half year report 31 december 2023

renu:energy

ReNu Energy Limited

: Appendix 4D

HALF YEAR REPORT

Name of entity

RENU ENERGY LIMITED

ABN	Half year ended
55 095 006 090	31 December 2023

Previous corresponding period: 31 December 2022

Results for announcement to the market

	HY Dec 2023 $	HY Dec 2022 $	Change $	Change %
Revenues from ordinary activities	492,024	118,505	373,519	315
Net loss for the period attributable to members	(2,215,422)	(1,890,070)	(325,352)	(17)

Net Tangible Asset Backing	As at 31 December 2023	As at 31 December 2022
Net tangible asset backing per ordinary security	$0.011	$0.015

Brief explanation of any of the figures reported above:

Revenue for HY Dec 23 was higher than the previous period due to the Group's green hydrogen development activities being eligible for the R&D Tax offset and favourable revaluations of the Company's carrying value of investee companies. The loss for HY Dec 23 was higher than the previous period due to increased green hydrogen project development expenditure as the Group's flagship Tasmanian green hydrogen projects progress towards final investment decision.

Please refer to the attached Director's Report for further commentary on the results and activities for the period and refer to the attached Half Year Financial Report for the detailed financial statements

Details of associated entities

	Reporting entity's percentage holding		Contribution to profit/(loss)	
Name of associate	**December 2023 %**	**June 2023 %**	**December 2023 $**	**June 2023 $**
Vaulta Holdings Pty Ltd*	0%	10%	-	421,859
Group's aggregate share of associates profit/(loss) Profit/(loss) from ordinary activities before income tax			(4,941)	(78,141)

** Ceased to be an associate during the period as the Group's holding reduced to 13.34% with management concluding the Group's position of significant influence lost.*

Dividends

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

: Directors' report

Your Directors submit their report for ReNu Energy Limited (**ReNu Energy** or the **Company**) for the half year ended 31 December 2023.

Directors

The names of the Directors of ReNu Energy in office during the half year and until the date of this report are as follows.

Boyd White (Executive Chairman)

Tony Louka (Non-executive Director)

Tim Scholefield (Non-executive Director)

Geoffrey Drucker (Executive Director)

Susan Oliver (Non-executive Director)

The Directors were in office for the entire period.

Chief Executive Officer and Company Secretary

Greg Watson

Corporate Structure

ReNu Energy is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Corporate House, Kings Row 1, Level 2, 52 McDougall Street, Milton, QLD, 4064.

Principal Activities

ReNu Energy's purpose is to strategically drive the transition to a low carbon future. It does this by identifying and developing green hydrogen projects and through a portfolio of incubator investments in renewable and clean energy technologies. ReNu Energy's vision is to be an Australian leader in decarbonisation through pioneering the development of green hydrogen domestic ecosystems.

Review of results and operations

Operational review

During the half year and in keeping with its vision, ReNu Energy's activities centred around advancing the Company's flagship Tasmanian green hydrogen projects. ReNu Energy's green hydrogen projects are being undertaken through its wholly owned subsidiary, Countrywide Hydrogen Pty Ltd (**Countrywide Hydrogen** and collectively **the Group**), which the Company acquired in February 2022.

Directors' Report (continued)

Review of results and operations (continued)

The Group has domestic green hydrogen supply ambitions, with a Hydrogen HyWay ecosystem in Tasmania initially (Hydrogen HyWay1), then replicating the model to suitable markets across mainland Australia and internationally. The Tasmanian Hydrogen HyWay project comprises distributed hydrogen production and refuelling across three sites to provide an end-to-end green hydrogen solution for emissions reduction across Tasmania, particularly in heavy road transport. The Group's strategy is to be the owner and operator of the hydrogen refuelling stations through its refuelling brand H2Co Energy.

Key activities during the half year included:

- Progressing site arrangements for the proposed Hobart and Devonport hydrogen production facilities to provide an end-to-end green hydrogen solution for emissions reduction in heavy transport across Tasmania, with identified sites in optimal locations in close proximity to TasNetworks substations for grid connection and transport hubs offering various offtake opportunities.
- Progressing detailed design based on the site locations (to deliver a final price), geotechnical studies, community consultation, planning approvals, and power and water supply arrangements.
- Contract preparation with Plug Power Inc (**Plug Power**) for electrolyser supply and Fabrum Solutions Limited (**Fabrum**) for supply of hydrogen refuelling stations and Engineering Procurement and Construction (**EPC**) services.
- Progressing discussions with potential offtake partners interested in green hydrogen as an alternative to diesel to meet emissions reductions targets and assessing opportunities that will enhance the demand profile for green hydrogen, including: (i) dual-fuel systems that inject hydrogen into diesel engines (an accessible way forward for the heavy transport industry to reduce emissions by transitioning to hydrogen as an alternative fuel without compromising existing operations); and (ii) collaborating with Walkinshaw Automotive Group Pty Ltd (**Walkinshaw**) for left-hand-drive fuel cell trucks conversion.
- Continuing to work with potential co-investors and funding sources, including HESTA, ARENA and the Tasmanian Government's Green Hydrogen Price Reduction Scheme.
- Submitting an application for funding support through the Tasmanian Government's Green Hydrogen Price Reduction Scheme, which aims to bring the sale price of green hydrogen down to a level that is competitive with other energy or fuel sources.
- Refining and de-risking the business model for Hydrogen Tasmanian with first production planned for 2025, a ramp-up profile, flexibility for staggering locations coming online and small share initially of the addressable market (allowing for trial periods by road transport operators).
- Progressing the proposed Hydrogen Portland project (Hydrogen HyWay2) through: (i) a collaboration with DGA Energy Solutions Australia Pty Ltd (Mitsubishi Corporation's Australian renewable energy and green hydrogen development arm) (**DGA**) to conduct feasibility studies; (ii) applying for funding under the Portland Diversification Fund (a $7.5 million Victorian State Government program); and (iii) entering into a memorandum of understanding with Spinifex Offshore Wind Farm Pty Ltd (proponent of a proposed 1GW offshore wind farm and owned by Alinta Energy) for potential renewable electricity supply for Hydrogen Portland.

