



# Financial Year 2023 Half Yearly Report

For the period ended 31 December 2022



# GENEX: Renewable energy on tap...

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Genex Power Limited is an Australian publicly listed company on the ASX (trading under the code '**GNX**'), focused on developing a portfolio of renewable energy generation and storage projects across Australia. Genex's flagship asset is a 300MW clean energy hub in north Queensland, integrating large-scale solar with pumped storage hydro, with plans to add a further 258MW in wind generation capacity. The 'Kidston Clean Energy Hub' is a world first, innovative integration of intermittent renewable energy with large-scale energy storage creating 'Renewable Energy On Tap'. Genex also owns and operates the 50MW Jemalong Solar Project, located near Forbes in NSW and is constructing the 50MW/100MWh Bouldercombe Battery Project in central Queensland. With the acquisition of the up to 2GW Bulli Creek Battery and Solar Project in south-east Queensland in August 2022, Genex has a committed portfolio of 400MW and a development pipeline of approximately 2.25 GW of renewable energy and storage projects leaving it well placed in its strategy to become a leading renewable energy and storage company in Australia.



Above: K2H Wises Dam intake canal under construction

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## 1. DIRECTORS' REPORT

The Directors present their report, together with the consolidated financial statements, of Genex Power Limited consisting of Genex Power Limited (referred to hereafter as '**Genex**', the '**Company**' or '**Parent Entity**') and the entities it controlled at the end of, or during, the six-month period ended 31 December 2022 (the '**Period**') (referred to hereafter as the '**Consolidated Entity**').

### **Directors**

The following persons were Directors of Genex during the whole Period and up to the date of this report, unless otherwise stated:

Dr. Ralph Craven  
Ms. Teresa Dyson  
Mr. Simon Kidston  
Mr. Ben Guo  
Mr. Kenichi Seshimo  
Mr. Yongqing Yu (retired 30 November 2022)

### **Dividends**

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

### **Principal activities**

The Consolidated Entity's principal activities during the Period comprised the operation of the 50MW Kidston Stage 1 Solar Farm (**KS1**) in Queensland and the 50MW Jemalong Solar Project (**JSP**) in NSW, the construction of the 250MW/2,000MWh Kidston Pumped Storage Hydro Project (**K2H**) and the 50MW/100MWh Bouldercombe Battery Project (**BBP**), with both projects located in Queensland, and the development of the 258MW Kidston Stage 3 Wind Project (**K3W**). The Consolidated Entity also acquired the up to 2GW multi-stage Bulli Creek Battery and Solar Project (**BCP**) in Queensland during the Period, which has increased the combined portfolio to 400MW of committed projects and approximately 2.25GW in development.

## **Operating and financial review**

### **Financial review**

The Consolidated Entity's net profit after taxation attributable to the members of Genex was \$1,101,635 and the total comprehensive gain attributable to the members of Genex was \$2,644,715 for the Period. The Directors of Genex have resolved not to recommend a dividend for the Period.

The earnings per share for the Consolidated Entity for the Period was 0.08 cent per share (for the period ended 31 December 2021: loss of 0.49 cent per share).

A summary of the financial performance and position of the Consolidated Entity during the Period is as follows:

- Revenue and other income of \$13.64m, an increase of 14% versus the prior corresponding period, which was driven by improved generation from KS1 and continued elevated pricing for wholesale electricity and large-scale generation certificates (**LGCs**);
- Net profit before tax of \$1.10m, following improved revenue and greater cost control compared to the prior corresponding period (1H FY2022: net loss of \$4.41m); and
- Cash and cash equivalents as at 31 December 2022 of \$65.27m, excluding term deposits or bank guarantees, leaves the Consolidated Entity well positioned to continue to progress the construction of K2H and BBP, the advancement of the K3W project at the Kidston Clean Energy Hub and the newly acquired BCP.

### **Solar portfolio review (KS1 and JSP)**

The Period saw continued operation of KS1 and JSP, with both projects operating well despite persisting La Nina weather patterns and seasonal intraday volatility impacting dispatch of generation. Generation performance for the Period is summarised as follows:

- KS1 generated 59,699MWh, a 4% increase on the prior corresponding period (1H FY2022: 57,457MWh); and
- JSP generated 50,192MWh, a 12% decrease on the prior corresponding period (1H FY2022: 57,051MWh).

