

Rule 4.2A.3

APPENDIX 4D

Half Year report

1. Company Details

Name of entity

Energy Technologies Limited

ABN or equivalent company reference

38 002 679 469

Reporting Period ('current period')

31 December 2021

Previous corresponding period ('previous period')

31 December 2020

2. Results for announcement to the market

		%	to	\$A'000
2.1 Revenues from ordinary activities	Up	15%		5,994
2.2 Loss from ordinary activities after tax attributable to members	Down	38%		(5,059)
2.3 Loss for the period attributable to members	Down	38%		(5,059)
2.4 Dividends				
		Amount per security		Franked amount per security
Final dividend		-¢		-¢
Interim dividend		-¢		-¢
2.5 Record date for determining entitlements to the dividend	No dividend proposed or paid.			

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

REVIEW AND RESULTS OF OPERATIONS

Half-year results

The consolidated net loss after tax and excluding minorities of the Group for the half year ended 31 December 2021 was \$5,059,102 (31 December 2020 Loss was \$3,657,918).

EGY's wholly owned subsidiary Bambach Wires and Cables Pty Ltd (the company) reported a loss after tax of \$4,421,684 compared to December 2020 Half Year loss of \$3,099,553.

During the period, the company experienced a good start to the half but was greatly impacted by the Eastern Seaboard lockdowns which affected trading from September through November. The company did complete a capital raising in September which allowed it to greatly increase stock inventory in anticipation of the COVID lockdowns easing. This allowed the company to have readily available stock to sell into channels through the normal quiet period of Christmas. A further set back occurred when Omicron case loads increased which put a focus on staff management as isolation days became problematic. Again, due to the restructuring in October, the company had the ability to move quickly and add extra human resources where it needed. As a result of this, the company did experience the inability to deliver contract and project worth to its full capacity but subsequent to the half year period, the company has been able to capitalise through these changes and has seen sales, through now two shifts, bounce back in the third week of January.

No income has been accrued for the half year to 31 December 2021 for R&D Grant (December 2020: \$NIL).

EGY announced on 20 September 2021 a capital raising of up to \$11 million, comprising a non-renounceable \$11 million Rights Issue, underwritten to \$6 million at an issue price of \$0.11 per share. On 14 October 2021 EGY confirmed that the Rights Issue closed raising \$10,272,007. A subsequent shortfall placement of \$727,993 resulted in the Company raising \$11,000,000 in total before capital raising costs.

3.1 Net Tangible Assets per security	Current period	Previous corresponding period
Net tangible assets per security. Intangible assets have been excluded from the calculation of net tangible assets per security.	4.96 cents	4.28 cents

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

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

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

5. Details of Individual and Total Dividends

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

Total dividend per security:

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

6. Dividend reinvestment plan

Details of any dividend reinvestment plans in operation:

None

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

N/A

7. Details of Associates and Joint Ventures:

<i>Name of entity</i>	<i>Percentage holding 31/12/21</i>	<i>Percentage holding 31/12/20</i>

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

N/A


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

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

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

Emphasis of Matter paragraph in relation to Going Concern.

Signed on behalf of the Board of Directors:



Brian Jamieson
Chairman
25 February 2022

ENERGY TECHNOLOGIES LIMITED (ASX: EGY)

ABN 38 002 679 469

Half-Year Financial Report

for the half-year ended 31 December 2021

Corporate Information

ABN 38 002 679 469

Directors

Brian Jamieson (Chairman, Non-Executive Director)

Anthony L Smith (Non-Executive Director)

Ian A Campbell (Non-Executive Director)

Matthew Driscoll (Non-Executive Director)

Company Secretary

Gregory R. Knoke

Registered Office

Unit J, 134 - 140 Old Pittwater Road

BROOKVALE NSW 2100

Bankers

National Australia Bank Limited

NAB House, 255 George Street

Sydney NSW 2000

Share Register

Computershare Investor Services Pty Ltd

60 Carrington Street

Sydney NSW 2000

Telephone:- (02) 8234 5000

Facsimile:- (02) 8235 8150

Auditors

Grant Thornton Audit Pty Ltd

Chartered Accountants

Level 17

383 Kent Street

SYDNEY NSW 2000

Telephone: - (02) 8297 2400

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Directors' Report

Your Directors submit their report for the half-year ended 31 December 2021

DIRECTORS

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

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

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

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

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

Yulin Hu (Non-Executive Director) Appointed 25 November 2015. Resigned 2 October 2021.