Directors' Report (continued)

Review of results and operations (continued)

Corporate

During the half year, ReNu Energy successfully completed a fully underwritten, non-renounceable, pro-rata entitlement offer and a placement to professional, sophisticated and other investors. The entitlement offer and placement together raised $2.50 million (before costs). The entitlement offer was lead managed and underwritten by PAC Partners Securities Pty Ltd with Cygnet Capital Pty Ltd acting as a sub-underwriter to the offer. ReNu Energy is pleased to welcome new and strategic investors to its share register. The funds raised are being used to progress of the Group's flagship Tasmanian green hydrogen project and for general working capital.

During the half year, ReNu Energy also raised: (i) $300,000 by way of an institutional investment by Towards Net Zero, LLC as a prepayment for $348,000 worth of shares; and (ii) $150,000 from Acuity Capital by utilising its At-the-Market Subscription Agreement (**ATM**) by agreeing to issue 3,000,000 fully paid ordinary shares at an issue price of $0.05 per share.

ReNu Energy lodged its 2023 tax return during the half year claiming an R&D Tax offset amount of $311,467, which was received in January 2024.

ReNu Energy retained $1.94 million in cash and cash equivalents at 31 December 2023.

Results

The underlying Group EBITDA loss of $2,000,891 (2022: $1,618,347) for the half year was higher than the previous period due to increased green hydrogen project development expenditure as the Group's flagship Tasmanian green hydrogen projects progress towards final investment decision.

Significant events after the reporting date

Subsequent to 31 December 2023, Towards Net Zero, LLC (**the Investor**) issued settlement notices in relation to the remaining $248,000 subscription amount outstanding from the Investor's initial investment of $300,000 for $348,000 worth of shares. As the share price was less than the Floor Price, the Company elected to repay the applicable subscription amount outstanding in cash (with a 12% premium). The Group received an additional investment from the Investor of $250,000 on 21 February 2024, as a prepayment for $272,500 worth of shares (out of the $500,000 that the Investor may fund under, and on the terms of, the Investment Agreement announced on 23 October 2023).

2024 Outlook

The Board and management believe that the Group remains well positioned to progress the development of its flagship Tasmanian Hydrogen HyWay project in 2024, as it continues to work towards a final investment decision.

The key project development focus areas for the Hobart and Devonport locations for the first half of 2024 include:

- Concluding the EPC contract with Fabrum and electrolyser supply contract with Plug Power Inc.
- Progressing the development approval process for each site, together with the Group's planning consultant, Pitt&Sherry.
- Undertaking geotechnical studies for the sites, which is scheduled to commence in the first quarter of 2024.

Directors' Report (continued)

Review of results and operations (continued)

- Continuing the Group's planned program of community consultation, together with the Group's community relations consultant, 3P Advisory.

Securing power and water supply arrangements, and a connection agreement with TasNetworks. The Group continues to assess site options for its proposed third hydrogen production facility at Western Junction (near Launceston) in addition to the original location identified at Launceston Airport. The Western Junction identified locations will likely require upgrades to occur to the transmission network, on which the Group and TasNetworks are collaborating.

The Tasmanian Hydrogen HyWay project is subject to securing project funding if a final investment decision is made. The Group will continue to work with potential co-investors and funding sources including HESTA, ARENA and the Tasmanian Government's Green Hydrogen Price Reduction Scheme (**GHPRS**).

Non-IFRS Measure:	**6 months ended 31 December 2023 $**	**6 months ended 31 December 2022 $**
EBITDA – by business segment		
Hydrogen	(879,260)	(531,186)
Renewable & clean energy investments	183,633	69,998
Corporate	(1,305,264)	(1,157,159)
Total Group EBITDA	**(2,000,891)**	**(1,618,347)**
Depreciation	(41,040)	(41,932)
Amortisation	(228,548)	(228,548)
Interest expense	(2,080)	(1,243)
Income tax (expense) / benefit	57,137	-
Loss after tax	**(2,215,422)**	**(1,890,070)**

Auditor's Independence Declaration

The Directors have obtained an independence declaration from the Company's auditor, BDO Audit Pty Ltd, which can be found on page 25 of the Half Year Financial Report.

Signed in accordance with a resolution of the Directors.

Boyd White
Chairman
Brisbane
28 February 2024

:contents

: Consolidated statement of profit or loss and other comprehensive income

FOR THE HALF YEAR ENDED 31 DECEMBER 2023	Note	6 months ended 31 December 2023 $	6 months ended 31 December 2022 $
Interest income		4,232	12,271
Other income	3A	487,792	106,234
Total income		**492,024**	**118,505**
Personnel expenses		(1,046,421)	(1,086,419)
Other operating expenses	3B	(1,155,734)	(415,602)
General & administrative expenses		(486,407)	(505,311)
Finance costs	3C	(71,080)	(1,243)
Total expenses		**(2,759,642)**	**(2,008,575)**
Share of profit/(loss) of associates	8	(4,941)	**-**
Loss before income tax		**(2,272,559)**	**(1,890,070)**
Income tax benefit / (expense)		57,137	-
Loss after income tax expense		**(2,215,422)**	**(1,890,070)**
Net loss for the year after income tax attributable to the owners of the parent		**(2,215,422)**	**(1,890,070)**
Total comprehensive loss for the period attributable to the owners of the parent		**(2,215,422)**	**(1,890,070)**
Earnings Per Share attributable to the owners of the parent			
Basic and diluted loss per share (cents per share)	13	**(0.48)**	**(0.52)**