## K2H review

During the Period, the Company made significant progress on the construction of the flagship K2H project. Major construction milestones reached during the Period included:

- Continuation of construction of the Wises Dam with approximately 87% of the 6km embankment bulk earthworks completed at Period-end. This will be followed by upstream face preparation and linear placement;
- Completion of the dewatering pipework and pontoons; and installation and energisation of the 6 x 850kW dewatering pumps which will transfer water from Eldridge Pit to Wises Dam during the construction phase;
- Clearing and access works for the 186km long 275kV transmission line from Kidston to Guybal Munjan (Mt Fox) under construction by Powerlink Queensland (**Transmission Line**);
- Energisation of the 8MVA feed to site completed by Ergon Energy;
- Continued manufacture, shipping and delivery to site of Andritz Hydro electromechanical equipment;
- Completion of preparation works for the construction of the 250m deep ventilation and cable shafts with secant piling completed for the pre-sink works on upper sections of the shafts;
- Commencement of civil works for the K2H switchyard, which will receive the 275kV high voltage cables from the underground transformers; and
- Receipt of advice from Powerlink Queensland that it has obtained final approvals for the Transmission Line under the *Environment Protection and Biodiversity Conservation Act 1999 (Cth)*.

In late September 2022 whilst conducting drilling in the Main Access Tunnel (**MAT**) face, an unexpected geological feature was encountered which resulted in a substantial inflow of water into the MAT. Subsequently, during the Period:

- The MAT was successfully dewatered and the drill holes plugged;
- The critical path tunnelling works, being Construction Adit-1, recommenced on a new alignment in October 2022;
- A significant program of underground exploration boreholes was completed to inform the extent of the feature and the options for recommencing the MAT excavation works; and
- The final design of the re-aligned MAT was completed, including a “Y-junction” to accommodate the new MAT alignment to extend from the existing MAT excavation, with MAT excavation works recommencing on 2 December 2022.

The MAT realignment resulted in Genex further utilising the remaining project contingency, which is estimated to result in the financial close budget for the project being exceeded by \$10m to \$15m. However notwithstanding this, Genex continues to expect energisation of the project to occur as scheduled in H2 CY2024.



## BBP review

During the Period construction also continued on the BBP, the first standalone large-scale battery project in the Company's portfolio, with the following major milestones achieved:

- Completion of detailed design associated with the civil and electrical works;
- Full mobilisation to site and completion of site establishment; and
- Continuation of foundation works upon which the Tesla Megapacks will be installed, with delivery to site scheduled for early CY 2023.

As at the date of this report, the BBP remains on schedule for energisation by mid-CY2023 and within budget.

## K3W review

Alongside its 50% joint development partner, Electric Power Development Co., Ltd (**J-POWER**), Genex significantly progressed the development works associated with the K3W project during the Period with the following milestones achieved:

- Following engagement with several original equipment manufacturers of Wind Turbine Generators (**WTGs**), Goldwind Australia was appointed as the preferred WTG supplier and installer for the project;
- Following a study undertaken by the appointed grid consultant for the project, the total installed capacity of the project has formally increased from up to 200MW to up to 258MW;
- During the Period, the Connection Application associated with the project was submitted to Powerlink Queensland for connection into the new 275kV Transmission Line and Kidston substation being constructed as part of the K2H works; and
- Following the Period-end, on 10 January 2023 the project was declared a Prescribed Project by the Queensland State Government pursuant to section 76E of the *State Development and Public Works Organisation Act 1971*. The Prescribed Project status now provides an expedited pathway for Genex and J-POWER to progress all approvals associated with the project.

## Other material events during the Period

Other material events which occurred during the Period included:

- Genex completed the agreement for a new \$16m subordinated loan facility with Infradebt Pty Ltd which was used to refinance the existing subordinated loan facility for KS1 and JSP, allowing Genex to retain a higher proportion of cash generated by its solar projects and benefit directly from continued elevated merchant pricing in wholesale electricity markets;

- Genex completed the acquisition of 100% of the development rights for the BCP, providing up to 2GW of further potential battery and solar photovoltaic development capacity for the portfolio;
- Following receipt of an indicative proposal from Skip Essential Infrastructure Fund<sup>1</sup> and Stonepeak Partners LLC<sup>2</sup> (together the **Consortium**) to acquire all of the ordinary shares on issue in Genex (**Genex Shares**) for A\$0.250 in cash per Genex Share, Genex announced on 28 December 2022 that it had been advised by the Consortium that it would cease to pursue its indicative proposal. Accordingly, the Board of Genex determined to cease all discussions with the Consortium in relation to its indicative proposal and a possible change of control transaction;
- On 30 November 2022, Mr Yongqing Yu retired as a Director of the Company; and
- Genex appointed Mrs Ana Ligia Gomiero-Guthrie as Company Secretary effective 21 December 2022 and Mr Justin Clyne retired as Company Secretary effective 31 December 2022.