Meiping Hu (Alternate director to Yulin Hu). Appointed 25 November 2015. Resigned 2 October 2021.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

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

REVIEW AND RESULTS OF OPERATIONS

The consolidated net loss after tax and excluding minorities of the Group for the half year ended 31 December 2021 was \$5,059,102 (31 December 2020: Loss was \$3,657,918).

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During the period, the company experienced a good start to the half but was greatly impacted by the Eastern Seaboard lockdowns which affected trading from September through November. The company did complete a capital raising in September which allowed it to greatly increase stock inventory in anticipation of the COVID lockdowns easing. This allowed the company to have readily available stock to sell into channels through the normal quiet period of Christmas. A further set back occurred when Omicron case loads increased which put a focus on staff management as isolation days became problematic. Again, due to the restructuring in October, the company had the ability to move quickly and add extra human resources where it needed. As a result of this, the company did experience the inability to deliver contract and project worth to its full capacity but subsequent to the half year period, the company has been able to capitalise through these changes and has seen sales, through now two shifts, bounce back in the third week of January.

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Directors' Report (continued)

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 6 and forms part of the Directors' Report for the half-year ended 31 December 2021.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'B. Jamieson', written in a cursive style.

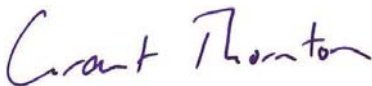
Brian Jamieson
Chairman
25 February 2022

Auditor's Independence Declaration

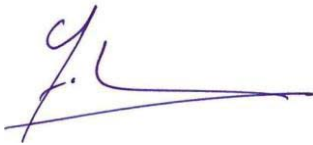
To the Directors of Energy Technologies Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Energy Technologies Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



C F Farley
Partner – Audit & Assurance

Sydney, 25 February 2022

Condensed Consolidated Statement of Profit or Loss

for the half-year ended 31 December 2021

	Note	CONSOLIDATED	
		31 December 2021	31 December 2020
		\$	\$
Sales revenue	3(i)	5,986,200	4,054,096
Other revenues	3(i)	7,629	1,173,492
Total revenue from continuing operations		5,993,829	5,227,588
Cost of sales		(5,855,203)	(4,455,832)
Marketing expenses		(25,691)	(29,269)
Occupancy expenses		(91,739)	(97,253)
Administration expenses		(2,922,762)	(2,368,055)
Share based payments		(57,783)	-
Finance costs	3(ii)	(676,844)	(743,669)
Depreciation and Amortisation expenses		(1,312,208)	(1,119,801)
Other expenses		(62,003)	(49,647)
LOSS BEFORE INCOME TAX		(5,010,404)	(3,635,938)
INCOME TAX EXPENSE		(50,155)	(33,715)
LOSS AFTER INCOME TAX		(5,060,559)	(3,669,653)
LOSS ATTRIBUTABLE TO:			
Owners of the parent		(5,059,102)	(3,657,918)
Non-controlling interest		(1,457)	(11,735)
		(5,060,559)	(3,669,653)

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

Condensed Consolidated Statement of Other Comprehensive Income

for the half-year ended 31 December 2021

	CONSOLIDATED	
	31 December 2021	31 December 2020
	\$	\$
LOSS FOR THE PERIOD	(5,060,559)	(3,669,653)
<u>OTHER COMPREHENSIVE INCOME (LOSS)</u>		
Items that may be reclassified subsequently to profit or loss		
Movement in foreign exchange relating to translation of controlled foreign entities	(3,357)	9,953
Exchange differences on foreign exchange relating to minorities	(3,358)	9,953
	(6,715)	19,906
TOTAL COMPREHENSIVE LOSS	(5,067,274)	(3,649,747)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:		
Owners of the parent	(5,062,459)	(3,647,965)
Non-controlling interest	(4,815)	(1,782)
	(5,067,274)	(3,649,747)
Earnings per Share		
From continuing operations:		
• Basic loss per ordinary share (cents)	(2.35)	(2.54)
• Diluted loss per ordinary share (cents)	(2.35)	(2.54)