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

: Consolidated statement of financial position

AS AT 31 DECEMBER 2023	Note	31 December 2023 $	30 June 2023 $
Current assets			
Cash and cash equivalents	4	1,940,492	1,308,085
Trade and other receivables	5	502,091	242,669
Prepayments		71,545	146,200
Total current assets		**2,514,128**	**1,696,954**
Non-current assets			
Property, plant and equipment		56,978	68,470
Investments at fair value through profit or loss	7	6,195,244	5,338,752
Equity accounted investments	8	-	421,859
Intangibles	6	10,145,613	10,374,162
Total non-current assets		**16,397,835**	**16,203,243**
Total assets		**18,911,963**	**17,900,197**
Current Liabilities			
Trade and other payables		522,458	296,122
Borrowings		55,013	64,622
Provisions		183,616	25,555
Total current liabilities		**761,087**	**386,299**
Non-current liabilities			
Deferred tax		350,276	407,413
Provisions		45,531	20,100
Financial liability at fair value through profit or loss	9	200,000	-
Total non-current liabilities		**595,807**	**427,513**
Total liabilities		**1,356,894**	**813,812**
Net assets		**17,555,069**	**17,086,385**
Equity			
Issued capital	10	377,382,017	375,331,156
Other reserves	11	1,123,044	1,483,736
Accumulated losses		(360,949,992)	(359,728,507)
Total equity		**17,555,069**	**17,086,385**

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

: Consolidated statement of cash flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2023	Note	6 months ended 31 December 2023 $	6 months ended 31 December 2022 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,708,614)	(1,461,867)
Net Goods and Services Tax received (paid)		(10,698)	52,258
Interest received		4,187	11,715
Costs associated with investments made		(1,000)	(20,002)
Net cash outflows from operating activities		**(1,716,125)**	**(1,417,896)**
Cash flows from investing activities			
Investment in other entities	8	(250,000)	(500,000)
Net cash inflows / (outflows) from investing activities		**(250,000)**	**(500,000)**
Cash flows from financing activities			
Proceeds from Issue of shares	10	2,650,989	4,531,361
Proceeds from exercise of options	10	8,089	-
Transaction costs of share issues or convertible note securities		(219,308)	(29,580)
Payments of lease liabilities		(41,238)	(323,438)
Proceeds from issue of convertible note securities	9	300,000	-
Repayment of convertible note securities principal amount	9	(100,000)	-
Net cash inflows from financing activities		**2,598,532**	**4,178,343**
Net increase / (decrease) in cash and cash equivalents		632,407	2,260,447
Add: Opening cash and cash equivalents carried forward		1,308,085	2,016,762
Cash and cash equivalents at end of the period	4	**1,940,492**	**4,277,209**

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

: Consolidated statement of changes in equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2023	Issued Capital	Share Based Payment Reserve (Note 11)	Accumulated Losses	Total Equity
	$	$	$	$
At 1 July 2023	**375,331,156**	**1,483,736**	**(359,728,507)**	**17,086,385**
Loss for the period			(2,215,422)	(2,215,422)
Total comprehensive loss for the period			**(2,215,422)**	**(2,215,422)**
Transactions with owners in their capacity as owners:				
Shares issued	2,698,990	-	-	2,698,990
Exercise of options - listed	8,089	-	-	8,089
Share issue costs	(198,309)		-	(198,309)
Transfer of expired performance rights		(993,937)	993,937	-
Share based payment (Note 15)	(457,909)	633,245		175,336
At 31 December 2023	**377,382,017**	**1,123,044**	**(360,949,992)**	**17,555,069**

FOR THE HALF YEAR ENDED 31 DECEMBER 2022	Issued Capital	Share Based Payment Reserve (Note 11)	Accumulated Losses	Total Equity
	$	$	$	$
At 1 July 2022	**371,529,007**	**720,170**	**(358,562,547)**	**13,686,630**
Loss for the period			(1,890,070)	(1,890,070)
Total comprehensive loss for the period			**(1,890,070)**	**(1,890,070)**
Transactions with owners in their capacity as owners:				
Shares issued	4,530,000	-	-	4,530,000
Exercise of options - listed	1,361	-	-	1,361
Share based payment (Note 15)	(415,751)	591,087	-	175,336
Share issue costs	(323,438)	-	-	(323,438)
At 31 December 2022	**375,321,179**	**1,311,257**	**(360,452,617)**	**16,179,819**

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

Notes to the Financial Statements

Note 1 – Corporate information

The condensed consolidated financial statements of ReNu Energy Limited and its subsidiaries (collectively the Group or Consolidated Entity) for the half year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 28 February 2024.

ReNu Energy Limited is a Company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. Its registered office and principal place of business is Corporate House, Kings Row 1, Level 2, 52 McDougall Street, Milton, QLD, 4064.

Note 2 – Summary of significant accounting policies

A. Basis of Preparation

This general purpose condensed financial report for the half year ended 31 December 2023 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The half year financial report has been prepared on a historical cost basis and going concern basis and is presented in Australian dollars. For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial report.

It is recommended that the half year report be read in conjunction with the Annual Report for the year ended 30 June 2023 and considered together with any public announcements made by ReNu Energy Limited during the half year ended 31 December 2023 in accordance with the continuous disclosure obligations of the ASX listing rules.