### **Significant changes in the state of affairs**

In the six months to 31 December 2022, Genex made significant progress in the construction of K2H and BBP, continued to advance the development of the K3W project and acquired 100% of the development rights for the BCP.

### **Matters subsequent to the end of the Period**

There have been no material events or circumstances which have arisen since 31 December 2022 that have significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

### **Auditor's independence declaration**

A copy of the [auditor's independence declaration](#) is set out on the following page.

On behalf of the Directors,



Dr Ralph Craven  
Independent Non-executive Chairman  
20 February 2023  
Sydney, Australia

<sup>1</sup> Skip Enterprises Pty Ltd as trustee for the Farquhar Trust.

<sup>2</sup> On behalf of certain of its managed funds and affiliated entities.





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## Auditor's independence declaration to the directors of Genex Power Limited

As lead auditor for the review of Genex Power Limited for the half-year ended 31 December 2022, I declare 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;
- b) No contraventions of any applicable code of professional conduct in relation to the review; and
- c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Genex Power Limited and the entities it controlled during the financial period.

Ernst & Young

Ryan Fisk  
Partner  
20 February 2023

### 3. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed financial statements cover Genex Power Limited as a Consolidated Entity consisting of Genex Power Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Genex Power Limited's functional and presentation currency.

Genex Power Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

**Registered Office**

Suite 12.03, Level 12

35 Clarence St

Sydney NSW 2000

A description of the nature of the Consolidated Entity's operations and its principal activities is included in the Directors' Report, which is not part of the financial statements. Defined terms in the Directors' Report have the same meaning as used in the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 20 February 2023. The Directors have the power to amend and reissue the financial statements.

### 3.1 Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE 6 MONTHS ENDED	NOTES	31 DECEMBER 2022	31 DECEMBER 2021
		\$	\$
<b>Revenue</b>			
Sale of electricity and environmental products and lease income	<u>4</u>	12,727,276	9,439,564
Other income	<u>4</u>	909,954	2,522,637
<b>Total revenue</b>		<b>13,637,230</b>	<b>11,962,201</b>
<b>Expenses</b>			
Project site costs		1,839,883	2,408,427
Project consulting costs		123,917	132,080
Employment expenses		2,010,645	2,779,312
Administrative expenses		2,012,119	1,613,216
Depreciation		4,892,802	5,393,578
<b>Total expenses</b>		<b>10,879,366</b>	<b>12,326,613</b>
<b>Operating gain/(loss)</b>		<b>2,757,864</b>	<b>(364,412)</b>
Finance costs	<u>6</u>	(2,372,398)	(4,091,066)
Finance income		716,169	46,051
<b>Gain/(loss) before tax</b>		<b>1,101,635</b>	<b>(4,409,427)</b>
Income tax expense		-	-
<b>Gain/(loss) after income tax expense attributable to the owners of Genex Power Limited</b>		<b>1,101,635</b>	<b>(4,409,427)</b>
<b>Other comprehensive income (OCI) to be reclassified to profit or loss in subsequent periods (net of tax)</b>			
Net gain on cash flow hedges		1,543,080	5,026,726
<b>Total comprehensive gain attributable to the owners of Genex Power Limited</b>		<b>2,644,715</b>	<b>617,299</b>
<b>Earnings/(loss) per share (cents)</b>			
Basic earnings/(loss) per share (cents)		0.08	(0.49)
Diluted earnings/(loss) per share (cents)		0.08	(0.49)



