Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 17. Contributed equity

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

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2022	201,985,458		32,656,879
Placement of shares	17 March 2023	3,000,000	$0.100	300,000
Conversion of performance rights	12 April 2023	500,000	$0.137	68,500
Transaction costs		-	$0.000	(23,194)
Balance	30 June 2023	205,485,458		33,002,185

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

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

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

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

The company would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The company is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

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

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

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

Accounting policy for issued capital
Ordinary shares are classified as equity.

Note 17. Contributed equity (continued)

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 18. Reserves

	30 June 2023 $	**30 June 2022 $**
Share-based payments reserve	167,720	323,395

Movements in reserves
Movements in each class of reserve during the current financial year are set out below:

	Share based payments reserve - ESS $	Share based payments reserve - Call Option $	Total $
Balance at 1 July 2022	155,803	167,592	323,395
Performance rights valuation recognised	15,681	-	15,681
Performance rights lapsed	(102,856)	-	(102,856)
Conversion of Performance Rights to Ordinary Shares	(68,500)	-	(68,500)
Balance at 30 June 2023	128	167,592	167,720

Share-based payments reserve - ESS
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration.

Share-based payments reserve - Call Option
As part of the sale agreement of Silicon Aurora Pty Ltd entities associated with the owners of Vast Solar were granted Call Options with a strike price of $0.16 per share. The call options were valued at $167,592 and a share based payment was recognised in the year ended 30 June 2021, reducing the profit on the sale of the shares in SiliconAurora Pty Ltd.

Note 19. Accumulated losses

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

Note 20. Dividends

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

Note 21. Financial instruments

Financial risk management objectives
The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

Note 21. Financial instruments (continued)

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

General objectives, policies and processes
In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods to measure them from previous periods unless otherwise stated in this note.

Market risk
The company’s activities have no material exposure to financial risks of changes in interest rates. The company analyses it’s risk by considering sensitivity on its interest rate exposures and determining the potential impact on it’s effected expenses and revenue of movements in these rates. If the potential variance is material then management may seek to minimise this exposure but it does not consider this to be the case at this time.

Foreign currency risk
The company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the company's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		**Liabilities**	
	30 June 2023 $	**30 June 2022 $**	**30 June 2023 $**	**30 June 2022 $**
US dollars	131	840	-	-
Euros	542	486	-	-
	673	1,326	-	-

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

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

Note 21. Financial instruments (continued)

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

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

Interest rate risk
At 30 June 2023 investment in Cash, Fixed Interest and Floating Interest rate deposits amounted to $1,948,457. A +/-1% change in interest rates during the year ended 30t June 2023 will result in a +/- change in net interest income of $19,485.

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

Management have considered that both a positive and negative 1% variance is sufficient to illustrate the potential variations in interest income.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the group, except for the Australian Taxation Office which is the counter party to the R & D Offset shown in note 7 and Vast Solar Pty Ltd which is our Joint Venture partner following their purchase of 50% of the shares in Silicon Aurora Pty Ltd. Trade receivables represent the maximum exposure to credit risk, credit quality is considered good.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The directors manage liquidity risk by monitoring forecast cashflows and ensuring that the Company's operations are adequate to meet liabilities due.

Financial liability and financial asset maturity analysis

30 June 2023	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Total $
Financial liabilities due for settlement					
Trade and other payables	446,993	-	-	-	446,993
Lease liabilities	227,357	-	-	-	227,357
Financial assets - cash flows realisable					
Cast at bank	1,948,457	-	-	-	1,948,457
Trade and other receivables	2,484,996	-	-	-	2,484,996
Other loans	-	64,075	296,381	-	360,456
Total non-derivatives	5,107,803	64,075	296,381	-	5,468,259

Note 21. Financial instruments (continued)

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

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

Note 22. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

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

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the company:

	30 June 2023 $	**30 June 2022 $**
Audit services - BDO Audit Pty Ltd		
Audit or review of the financial statements	33,500	35,000

Note 24. Contingent liabilities

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

Note 25. Commitments

	30 June 2023 $	30 June 2022 $
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment - Furnace	-	521,213

Aurora Energy Project
On 15 June 2022 the company and a wholly owned subsidiary of Vast Solar Pty Ltd (Vast) entered into a Shareholder Agreement (SA) with for the 50/50 incorporated Joint Venture of SiliconAurora Pty Ltd (SiliconAurora). The SA governs the ongoing operation of SiliconAurora and the development of the Aurora Energy Project (Aurora).