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2023.

B. Going Concern

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

As disclosed in the financial statements, the Group:

- had net operating cash outflows for the half year of $1,716,125;
- generated a loss after tax for the half year of $2,215,422; and
- had cash and cash equivalents of $1,940,492 at 31 December 2023.

Notes to the Financial Statements (continued)

Note 2 – Summary of significant accounting policies (continued)

The ability of the Group to continue as a going concern is dependent upon completing a successful capital raise or securing other forms of funds (for example: by receiving co-investment for the Tasmanian hydrogen projects with development costs already incurred reimbursed and divestment of investment portfolio assets) prior to 30 June 2024. The Directors believe completing a successful capital raise or securing other forms of funds within the timeframe is reasonable, based on steps already undertaken and the Company's recent history in raising capital. The Group completed a fully underwritten, non-renounceable, pro-rata entitlement offer and a placement to professional, sophisticated and other investors in December 2023, raising $2.5 million. The Group received an additional investment from Towards Net Zero, LLC (**the Investor**) of $250,000 on 21 February 2024, as a prepayment for $272,500 worth of shares (out of the $500,000 that the Investor may fund under, and on the terms of, the Investment Agreement announced on 23 October 2023).

Upon completion of a successful capital raise or securing other forms of funds, the ongoing ability of the Group to continue as a going concern is principally dependent upon one or more of the following conditions:

- effective cash flow management
- securing appropriate projects and related funding for project investment; and
- raising additional capital or securing other forms of financing, as and when necessary, to meet the levels of expenditure required for the Group's green hydrogen project development costs and working capital requirements.

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

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

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

C. New or amended Accounting Standards and Interpretations adopted

The Group 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.

D. Significant accounting judgements, estimates and assumptions

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

Notes to the Financial Statements (continued)

Note 2 – Summary of significant accounting policies (continued)

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and directors by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments will have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to Note 15 for further information.

Impairment assessment of goodwill

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

Impairment of non-financial assets other than goodwill

The Group assesses impairment of non-financial assets other than goodwill at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. No indication of impairment has been identified for the Group's non-financial assets during the period.

Intangible assets – customer relationships

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

Valuation of investments at fair value through profit or loss

Investments at fair value through profit or loss are investments in companies that are not publicly traded. Determination of the fair value of these investments involves considerable judgement. Reference is made to the price at which these companies most recently raised funds, along with consideration whether events or circumstances have occurred subsequent to raising funds that is likely to result in a material change in the fair value of the investment. Refer to Note 7 for further information.

Notes to the Financial Statements (continued)

Note 2 – Summary of significant accounting policies (continued)

Classification of investments as associates

The Group recognises an investment as an associate, and therefore adopts equity accounting for the investment rather than recognising at fair value through profit or loss, if the Group has significant influence over the investment. Whether or not the Group has significant influence over an investment is a matter of considerable judgement. Factors taken into consideration include the percentage of equity interest, participation in policy-making decisions and representation on the board. If the percentage of equity interest is greater than 20%, it is presumed that the Group has significant influence over the investment unless it can be clearly demonstrated this is not the not the case. The converse applies.

At 31 December 2023 the group held a 13.34% interest in Vaulta Holdings Pty Ltd with no further options to acquire an additional interest. Management concluded the Company lost significant influence over Vaulta Holdings Pty Ltd when the option to purchase additional interest expired on 13 November 2023.

Accounting for Towards Net Zero, LLC financing arrangement

On 23 October 2023, the Company entered into an agreement with Towards Net Zero, LLC (the Investor) to provide the Company with investment in up to three tranches, with each investment being made by the Investor by way of a prepayment for ordinary shares in the Company.

This financing arrangement gave rise to a financial liability held at fair value through profit or loss being recognised. Refer to Note 9 for further details of the transaction and for Note 17 for details on key judgements and estimates.

When the fair value of financial liabilities cannot be measured based on quoted prices in active markets, their fair value is measured using other valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. Refer to Note 17 for further details.

Notes to the Financial Statements (continued)

Note 3A – Income	6 months ended 31 December 2023 $	6 months ended 31 December 2022 $
Other income		
Recoupment of remediation costs(1)	(13,249)	16,234
R&D tax incentive received(2)	311,467	-
Net fair value gains/(losses) on investments at fair value through profit or loss	189,574	90,000
	487,792	**106,234**

(1) 6 months ended 31 December 2023 negative amount relates to reversal of an invoice for geothermal remediation activities

(2) Total R&D tax incentive relates to the Company's green hydrogen project development expenditure

Note 3B – Other operating expenses	6 months ended 31 December 2023 $	6 months ended 31 December 2022 $
Depreciation of operational plant & equipment	982	10,659
Hydrogen project advisory and consultancy fees	775,204	156,393
Release of security(1)	150,000	-
Amortisation expense	228,548	228,548
Impairment of goodwill	-	-
Investment & acquisition costs	1,000	20,002
	1,155,734	**415,602**

(1) Refer to Note 5 . $150,000 of cash held as security, once released, to be provided to third party

Note 3C – Finance costs	6 months ended 31 December 2023 $	6 months ended 31 December 2022 $
Interest Expense	2,080	1,243
TNZ Transaction Fees	69,000	-
	71,080	**1,243**

Notes to the Financial Statements (continued)

Note 4 – Cash and cash equivalents

	31 December 2023 $	30 June 2023 $
Cash at bank	1,940,492	1,308,085
	1,940,492	**1,308,085**

Note 5 – Trade and other receivables

	31 December 2023 $	30 June 2023 $
Current		
Cash held as security	150,211	150,211
Trade receivables	-	13,249
R&D Tax Incentive receivable	311,467	-
GST Receivable	34,802	24,105
Interest receivable	86	41
Other receivables and deposits	5,525	55,063
Total current trade and other receivables	**502,091**	**242,669**

Except for cash held as security, trade and other receivables are non-interest bearing. The fair values of trade and other receivables approximate their carrying values due to their short-term nature.