## 3.2 Interim Condensed Consolidated Statement of Financial Position

AS AT	NOTES	31 DECEMBER 2022	30 JUNE 2022
		\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	<u>7</u>	65,268,775	62,854,694
Trade and other receivables	<u>10</u>	3,352,846	3,307,454
Inventory	<u>11</u>	565,400	172,500
Prepayments		3,194,528	3,209,608
<b>Total Current Assets</b>		<b>72,381,549</b>	<b>69,544,256</b>
<b>Non-Current Assets</b>			
Bond, deposits and bank guarantee	<u>10</u>	127,942,519	71,942,519
Property, plant and equipment	<u>8</u>	539,081,495	452,015,192
Other non-current financial assets	<u>10, 11</u>	18,853,185	17,310,105
Other assets	<u>9</u>	12,337,369	6,376,869
<b>Total Non-Current Assets</b>		<b>698,214,568</b>	<b>547,644,685</b>
<b>TOTAL ASSETS</b>		<b>770,596,117</b>	<b>617,188,941</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	<u>10</u>	13,224,883	13,634,135
Interest-bearing loans and borrowings	<u>10, 11</u>	14,531,631	26,461,544
Short term interest accrued	<u>10</u>	1,025,321	1,465,889
Government grant		442,500	442,500
Provisions		526,828	2,238,880
Current lease liabilities	<u>10, 11</u>	664,890	483,443
<b>Total Current Liabilities</b>		<b>30,416,053</b>	<b>44,726,391</b>
<b>Non-Current Liabilities</b>			
Interest-bearing loans and borrowings	<u>10, 11</u>	521,830,343	358,752,182
Government grant		6,193,788	6,416,856
Non-current lease liabilities	<u>10, 11</u>	3,525,381	3,034,065
Rehabilitation and restoration provision		3,804,311	3,804,311
Other non-current liabilities		199,841	140,118
<b>Total Non-Current Liabilities</b>		<b>535,553,664</b>	<b>372,147,532</b>
<b>TOTAL LIABILITIES</b>		<b>565,969,717</b>	<b>416,873,923</b>
<b>NET ASSETS</b>		<b>204,626,400</b>	<b>200,315,018</b>
<b>Equity</b>			
Share capital		242,072,998	242,072,998
Option reserves		4,528,147	4,528,147
Cash flow hedge reserve	<u>10</u>	18,853,185	17,310,105
Accumulated losses		(62,494,597)	(63,596,232)
Non-controlling interests		1,666,667	-
<b>Total Equity</b>		<b>204,626,400</b>	<b>200,315,018</b>

### 3.3 Interim Condensed Consolidated Statement of Changes in Equity

FOR THE 6 MONTHS ENDED 31 DECEMBER 2022	NOTES	ATTRIBUTED TO EQUITY HOLDERS OF THE PARENT				TOTAL	NON- CONTROLLING INTEREST	TOTAL EQUITY
		ISSUED CAPITAL	OPTIONS RESERVES	CASH FLOW HEDGE RESERVE	ACCUMULATED LOSSES			
		\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2022</b>		<b>242,072,998</b>	<b>4,528,147</b>	<b>17,310,105</b>	<b>(63,596,232)</b>	<b>200,315,018</b>	<b>-</b>	<b>200,315,018</b>
Profit after income tax		-	-	-	1,101,635	1,101,635	-	1,101,635
Cash flow hedge reserve		-	-	1,543,080		1,543,080	-	1,543,080
<b>Total comprehensive gain/(loss) for the period</b>		<b>242,072,998</b>	<b>4,528,147</b>	<b>18,853,185</b>	<b>(62,494,597)</b>	<b>202,959,733</b>	<b>-</b>	<b>202,959,733</b>
Share-based payments	6	-	-	-	-	-	-	-
Acquisition of an asset		-	-	-	-	-	1,666,667	1,666,667
<b>Balance at 31 December 2022</b>		<b>242,072,998</b>	<b>4,528,147</b>	<b>18,853,185</b>	<b>(62,494,597)</b>	<b>202,959,733</b>	<b>1,666,667</b>	<b>204,626,400</b>