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

Condensed Consolidated Statement of Financial Position

as at 31 December 2021

	Note	CONSOLIDATED	
		31 December 2021 \$	30 June 2021 \$
CURRENT ASSETS			
Cash and cash equivalents		109,911	123,097
Trade and other receivables	5	1,490,840	4,303,156
Inventories		5,716,046	3,968,970
Other current assets	5.1	1,300,513	546,185
TOTAL CURRENT ASSETS		8,617,310	8,941,408
NON CURRENT ASSETS			
Property, plant & equipment	4	10,529,146	10,983,621
Right of use assets	6	3,935,426	4,284,886
Intangible assets		5,909,832	6,246,275
Deferred tax asset		166,941	217,096
Other non-current assets		120,514	279,769
TOTAL NON-CURRENT ASSETS		20,661,859	22,011,647
TOTAL ASSETS		29,279,169	30,953,055
CURRENT LIABILITIES			
Trade and other payables		2,360,614	4,133,499
Borrowings	7	2,960,231	5,666,229
Lease liabilities	6	718,179	923,435
Deferred income		486,808	486,808
Employee provisions		889,781	1,029,583
TOTAL CURRENT LIABILITIES		7,415,613	12,239,554
NON-CURRENT LIABILITIES			
Borrowings	7	-	1,875,000
Lease liabilities	6	2,421,962	2,771,988
Employee provisions		32,195	132,003
TOTAL NON-CURRENT LIABILITIES		2,454,157	4,778,991
TOTAL LIABILITIES		9,869,770	17,018,545
NET ASSETS		19,409,399	13,934,510
EQUITY			
Issued capital	8	41,768,876	31,483,891
Reserves		5,786,586	5,789,943
Share based payment reserve	9	623,110	365,932
Accumulated losses		(28,145,751)	(23,086,649)
Parent interest		20,032,821	14,553,117
Non-controlling interest		(623,422)	(618,607)
TOTAL EQUITY		19,409,399	13,934,510

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

Condensed Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2021

	Issued Capital \$	Other Contributed Equity \$	Reserves \$	Share Based Payment Reserve \$	Accumulated Losses \$	Non- Controlling Interest \$	Total \$
Balance at 1.7.2020	25,351,729	300,000	5,781,848	-	(17,745,460)	(611,848)	13,076,269
Comprehensive income							
Loss for the period	-	-	-	-	(3,657,918)	(11,735)	(3,669,653)
Other comprehensive gain for the period, net of income tax	-	-	9,953	-	-	9,953	19,906
Total comprehensive income/(loss) for the period	-	-	9,953	-	(3,657,918)	(1,782)	(3,649,747)
Transactions with owners in their capacity as owners and other transfers							
Contribution of equity	6,320,279	(300,000)	-	-	-	-	6,020,279
Unlisted share options	(365,167)	-	-	365,167	-	-	-
Total transactions with owners, in their capacity as owners, and other transfers	5,955,112	(300,000)	-	365,167	-	-	6,020,279
Balance at 31.12.2020	31,306,841	-	5,791,801	365,167	(21,403,378)	(613,630)	15,446,801
Balance at 1.7.2021	31,483,891	-	5,789,943	365,932	(23,086,649)	(618,607)	13,934,510
Comprehensive income							
Loss for the period	-	-	-	-	(5,059,102)	(1,457)	(5,060,559)
Other comprehensive loss for the period, net of income tax	-	-	(3,357)	-	-	(3,358)	(6,715)
Total comprehensive loss for the period	-	-	(3,357)	-	(5,059,102)	(4,815)	(5,067,274)
Transactions with owners in their capacity as owners and other transfers							
Contribution of equity	10,484,380	-	-	-	-	-	10,484,380
Unlisted share options	-	-	-	57,783	-	-	57,783
Listed share options	(199,395)	-	-	199,395	-	-	-
Total transactions with owners, in their capacity as owners, and other transfers	10,284,985	-	-	257,178	-	-	10,542,163
Balance at 31.12.2021	41,768,876	-	5,786,586	623,110	(28,145,751)	(623,422)	19,409,399