Note 6 – Intangible assets

	31 December 2023 $	30 June 2023 $
Intangibles (including goodwill) at cost	11,011,365	11,011,365
Less: accumulated amortisation and impairment	(865,752)	(637,203)
Total Intangibles	10,145,613	**10,374,162**
Intangibles is made up of the following:		
Customer relationships		
Cost	2,266,855	2,266,855
Accumulated amortisation	(865,752)	(637,203)
	1,401,103	**1,629,652**
Goodwill		
Cost	8,744,510	8,744,510
Impairment	-	-
	8,744,510	**8,744,510**
Carrying amount end of period	10,145,613	**10,374,162**

Notes to the Financial Statements (continued)

Note 6 – Intangible assets (continued)

Reconciliations

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

Half Year Ended 31 December 2023	Goodwill $	Customer contracts $	Total $
Balance at 1 July 2023	**8,744,510**	**1,629,652**	**10,374,162**
Additions through business combinations	-	-	-
Impairment of Assets	-	-	-
Amortisation Expense	-	(228,548)	**(228,548)**
Balance at 31 December 2023	**8,744,510**	**1,401,104**	**10,415,614**

Impairment testing

The Group assessed Countrywide Hydrogen Pty Ltd to include three cash-generating units being hydrogen development projects in Melbourne, Portland and Tasmania. Goodwill acquired through a prior period business combination is monitored at the hydrogen operating segment level. This is the lowest level at which the goodwill is monitored as it is not possible to allocate the goodwill to the planned hydrogen projects on a non-arbitrary basis given the synergies between the projects at this early stage of development.

The proposed hydrogen development projects are as follows:

Location	Tasmania[1]	Melbourne[1]	Portland
Project size	5MW facility	5MW facility	10MW facility

1. The Group plans to develop two 5MW facilities.

During the half-year there were changes in some of the assumed values adopted for goodwill impairment testing, greater than the sensitivities reported in the financial report for the year ended 30 June 2023. Because of this, it has been determined impairment indicators do exist and impairment testing has been performed at 31 December 2023.

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

Key assumptions are those to which the recoverable amount of an asset or cash generating unit is most sensitive. Each of the key assumptions has been based on a range of possible values reflecting an estimated 10%, 50% and 90% chance of occurring. The key assumptions in the following table were used in the discounted cash flow model. The values disclosed in the table represent the mean of the range of possible values.

Utilising the Company's available carry forward tax losses has not been factored into the value-in-use calculations.

Key assumption	Approach to determining the value assigned to the key assumption
Discount rate	Reflects management's estimate of the time value of money and the Group's expected weighted average cost of capital, the risk-free rate and the volatility of the share price relative to market movements. It also reflects that for the key assumptions, adjustments to the cash flows have been made to arrive at risk-adjusted expected cash flows. A 15.9% (June 2023: 16.3%) cost of equity has been assumed.

Notes to the Financial Statements (continued)

Note 6 – Intangible assets (continued)

Key assumption	Approach to determining the value assigned to the key assumption
Federal and State grant funding	Takes into consideration government announcements of funding to be made available for projects, funding already provided for other projects that don't belong to the Group and the R&D tax incentive. Federal government grant funding included in the model was based on the project location and size as follows: • for a 5MW facility the mean value is $12.0 million (June 2023: $12.5 million). • for 10MW facility the mean value is $20.0 million (June 2023: $21.6 million). Tasmanian Government funding included in the model (for the Tasmanian project via the State Government's Green Hydrogen Price Reduction Scheme policy announced during the period) is $8.0m over a 4 year period commencing from first hydrogen sales (June 2023: nil). Net benefit from the R&D tax incentive for the Tasmanian and Portland projects of $6.8 million (June 2023: nil) over a 5 year period following registration of the green hydrogen ecosystem activities with AusIndustry during the period.
Capital expenditure	Determined based on estimates provided by a global engineering consultancy engaged by the Company working on similar projects and discussions/pricing from key equipment vendors. The capex assumptions also include a contingency appropriate to the status of the project. Capital expenditure included in the model was based on the project location and size as follows: • for a 5MW facility the mean value is $31.1m (June 2023: $31.2 million). • for 10MW facility the mean value is $52.4m (June 2023: $54 million).
Hydrogen sales price	Depending on the use case for the facility, management considered the diesel displacement breakeven point for heavy vehicles, business demand to decarbonise operations, the opportunity to blend hydrogen in natural gas pipelines, conversations on expected price with potential customers and hydrogen sale prices in overseas markets. A mean hydrogen sales price of $10.54/kg (June 2023: $10.40/kg) has been modelled for all development projects.
Power price	Determined considering estimates of current behind-the-meter and national energy market peak and off-peak power costs, potential project partner purchase price agreements and government subsidies. Power price included in the model was based on the project location and supplier as follows: • for the Tasmania projects the mean value is $74/MWh (June 2023: $60/MWh). • for Melbourne and Portland projects the mean value is $74/MWh (June 2023: $74/MWh).
First hydrogen sales	Determined considering the key milestones to be achieved before financial close and expected construction timeframe based on discussions with the Company's engineering consultant and considering current supply chains. Although first sales may occur earlier, sales commencing 1 October 2025 (June 2023: 1 July 2025) (for Tasmania) and 1 July 2027 (June 2023: 1 July 2027) (for the Melbourne and Portland) have been modelled.
Annual growth rate	An annual growth rate of 2.5% (June 2023: 2.5%) has been applied to expenditure and 3.5% (June 2023: 3.5%) to sales. The rate applied to expenditure considers the long term supply contracts envisaged, the ability to achieve real savings through synergies as multiple projects come online and operational efficiencies once commercial production is reached. The sales escalation considers assessments on diesel price growth (including IEA forecasts and road user charge increases applied to diesel fuel) and anticipated improvements to the efficiency of fuel cell trucks as the technology is more widely adapted and deployed.