FOR THE 6 MONTHS ENDED 31 DECEMBER 2021	NOTES	ISSUED CAPITAL		OPTIONS RESERVES	CASH FLOW HEDGE RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
		\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>		<b>195,786,112</b>	<b>4,528,147</b>	<b>(6,487,752)</b>	<b>(59,532,803)</b>	<b>134,293,704</b>	
Loss after income tax		-	-	-	(4,409,427)	(4,409,427)	
Cash flow hedge reserve		-	-	5,026,726	-	5,026,726	
<b>Total comprehensive loss for the period</b>		<b>195,786,112</b>	<b>4,528,147</b>	<b>(1,461,026)</b>	<b>(63,942,230)</b>	<b>134,911,003</b>	
Share-based payments	6	-	-	-	-	-	-
<b>Balance at 31 December 2021</b>		<b>195,786,112</b>	<b>4,528,147</b>	<b>(1,461,026)</b>	<b>(63,942,230)</b>	<b>134,911,003</b>	

### 3.4 Interim Condensed Consolidated Statement of Cash Flows

FOR THE 6 MONTHS ENDED	NOTES	31 DECEMBER 2022	31 DECEMBER 2021
		\$	\$
<b>Cashflow from operating activities</b>			
Receipts from customers		15,404,698	10,734,126
Payments to suppliers		(6,197,967)	(6,888,908)
Payments to employees		(2,850,757)	(2,542,249)
Interest received		716,169	46,050
Interest and other costs of finance paid		(3,837,751)	(3,137,677)
Government grants and tax incentives		13,341	590,331
<b>Net cash from / (used in) operating activities</b>		<b>3,247,733</b>	<b>(1,198,327)</b>
<b>Cashflow from investing activities</b>			
Purchase of property, plant and equipment		(146,786,868)	(93,807,896)
Acquisition of an asset		(2,662,397)	-
<b>Net cash used in investing activities</b>		<b>(149,449,265)</b>	<b>(93,807,896)</b>
<b>Cashflow from financing activities</b>			
Proceeds from borrowings		171,130,271	89,827,998
Repayment of borrowings		(22,194,658)	(3,621,732)
Transaction costs related to loans and borrowings		(320,000)	(24,928)
<b>Net cash from financing activities</b>		<b>148,615,613</b>	<b>86,181,338</b>
<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		<b>2,414,081</b>	<b>(8,824,885)</b>
Cash and cash equivalents at beginning of the period		62,854,694	45,447,090
<b>Cash and cash equivalents at end of the period</b>	<u>7</u>	<b>65,268,775</b>	<b>36,622,205</b>



## 3.5 Notes to the Interim Condensed Consolidated Financial Statements

### **Note 1. Corporate information**

The interim condensed consolidated financial statements of the Consolidated Entity for the six months ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 20 February 2023.

Genex is a for profit public company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded. The registered office is located in Sydney, Australia. The Consolidated Entity's principal activities are the development and commercialisation of renewable energy generation and storage projects.

### **Note 2. Significant accounting policies**

#### **2.1 Basis of preparation**

The interim condensed consolidated financial statements for the six months ended 31 December 2022 have been prepared in accordance with *IAS 34 Interim Financial Reporting*. The Consolidated Entity has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Consolidated Entity has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Consolidated Entity's annual financial statements as at 30 June 2022 released to the ASX on 29 August 2022.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Consolidated Entity's annual consolidated financial statements for the year ended 30 June 2022. Where required, the prior year balances were restated for comparative purposes.

#### **2.2 New standards, interpretations and amendments adopted by Consolidated Entity**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Consolidated Entity's annual consolidated financial statements for the year ended 30 June 2022, except for the adoption of new standards effective as of 1 July 2022. The Consolidated Entity has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

### Note 3. Segment information

Management has determined that the Consolidated Entity has one reportable segment; being the development, construction and operation of renewable energy generation and storage projects in Australia, for the six months ended 31 December 2022.

### Note 4. Revenue

FOR THE 6 MONTHS ENDED 31 DECEMBER	2022	2021
	\$	\$
KS1 lease revenue	6,392,689	5,133,050
JSP generation revenue	4,278,641	2,392,173
JSP Large Scale Generation Certificates (LGCs) sales	2,055,946	1,914,341
<b>Sale of electricity and environmental products and lease income</b>	<b>12,727,276</b>	<b>9,439,564</b>
Fair value of LGCs on hand	565,400	571,500
ARENA government grant	223,068	664,609
Avoided TUOS	114,617	176,003
Fuel tax credit	6,869	173,999
Liquidated damages	-	875,124
Others	-	61,402
<b>Other income</b>	<b>909,954</b>	<b>2,522,637</b>
<b>Total revenue</b>	<b>13,637,230</b>	<b>11,962,201</b>

#### KS1 lease revenue

This relates to revenue earned by KS1 from sales of electricity in the wholesale spot market which, under the Solar 150 Price Support Deed between the Consolidated Entity and the Queensland Government, is subject to a guaranteed floor price per megawatt hour where payments may be made by the Queensland Government to the Consolidated Entity. Under the Solar 150 Price Support Deed, all large-scale generation certificates generated by KS1 are transferred to the Queensland Government as consideration for providing the guaranteed floor price.