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

Condensed Consolidated Statement of Cash Flows

for the half-year ended 31 December 2021

	CONSOLIDATED	
	31 December 2021	31 December 2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	7,974,262	4,720,812
Interest received	2,203	34
Receipts from government subsidies – R&D grant	1,800,800	782,104
Receipts from government subsidies – JobKeeper/Cash flow boost	-	1,141,358
Payments to suppliers and employees	(14,307,829)	(9,654,307)
Finance costs	(593,844)	(635,741)
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	(5,124,408)	(3,645,740)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	3,182	-
Purchase of property, plant and equipment	(184,108)	(791,440)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES	(180,926)	(791,440)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	500,000	388,899
Proceeds issue of shares –net of issue cost	10,484,380	6,000,279
Repayment of lease liabilities	(555,281)	(265,369)
Repayment of convertible notes	(2,395,000)	-
Repayment of borrowings	(2,741,951)	(1,112,331)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	5,292,148	5,011,478
NET INCREASE/(DECREASE) IN CASH HELD	(13,186)	574,298
Cash at beginning of the financial period	123,097	27,626
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	-	-
CLOSING CASH BALANCE AT END OF FINANCIAL PERIOD	109,911	601,974

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

Notes to the Half –Year Financial Statements

31 December 2021

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

(a) Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 “Interim Financial Reporting”. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The half-year financial report is intended to provide users with an update on the latest annual financial statements of Energy Technologies Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the Annual Financial Report of Energy Technologies Limited for the year ended 30 June 2021 together with any public announcements made during the half-year.

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

The interim financial statements have been approved and authorised for issue by the Board of Directors on 25 February 2022.

(b) Going Concern

The consolidated entity incurred a loss after tax and non-controlling interest of \$5,059,102 (2020: \$3,657,918) and incurred negative cash flows from operations of \$5,124,408 (December 2020: negative \$3,645,740) for the half year ended 31 December 2021. However revenues from sales in subsidiary Bambach Wires and Cables Pty Ltd were up 47.7% on the previous corresponding period.

At 31 December 2021 the consolidated entity had net assets of \$19,409,399 (June 2021: \$13,934,510) including the recognition of deferred tax asset of \$166,941 and intangible assets of \$5,909,832. At balance date, current assets exceeded current liabilities by \$1,201,697, including a lease liability current portion of \$631,807 which was recorded under application of AASB16 Leases.

Nevertheless, the matter of the continuing losses incurred gives rise to a continuing material uncertainty that may cast significant doubt upon the consolidated entity’s ability to continue as a going concern. The ongoing operation of the consolidated entity is dependent upon it:

- (i) achieving higher sales and margins and achieving positive cash flow trading operations from its business;
- (ii) improving factory output and cost efficiencies as forecast in the new Rosedale factory facility;
- (iii) continued financial support from its current financiers and directors, including extensions of facilities where required; and
- (iv) further equity raisings including convertible note issue

Management have prepared a cash flow projection (including the above assumptions) for the period to 28 February 2023 that supports the ability of the consolidated entity to continue as a going concern. As a consequence of these matters, the Directors believe the consolidated entity will continue as a going concern and it is appropriate to prepare these financial statements on that basis.

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

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

Notes to the Half –Year Financial Statements

31 December 2021

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

(c) New or amended Accounting Standards and Interpretations adopted

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

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

2. SEGMENT INFORMATION

Business segments

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

During the half-year period to 31 December 2021, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss. The revenues and profit/(loss) generated by each of the Group's operating segments and segment assets are summarised as follows:

	Cables		Investment		Total	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	\$	\$	\$	\$	\$	\$
Revenue	5,991,642	5,108,596	2,187	118,992	5,993,829	5,227,588
Segment result before income tax	(4,368,443)	(3,083,307)	(641,961)	(552,631)	(5,010,404)	(3,635,938)
Income tax expense	(50,155)	(33,715)	-	-	(50,155)	(33,715)
Loss after income tax	(4,418,598)	(3,117,022)	(641,961)	(552,631)	(5,060,559)	(3,669,653)
Segment Assets	29,084,400	28,186,431	194,769	586,182	29,279,169	28,772,613
Segment Liabilities	36,514,597	30,057,824	(26,644,827)	(16,732,012)	9,869,770	13,325,812