The SA includes an agreement to complete all development activities required to get to Stage 1 of Aurora (a 140 MW 1-2 hour Battery Energy Storage System or BESS) to a position of readiness for a Final Investment Decision (FID). Under the terms of the agreement, Vast and the company will each contribute 50% of the development costs associated with the Stage 1 Development. At 30 June 2023 the Joint Venture partners had contributed $719,863 in total (2021: $127,100). Total budget for the Stage 1 development costs up until FID is estimated to be approximately $1.8million.

Note 26. Related party transactions

Parent entity
1414 Degrees Ltd is the parent entity.

Joint ventures
Interests in joint ventures are set out in note 27.

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

Transactions with related parties
The following transactions occurred with related parties:

	30 June 2023 $	30 June 2022 $
Payment for other expenses:		
Other expenses paid on behalf of joint venture	296,381	64,075
Other expenses paid to key management personnel	23,350	-

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

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

	30 June 2023 $	30 June 2022 $
Current receivables:		
Loan to joint venture	360,456	64,075

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

Note 27. Interests in joint ventures

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

Name	Principal place of business / Country of incorporation	Ownership interest 30 June 2023 %	Ownership interest 30 June 2022 %
SiliconAurora Pty Ltd	Australia	50.00%	50.00%

Note 28. Events after the reporting period

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

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

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 29. Reconciliation of loss after income tax to net cash used in operating activities

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

Note 30. Earnings per share

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

Note 30. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	201,291,280	200,310,458
Weighted average number of ordinary shares used in calculating diluted earnings per share	201,291,280	200,310,458

	Cents	Cents
Basic earnings per share	(0.91)	(0.68)
Diluted earnings per share	(0.91)	(0.68)

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of 1414 Degrees Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 31. Share-based payments

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

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

A Performance Rights Plan was established by the company in the 2019 financial year, whereby the company may, at the discretion of the board, grant Performance Rights over ordinary shares in the company to certain employees of the company. The performance rights are issued for nil consideration and vest in accordance with performance guidelines established by the board.

Set out below are summaries of performance rights outstanding at the end of the financial year:

30 June 2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
02/04/2019	15/01/2023	$0.000	500,000	-	(250,000)	(250,000)	-
23/07/2020	15/01/2023	$0.000	1,000,000	-	(250,000)	(750,000)	-
09/04/2021	15/01/2023	$0.000	50,000	-	-	(50,000)	-
09/04/2021	15/01/2024	$0.000	500,000	-	-	(500,000)	-
06/06/2022	15/06/2023	$0.000	200,000	-	-	(200,000)	-
25/05/2023	25/05/2024	$0.000	-	855,000	-	-	855,000
25/05/2023	25/05/2025	$0.000	-	1,210,000	-	-	1,210,000
25/05/2023	25/05/2026	$0.000	-	2,400,000	-	-	2,400,000
			2,250,000	4,465,000	(500,000)	(1,750,000)	4,465,000

Note 31. Share-based payments (continued)

30 June 2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
02/04/2019	15/01/2023	$0.000	500,000	-	-	-	500,000
23/07/2020	01/07/2021	$0.000	250,000	-	(250,000)	-	-
23/07/2020	01/07/2022	$0.000	100,000	-	-	(100,000)	-
23/07/2020	15/01/2023	$0.000	1,000,000	-	-	-	1,000,000
30/11/2020	15/07/2021	$0.000	500,000	-	-	(500,000)	-
30/11/2020	31/07/2021	$0.000	400,000	-	-	(400,000)	-
09/04/2021	15/07/2021	$0.000	250,000	-	(200,000)	(50,000)	-
09/04/2021	31/07/2021	$0.000	100,000	-	-	(100,000)	-
09/04/2021	01/09/2021	$0.000	100,000	-	(100,000)	-	-
09/04/2021	15/01/2022	$0.000	325,000	-	(25,000)	(300,000)	-
09/04/2021	15/01/2023	$0.000	100,000	-	-	(50,000)	50,000
09/04/2021	15/01/2024	$0.000	500,000	-	-	-	500,000
09/04/2021	31/12/2021	$0.000	500,000	-	(500,000)	-	-
11/04/2021	14/04/2022	$0.000	-	300,000	(300,000)	-	-
11/04/2022	01/08/2024	$0.000	-	3,200,000	-	(3,200,000)	-
06/06/2022	15/06/2022	$0.000	-	200,000	(200,000)	-	-
06/06/2022	15/06/2023	$0.000	-	200,000	-	-	200,000
			4,625,000	3,900,000	(1,575,000)	(4,700,000)	2,250,000

There are no performance rights exercisable at the end of the financial year.

The weighted average exercise price during the financial year was $0 (2022: $0).

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

Accounting policy for share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

Note 31. Share-based payments (continued)

If the non-vesting condition is within the control of the company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

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Directors' declaration
30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors

Kevin Moriarty
Executive Chairman

31 August 2023