Prior to the introduction of AASB 16 Leases, the Consolidated Entity recognised certain contracts as arrangements that may contain a lease in accordance with *Interpretation 4 - Determining Whether an Arrangement Contains a Lease* and AASB 117 Leases. Upon transition, the Consolidated Entity applied the practical expedient outlined in AASB 16 Leases whereby contracts that were previously identified as leases by applying AASB 117 Leases *Interpretation 4 - Determining Whether an Arrangement Contains a Lease* are not required to be reassessed at the date of initial application.

#### Liquidated damages

For the six months ended 31 December 2021, performance and delay liquidated damages were made by Energy Solutions Pty Ltd (trading as Beon) for delays to practical completion of the JSP project (as stated in the *Quarterly Activities Report* released to the ASX on 20 October 2021).

**Note 5. Share-based payments**

There were no cancellations or modifications to the awards for the six months ended 31 December 2022 and 31 December 2021.

**Note 6. Finance Costs**

FOR THE 6 MONTHS ENDED 31 DECEMBER	2022	2021
	\$	\$
Interest on senior debt	1,918,499	1,439,612
Interest on subordinated debt	653,201	699,915
Interest on lease	83,972	294,179
Interest on interest rate swaps	(283,274)	1,643,384
Commitment Fee	-	13,976
<b>Total finance costs</b>	<b>2,372,398</b>	<b>4,091,066</b>

**Note 7. Cash and cash equivalents**

For purposes of the interim condensed statement of cash flows, cash and cash equivalents comprise the following:

	31 DECEMBER 2022	30 JUNE 2022
	\$	\$
Cash at bank	65,268,775	62,854,694
<b>Total cash and cash equivalents</b>	<b>65,268,775</b>	<b>62,854,694</b>

**Note 8. Property, plant and equipment**

	31 DECEMBER 2022	30 JUNE 2022
	\$	\$
K2H	342,202,150	257,029,840
KS1	88,933,308	91,774,716
JSP	82,795,718	84,450,494
BBP	16,963,816	11,177,287
Pre-development assets	3,918,777	3,918,777
Right-of-use assets	3,849,175	3,217,940
Land	380,935	380,935
Motor vehicle	37,616	65,203
<b>Total property, plant and equipment</b>	<b>539,081,495</b>	<b>452,015,192</b>



**Note 9. Other assets**

	31 DECEMBER 2022	30 JUNE 2022
	\$	\$
Prepaid insurance	3,960,434	5,121,980
K3W development costs	1,562,634	1,254,889
BCP acquisition	6,814,301	-
<b>Total other assets</b>	<b>12,337,369</b>	<b>6,376,869</b>

During the six months ended 31 December 2022, the Consolidated Entity completed the acquisition of 100% of the development rights of BCP by way of an acquisition of 75% of the issued share capital of Bulli Creek Solar Farm Pty Ltd, for a cost of \$5,000,000 (refer ASX Announcement dated 10 August 2022). The transaction was assessed and treated as an asset acquisition as it fell outside the scope of AASB 3 *Business Combinations*.

**Note 10. Financial assets and financial liabilities****Financial assets**

	31 DECEMBER 2022	30 JUNE 2022
	\$	\$
<b>Derivatives designated as hedging instruments</b>		
Interest rate swaps	18,853,185	17,310,105
<b>Debt instruments at amortised cost</b>		
Trade and other receivables	3,352,846	3,307,454
Bond, deposits and bank guarantee	127,942,519	71,942,519
<b>Total financial assets<sup>3</sup></b>	<b>150,148,550</b>	<b>92,560,078</b>
<b>Total current</b>	<b>3,352,846</b>	<b>3,307,454</b>
<b>Total non-current</b>	<b>146,795,704</b>	<b>89,252,624</b>

Derivatives designated as hedging instruments reflect the positive change in fair value of interest rate swaps, designated as cash flow hedges to hedge against movements in interest rates.