Notes to the Half –Year Financial Statements

31 December 2021

3. REVENUE, INCOME AND EXPENSES

(i) Revenue from continuing operations

	31 December 2021 \$	31 December 2020 \$
Sale of goods	<u>5,986,200</u>	4,054,096
Other Revenues:		
Finance revenue	2,203	34
Jobkeeper payment scheme	-	1,095,600
Other income	<u>5,426</u>	77,858
Total Other Revenues	<u>7,629</u>	1,173,492
	<u>5,993,829</u>	<u>5,227,588</u>

(ii) Finance costs

Leasing finance cost	81,165	97,180
Borrowing costs	<u>595,679</u>	646,489
	<u>676,844</u>	<u>743,669</u>

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

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

Six months to 31 December 2021

	Manufacturing \$	Total \$
Goods transferred at a point in time	<u>5,986,200</u>	<u>5,986,200</u>
Total	<u>5,986,200</u>	<u>5,986,200</u>

Six months to 31 December 2020

	Manufacturing \$	Total \$
Goods transferred at a point in time	<u>4,054,096</u>	<u>4,054,096</u>
Total	<u>4,054,096</u>	<u>4,054,096</u>

Notes to the Half –Year Financial Statements

31 December 2021

4. PLANT AND EQUIPMENT

Acquisitions and disposals

During the half-year ended 31 December 2021 the group acquired fixed assets at a cost of \$184,108 (December 2020: \$791,440).

Plant and equipment disposals during the half year ended 31 December 2021 provided net proceeds of \$3,182 (December 2020: \$NIL).

5. TRADE AND OTHER RECEIVABLES

	31 December 2021 \$	30 June 2021 \$
CURRENT		
Trade receivables	1,297,150	2,301,590
R & D grant receivable	-	1,800,800
Other receivables	193,690	200,766
	<u>1,490,840</u>	<u>4,303,156</u>

5.1 OTHER CURRENT ASSETS

Other assets of \$1,300,513 (30 June 2021: \$546,185) includes \$727,812 (30 June 2021: \$367,668) representing amounts prepaid in relation to the silicone cable project.

The project was estimated at \$1.74m of which the Federal Government will contribute up to \$1.34 million. As at reporting date, the first tranche of funds of \$486,808 (30 June 2021: \$486,808) has been received and is included in the financial report as Deferred Income.

6. RIGHT OF USE ASSETS AND LEASE LIABILITIES

	\$	\$
Right of Use Assets		
Office and factory premises	4,474,040	4,474,040
Less: Accumulated Amortisation	<u>(1,673,028)</u>	<u>(1,318,353)</u>
	2,801,012	3,155,687
Plant and equipment	1,672,425	1,639,905
Less: Accumulated Amortisation	<u>(538,011)</u>	<u>(510,706)</u>
	1,134,414	1,129,199
Total Right of Use Assets	<u>3,935,426</u>	<u>4,284,886</u>

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

Notes to the Half –Year Financial Statements

31 December 2021

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

Reconciliations

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

	Office and factory premises \$	Plant and equipment \$	Total \$
Balance at 1 July 2021	3,155,687	1,129,199	4,284,886
Additions	-	59,190	59,190
Amortisation expense	(354,675)	(48,857)	(403,532)
Loss on disposal	-	(5,118)	(5,118)
Balance at 31 December 2021	<u>2,801,012</u>	<u>1,134,414</u>	<u>3,935,426</u>

	31 December 2021 \$	30 June 2021 \$
Lease Liabilities		
CURRENT		
Office and factory premises	631,807	667,937
Hire Purchase agreements*	86,372	255,498
	<u>718,179</u>	<u>923,435</u>
NON CURRENT		
Office and factory premises	2,373,970	2,694,162
Hire Purchase agreements*	47,992	77,826
	<u>2,421,962</u>	<u>2,771,988</u>
	<u>3,140,141</u>	<u>3,695,423</u>