Notes to the Financial Statements (continued)

Note 6 – Intangible assets (continued)

Sensitivity

Based on the above the recoverable amount of the cash generating units exceeded the carrying amount of intangible assets by $3.45 million (June 2023: $2.6 million).

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

- The discount rate would need to increase to 16.6% (a movement of 0.7%) (June 2023: 16.9%) before goodwill would need to be impaired.
- Federal grant funding would need to be 9% (June 2023: 3%) less than the mean value modelled across the projects before goodwill would need to be impaired. The absence of Tasmanian Government funding would not result in an impairment. The R&D tax incentive received would need be 32% (June 2023: not applicable) less than the value modelled before goodwill would need to be impaired.
- If the mean value of capital expenditure across the projects increases by 6% (June 2023: 3%), the carrying amount of goodwill would need to be impaired.
- If the mean value of the hydrogen price decreases by 2% (June 2023: 1%), the carrying amount of goodwill would need to be impaired.
- If the mean value of the power price increases by 5% (June 2023: 3%), the carrying amount of goodwill would need to be impaired.
- If the first hydrogen sales for the Tasmanian project were delayed by 18 months (June 2023: 9 months) which in turn will delay the first hydrogen sales for the Melbourne and Portland projects by 18 months (June 2023: 9 months), the carrying amount of goodwill would need to be impaired.
- If the gap between the annual growth rate in expenditure and the growth rate in sales decreases by 0.3% (June 2023: 0.5%), then the carrying amount of goodwill would need to be impaired.

Note 7 – Investments at fair value through profit or loss

	31 December 2023 $	30 June 2023 $
Investment in Uniflow Power Limited(1)	350,000	350,000
Investment in Enosi Australia Pty Ltd(2)	1,590,000	1,590,000
Investment in Allegro Energy Pty Ltd(3)	3,398,752	3,398,752
Investment in Vaulta Holdings Pty Ltd(4)	856,492	-
	6,195,244	**5,338,752**

(1) Shares held in Uniflow Power Limited (Uniflow) with a fair value of $350,000, an Australian unlisted public company, commercialising a micro renewable energy generator – The Cobber. The shares held equate to 4.9% of Uniflow equity.

(2) Shares held in Enosi Australia Pty Ltd (Enosi) with a fair value of $1,590,000. Enosi is an Australian company that has developed Powertracer, a grid-scale renewable energy trading and tracing solution. The shares held equate to 13.61% of Enosi equity.

(3) Shares held in Allegro Energy Pty Ltd (Allegro) with a fair value of $3,398,752. Allegro is an Australian battery technology company that has developed a water-based electrolyte for use in redox flow batteries and supercapacitors. The total shares held by ReNu Energy at 31 December 2023 equate to a 4.86% interest.

Notes to the Financial Statements (continued)

Note 7 – Investments at fair value through profit or loss (continued)

(4) Shares held in Vaulta Holdings Pty Ltd (Vaulta) with a fair value of $856,492. ReNu ceased equity accounting this investment on 13 November 2023 (refer to Note 8). Vaulta is an Australian battery casing technology company. The total shares held by ReNu Energy at 31 December 2023 equate to a 13.34% interest. Vaulta raised an additional $750,000 in share capital in December 2023 at an issue price of $16.33/share. The Company has assessed the fair value of its cumulative investment at $16.33/share after taking into account the terms of the recent capital raise, generating a $189,574 gain on financial assets (Note 3A).

Note 8 – Equity Accounted Investments

Interests in associates

Name of entity	Ownership interest		Carrying amount	
	December 2023	June 2023	December 2023 $	June 2023 $
Vaulta Holdings Pty Ltd	0%	10%	-	421,859

Vaulta Holdings Pty Ltd ceased to be an associate during the period as the Group's holding reduced to 13.34% with management concluding the Group's position of significant influence lost. Refer to Note 2D for significant judgment/assumptions made in relation to equity accounting investments where the Group own less than 20% ownership interest.

	December 2023 $	June 2023 $
Reconciliation of the consolidated entity's carrying amount		
Opening carrying amount	421,859	-
Additional Investment	250,000	500,000
Share of profit / (loss) after income tax	(4,941)	(78,141)
Reclassification on loss of significant influence to financial assets classified at fair value through profit and loss - derecognition of carrying amount	(666,918)	-
Closing carrying amount	**-**	**421,859**

Note 9 – Financial Liability at Fair Value Through Profit or Loss

	December 2023 $	June 2023 $
Fair value of convertible note	200,000	-
	200,000	**-**

Financial Liability

As announced on 23 October 2023, the Company received an institutional investment from Towards Net Zero, LLC (the Investor) to fund the Company's general working capital requirements. The investment is comprised of up to three tranches, with each investment being made by the Investor by way of a prepayment for ordinary shares in the Company.