Debt instruments at amortised cost include trade and other receivables, and bond, deposits and bank guarantees.

<sup>3</sup> Financial assets, other than cash and short-term deposits, held by the Consolidated Entity

## Financial liabilities

	31 DECEMBER 2022	30 JUNE 2022
	\$	\$
<b>Interest-bearing loans and borrowings</b>		
<b>Current interest-bearing loans and borrowings</b>		
Lease liabilities	664,890	483,443
Interest-bearing loans and borrowings		
KS1 and JSP senior debt	6,757,690	6,961,379
KS1 and JSP subordinated debt	5,453,941	17,180,165
BBP senior debt	2,320,000	2,320,000
<b>Total current interest-bearing loans and borrowings</b>	<b>15,196,521</b>	<b>26,944,987</b>
<b>Non-current interest-bearing loans and borrowings</b>		
Lease liabilities	3,525,381	3,034,065
Interest-bearing loans and borrowings		
KS1 and JSP senior debt	150,032,613	153,292,859
KS1 and JSP subordinated debt	8,161,962	-
K2H senior debt	356,586,939	198,350,237
BBP senior debt	7,048,829	7,109,086
<b>Total non-current interest-bearing loans and borrowings</b>	<b>525,355,724</b>	<b>361,786,247</b>
<b>Total interest-bearing loans and borrowings</b>	<b>540,552,245</b>	<b>388,731,234</b>
	31 DECEMBER 2022	30 JUNE 2022
	\$	\$
<b>Other financial liabilities</b>		
<b>Financial liabilities at amortised cost, other than interest-bearing loans and borrowings</b>		
Trade and other payables	13,224,883	13,634,135
Interest payables	1,025,321	1,465,889
<b>Total other financial liabilities</b>	<b>14,250,204</b>	<b>15,100,024</b>
<b>Total current</b>	<b>14,250,204</b>	<b>15,100,024</b>
<b>Total non-current</b>	<b>-</b>	<b>-</b>

## Risk management activities

### Cash flow hedges for interest rate risks

The Consolidated Entity has designated interest rate swap contracts as hedges for long-term loan financing undertaken for purposes of construction of JSP and refinancing of the then existing KS1 portfolio facility.

The terms of the interest rate swap contracts have been negotiated to match the terms of the forecast transactions. Both parties to the contracts have fully cash collateralised the interest rate swap contracts and therefore, effectively eliminated any credit risk associated with the contracts (both the counterparty's and Consolidated Entity's own credit risk). Consequently, the hedges were assessed to be highly effective.

As at 31 December 2022, an unrealised gain of \$1,543,080 relating to the interest rate swap contracts is included in other comprehensive income.

#### Other risk management activities

The Consolidated Entity's Board and senior management oversees the management of its financial risks. Specifically, this oversight is to ensure that the Consolidated Entity's financial risk management framework is governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Consolidated Entity's policies and risk objectives.

The Consolidated Entity is not significantly exposed to credit risk from its operating activities (primarily trade receivables) given the counterparties with whom it engages and the nature of the trading, however is exposed to credit risk from its financing activities, including deposits with banks. At 31 December 2022, the Consolidated Entity invests solely in term deposits with banks that are graded in AA- or higher category by Standard & Poor's and therefore, are considered to be very low credit risk investments.

The Consolidated Entity monitors its liquidity risk using cash flow forecasting and measurement of available sources of funding. The Consolidated Entity's objective is to maintain a balance between continuity of funding and flexibility through the use of debt facilities, operating cash flows and its available working capital. The Consolidated Entity's policy requires the maintenance of a readily available liquidity buffer over certain forecast periods to meet any unforeseen liquidity issues.

#### **Note 11. Fair value measurement**

The following table provides the fair value measurement hierarchy of the Consolidated Entity's financial assets and financial liabilities.