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

Notes to the Half –Year Financial Statements

31 December 2021

7. BORROWINGS

	31 December 2021 \$	30 June 2021 \$
CURRENT		
Secured borrowings:		
Debtor Finance Facility	695,672	1,143,685
Trade Finance Facility	2,264,559	2,857,222
Convertible notes	-	520,000
Director Loan	-	575,000
	<u>2,960,231</u>	<u>5,095,907</u>
Unsecured borrowings		
Executive loans	-	10,913
Other loan	-	559,409
	<u>-</u>	<u>570,322</u>
	<u>2,960,231</u>	<u>5,666,229</u>
NON CURRENT		
Secured borrowings		
Convertible notes	-	1,875,000
	<u>-</u>	<u>1,875,000</u>

During the half-year ended 31 December 2021 the group repaid \$5,136,951 (31 December 2020: \$1,112,331) of both long and short term interest bearing debt.

Also refer Note 11 Related Parties.

Notes to the Half –Year Financial Statements

31 December 2021

8. CONTRIBUTED EQUITY

	31 December 2021 Number	30 June 2021 Number	31 December 2021 \$	30 June 2021 \$
Ordinary shares	272,275,214	172,275,214	41,768,876	31,483,891
Movement				
At the beginning of the reporting period	172,275,214	85,772,955	31,483,891	25,351,729
Shares issued during the year				
07/07/20 issued at \$0.08	-	20,000,000	-	1,600,000
21/07/20 issued at \$0.08	-	42,500,000	-	3,400,000
23/12/20 issued at \$0.08	-	22,500,000	-	1,800,000
24/12/20 issued at \$0.08	-	250,000	-	20,000
20/04/21 issued at \$0.1417	-	1,252,259	-	177,500
14/10/21 issued at \$0.11	100,000,000		11,000,000	
Capital Transaction Costs	-	-	(715,015)	(865,338)
At reporting date	272,275,214	172,275,214	41,768,876	31,483,891

Shares issued under the non-renounceable rights issue 14 October 2021 had 25,000,000 attaching listed options expiring 31 October 2024. The offer price for these options was \$NIL and the options have an exercise price of \$0.20.

9. SHARE BASED PAYMENT RESERVE

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

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

Notes to the Half –Year Financial Statements

31 December 2021

9. SHARE BASED PAYMENT RESERVE (continued)

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

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

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

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

10. CONTINGENT LIABILITIES

Contingent liabilities of the group are materially as disclosed in the 30 June 2021 Annual Financial Report.

Notes to the Half –Year Financial Statements

31 December 2021

11. RELATED PARTIES

Loans by Directors and Key Management

During the half year to 31 December 2021 no loans were made, guaranteed or secured by any entity in the consolidated entity to any group of key management personnel.

A loan from Director Matthew Driscoll of principal \$500,000 as at 30 June 2021 was repaid during the period. The repayment included the establishment fee accrued of \$75,000 and accrued interest of \$128,192.

A loan from former Director and CEO Alfred Chown of \$10,913 to subsidiary Bambach Wires and Cables Pty Ltd as at 30 June 2021 was repaid during the period. During the half year the final establishment fee on a guarantee and security put in place by Alfred Chown and Donna Chown (guarantors) of \$40,000 as reported at 30 June 2021 was paid.

12. EVENTS SUBSEQUENT TO BALANCE DATE

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

Notes to the Half –Year Financial Statements

31 December 2021

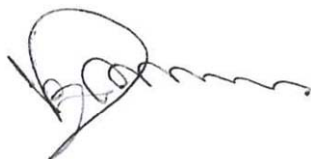
Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 20 are in accordance with the Corporations Act 2001, including:
 - a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b) giving a true and fair view of the economic entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Brian Jamieson
Chairman
25 February 2022

Independent Auditor's Review Report

To the Members of Energy Technologies Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Energy Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

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

- (a) giving a true and fair view of the Energy Technologies Limited's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the 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 our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1(b) in the financial report, which indicates that the Group incurred a net loss of \$5,060,559 and had net cash outflows from operating activities of \$5,124,408 during the half year ended 31 December 2021. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

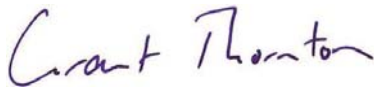
Directors' responsibility for the half-year financial report

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 and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



C F Farley
Partner – Audit & Assurance

Sydney, 25 February 2022