The effect of the key terms of the investment described below gives rise to a financial liability held at fair value through profit or loss. Refer to Note 17 for movements of the financial liability during the period.

Notes to the Financial Statements (continued)

Note 9 – Financial Liability at Fair Value Through Profit or Loss (continued)

The initial investment of $300,000 was received on 1 November 2023 as a prepayment for $348,000 worth of shares at the Issue Price (see below). Additionally, the Investor may within 12 months of the initial investment make a second investment of $500,000 as a prepayment for $545,000 worth of shares at the Issue Price. Finally, a third investment of $700,000 as a prepayment for shares worth an equivalent amount at the Issue Price, may be undertaken by mutual consent of the Investor and the Company within 24 months of the initial investment.

The Company has the right (but no obligation), instead of issuing shares to the Investor, to make a cash payment to the Investor equal to the value of the Shares that would have otherwise been issued. If the Company does not exercise that right, the Company will issue shares at the Issue Price when requested by the Investor within 24 months of the date of the related prepayment. The number of shares issued by the Company will be determined by applying the Issue Price (as set out below) to the value of shares to be issued, but subject to the Floor Price (as set out below).

The Issue Price of the Shares is equal to:

- for the first month after signing – $0.06 per share; and
- subject to the Floor Price described below, after the first month – the Issue Price is the average of five daily volume-weighted average prices selected by the Investor during the 20 consecutive trading days immediately prior to the date of the Investor's notice to issue shares, less a 10% discount, rounded down to the nearest 1/10th of a cent if the share price is at or below 20 cents, or whole cent otherwise.

The Issue Price is, nevertheless, subject to the Floor Price of $0.02. If the Issue Price formula would result in a price that is less than the Floor Price, the Company may forego issuing Shares and instead opt to repay the applicable subscription amount in cash (with a 12% premium), subject to the Investor's right to elect to receive Shares at the Floor Price in lieu of such cash payment.

The Company made an initial issuance of 1,900,000 shares to the Investor at the time of the funding of the initial investment, towards the ultimate number of Shares to be issued. The Company has also issued 2,086,957 shares to the Investor at the time of the funding of the initial investment with a deemed issue price of $0.023 in satisfaction of a $48,000 fee payable to the Investor.

On 19 December 2023, Towards Net Zero LLC issued a settlement notice in relation to $100,000 of the $348,000 subscription amount outstanding. As the share price was less than the Floor Price, the Company elected to repay the applicable subscription amount in cash (with a 12% premium).

The share placement agreement contains embedded derivatives. The group has made an accounting policy choice to irrevocably designate the entire contract as a financial liability measured at fair value through profit and loss. At each reporting date the group measures the fair value of the entire contract and recognises the movement in fair value through profit and loss.

The fair value of the convertible note was deemed to be $200,000 at 31 December 2023.

Notes to the Financial Statements (continued)

Note 10 – Issued capital	31 December 2023 $	30 June 2023 $
Authorised Shares		
674,967,335 (June 2023 – 440,502,123) fully paid ordinary shares	377,382,017	375,331,156

MOVEMENT IN ORDINARY SHARE CAPITAL:		NUMBER OF SHARES	ISSUE PRICE $ PER SHARE	$
1/07/2023	**Balance**	**440,502,123**		**375,331,156**
26/09/2023	Share Issue(1)	3,000,000	0.05	150,000
31/10/2023	Share issue(2)	2,086,957	0.023	48,000
31/10/2023	Share issue(3)	1,900,000		-
14/12/2023	Exercise of listed options(4)	115,556	0.07	8,089
14/12/2023	Share issue(5)	56,957,832	0.011	626,536
22/12/2023	Share issue(6)	45,454,545	0.011	500,000
22/12/2023	Share issue(7)	124,950,322	0.011	1,374,454
	Share issue costs – unlisted options issued to corporate advisor (Note 15)			(457,909)
	Share issue costs			(198,309)
31/12/2023	**Balance**	**674,967,335**		**377,382,017**

(1) 3,000,000 shares issued on 26 September 2023 by utilising the Company's At-the-Market Subscription Agreement with Acuity Capital to raise $150,000 (inclusive of costs) at an issue price of $0.05 per share.

(2) 2,086,957 shares issued to Towards Net Zero LLC in satisfaction of a $48,000 fee payable under the terms of the Investment Agreement entered into on 23 October 2023 (Note 9).

(3) 1,900,000 shares issued to Towards Net Zero LLC as an initial investment towards the ultimate number of shares to be issued under the Investment Agreement entered into on 23 October 2023 (Note 9).

(4) 115,556 shares issued on 14 December 2023 upon the exercise of 115,556 listed options ($0.07 each) raising $8,089.

(5) 56,957,832 shares issued on 14 December 2023 raising $626,536 pursuant to an underwritten, non-renounceable, pro rata entitlement offer at an issue price of $0.011 per share.

(6) 45,454,545 shares issued on 21 December 2023 raising $500,000 pursuant to a private placement at an issue price of $0.011 per share.

(7) 124,950,322 shares were issued on 22 December 2023 to the underwriter and sub-underwriters raising $1,374,454 in respect of the underwritten, non-renounceable, pro rata entitlement offer at an issue price of $0.011 per share.

Terms and conditions of contributed equity

Ordinary Shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Notes to the Financial Statements (continued)

Note 11 – Reserves

	31 December 2023 $	30 June 2023 $
Share based payment reserve	1,123,044	1,483,736
	1,123,044	**1,483,736**
Reconciliation of Reserves		
Carrying amount at beginning	1,483,736	720,170
Lapsed options[1]	(993,937)	-
Net share-based payments expense recognised	633,245	763,566
	1,123,044	**1,483,736**

(1) Relates to the lapse of unexercised options granted to Peak Asset Management as lead manager and corporate advisor to historic capital raises.