AS AT 31 DECEMBER 2022	CARRYING AMOUNT	FAIR VALUE MEASUREMENT USING		
		QUOTED PRICE IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
	\$	\$	\$	\$
<b>Assets measured at fair value</b>				
Interest rate swaps	18,853,185	-	18,853,185	-
Inventory	565,400	-	565,400	-
<b>Liabilities for which fair values are disclosed</b>				
Interest-bearing loans and borrowings	536,361,974	-	536,361,974	-
Lease liabilities	4,190,271	-	4,190,271	-



AS AT 30 JUNE 2022	CARRYING AMOUNT	FAIR VALUE MEASUREMENT USING		
		QUOTED PRICE IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
	\$	\$	\$	\$
<b>Assets measured at fair value</b>				
Interest rate swaps	17,310,105	-	17,310,105	-
Inventory	172,500	-	172,500	-
<b>Liabilities for which fair values are disclosed</b>				
Interest-bearing loans and borrowings	385,213,726	-	385,213,726	-
Lease liabilities	3,517,508	-	3,517,508	-

The fair values of cash, trade receivables, trade payables and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

#### Interest rate swaps

The Consolidated Entity enters into derivative financial instruments principally with financial institutions with investment grade credit ratings. Interest rate swaps are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest spot and forward rates and yield curves. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty risk and the Consolidated Entity's own non-performance risk. As at 31 December 2022, the mark-to-market value of derivative positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

#### Inventories

Inventories reflect LGCs. LGCs held for trading purposes are measured at fair value at the end of the financial year, adjusted for known market forces with changes in fair value recognised in the statement of profit or loss. LGCs are valued with reference to market spot price data.

There were no transfers between Level 1 and Level 2, and no transfers into or out of Level 3 during the six months ended 31 December 2022.

#### Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised at fair value on a recurring basis, the Consolidated Entity determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Consolidated Entity's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the Period.

## **Note 12. Commitments and contingencies**

### **Capital commitments**

At 31 December 2022, the Consolidated Entity has capital commitments of \$319,754,358 (30 June 2022: \$437,855,756), comprising K2H of \$277,323,669 and BBP of \$42,430,689, following continued capital expenditures for K2H and BBP during the Period.

## **Note 13. Related party transactions**

The following table provides the total amount of transactions that have been entered into with related parties during the six months ended 31 December 2022 and 31 December 2021.

		PURCHASES FROM RELATED PARTIES	AMOUNTS OWED TO RELATED PARTIES <sup>4</sup>
		\$	\$
Electric Power Development Co., Ltd (trading as J-POWER)	2022	120,000	20,000
	2021	132,080	20,000

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

### **Commitments with related parties**

The Consolidated Entity has entered into a Technical Services Agreement with J-POWER whereby J-POWER shall provide technical support to the Consolidated Entity for the construction of the K2H project. Under the agreement, the Consolidated Entity is committed to pay an amount of \$20,000 per month (plus GST) for the duration of the construction of the K2H project, plus disbursements. Payments made during the Period also include amounts accrued but unpaid as at 31 December 2022.

<sup>4</sup> The amounts are classified as trade payables

**Note 14.      Events after the reporting period**

There have been no material events or circumstances which have arisen since 31 December 2022 that have significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

## 4. DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Genex Power Limited, I state that:

1. In the opinion of the Directors:

- (a) the interim financial statements and notes of Consolidated Entity for the half-year ended 31 December 2022 are in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
  - ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Dr Ralph Craven  
Independent Non-executive Chairman  
20 February 2023  
Sydney, Australia

## Independent auditor's review report to the members of Genex Power Limited

### Conclusion

We have reviewed the accompanying half-year financial report of Genex Power Limited (the Company) and its subsidiaries (collectively the Group), which comprises the interim condensed statement of financial position as at 31 December 2022, the interim condensed statement of comprehensive income, interim condensed statement of changes in equity and interim condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial 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* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group 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.

### Directors' responsibilities 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 responsibilities for the review of the half-year financial report

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





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

A handwritten signature in black ink, which appears to read 'Ernst &amp; Young', is located below the paragraph.

Ernst & Young

A handwritten signature in black ink, which appears to read 'Ryan Fisk', is located below the 'Ernst &amp; Young' signature.

Ryan Fisk  
Partner  
Sydney  
20 February 2023

# CORPORATE DIRECTORY

## DIRECTORS

Dr Ralph Craven	Independent Non-Executive Chairman
Ms Teresa Dyson	Independent Non-Executive Director
Mr Simon Kidston	Non-Executive Director
Mr Ben Guo	Non-Executive Director
Mr Kenichi Seshimo	Non-Executive Director

## COMPANY SECRETARY

Ms Ana Ligia Gomiero-Guthrie

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## WEBSITE

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## ASX CODE

GNX

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