Share based payment reserve

The employee share-based payment reserve is used to record the value of share loan plan shares granted to employees and directors, including Key Management Personnel, as part of their remuneration. The share based payment reserve also records the value of share options issued to Peak Asset Management, PAC Partners and Cygnet Capital, as lead managers and/or corporate advisors. Refer to note 15 for further details.

Note 12- Earnings per share

	31 December 2023 $	31 December 2022 $
Basic and diluted earnings/(loss) per share attributable to the equity holders (cents per share): From continuing operations	**(0.48)**	**(0.52)**
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net loss attributable to equity shareholders From continuing operations	**(2,215,422)**	**(1,890,070)**
Weighted average number of ordinary shares used in calculation of basic earnings per share (number of shares)	**457,087,346**	**365,848,055**

Note 13 - Segment Information

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

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

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

Notes to the Financial Statements (continued)

Note 13 - Segment Information (continued)

The following table represents financial information for the Group's operating segments for the six months ended 31 December 2023.

Half Year Ended 31 December 2023	Hydrogen $	Renewable & Clean Energy Investments $	Corporate* $	Total $
Revenue and income				
- Other income	311,467	189,574	(13,249)	**487,792**
- Interest income	-	-	4,232	**4,232**
Share of loss from associate	-	(4,941)	-	**(4,941)**
Expenses	(1,190,726)	(1,000)	(1,296,247)	**(2,487,974)**
EBITDA	**(879,260)**	**183,633**	**(1,305,264)**	**(1,995,950)**
Depreciation	(10,066)	-	(30,974)	**(41,040)**
Amortisation	(228,548)	-	-	**(228,548)**
Income Tax	57,137	-	-	**57,137**
Interest expense	(1,305)	-	(775)	**(2,080)**
Loss after tax	**(1,062,042)**	**183,633**	**(1,337,013)**	**(2,215,422)**
Assets				
Segment assets	10,145,613	6,195,244	-	**16,340,857**
Unallocated assets	-	-	2,571,106	**2,571,106**
Total Assets	**10,145,613**	**6,195,244**	**2,571,106**	**18,911,963**

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

Half Year Ended 31 December 2022	Hydrogen $	Renewable & Clean Energy Investments $	Corporate* $	Total $
Revenue and income				
- Other income	3	90,000	16,234	**106,237**
- Interest income	-	-	12,268	**12,268**
Expenses	(451,661)	(20,002)	(1,265,189)	**(1,736,852)**
EBITDA	**(451,658)**	**69,998**	**(1,236,687)**	**(1,618,347)**
Depreciation	(3,111)	-	(38,821)	**(41,932)**
Amortisation	-	-	(228,548)	**(228,548)**
Interest expense	(530)	-	(713)	**(1,243)**
Loss after tax	**(455,299)**	**69,998**	**(1,504,769)**	**(1,890,070)**
Assets				
Segment assets	10,598,984	1,890,000	-	12,488,984
Unallocated assets	-	-	4,614,896	4,614,896
Total Assets	**10,598,984**	**1,890,000**	**4,614,896**	**17,103,880**

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

Notes to the Financial Statements (continued)

Note 14 – Contingent assets and liabilities

Since the last annual reporting date there has been no material change in contingent liabilities or contingent assets.

Note 15 – Share based payments

Loan share plan shares

For the six months ended 31 December 2023, an amount of $175,336 has been recognised as a share-based payment expense in the profit or loss (31 December 2022: $175,336). There has been no change during in the half-year in the number of plan shares issued.

Options

MOVEMENT IN OPTIONS:	Average exercise price per option	Number of options
Balance at the beginning of the period	**$0.07**	**124,236,941**
Lapsed during the period	$0.07	(124,236,941)
Granted during the period	$0.0165	50,000,000
Balance at the end of the period	**$0.0165**	**50,000,000**

Unlisted Options

25,000,000 unlisted options were granted in December and issued on 15 January 2024 to PAC Partners Securities Pty Limited and a further 25,000,000 unlisted options were granted in December and issued on 23 January 2024 Cygnet Capital Pty Ltd for acting as lead manager and underwriter and sub-underwriter respectively to the December 2023 underwritten, non-renounceable, pro rata entitlement offer at an issue price of $0.011 per share.

The 50,000,000 unlisted options granted to PAC Partners Securities Pty Limited and Cygnet Capital Pty Ltd are accounted for as a share based payment in respect of the services provided. The fair value at grant date is estimated using a Black Scholes model, taking into account the terms and conditions upon which the options were granted. The contractual life of each option granted is 3 years. There is no cash settlement of the options. The fair value of options granted during the six months ended 31 December 2023 of $0.0092 per option was estimated on the date of grant using the following assumptions:

Exercise Price ($) 0.0165
Dividend yield (%) 0
Expected volatility (%) 97.1
Risk-free interest rate (%) 3.66
Expected life of share options (years) 3.1
Share price ($) 0.015

An amount of $457,909 has been included in the statement of changes in equity for the six months ended 31 December 2023 under 'Share Capital' (being a cost of raising capital) relating to the fair value of the options granted to PAC Partners and Cygnet Capital.

Notes to the Financial Statements (continued)

Note 15 – Share based payments (continued)

Lapse of Listed Options

25,000,000 listed options previously granted to Peak Asset Management for acting as corporate adviser and lead manager to various placements lapsed, on 31 December 2023.

An amount of $993,937 relating to the previously recognised cost of raising capital, has been transferred out of the share based payment reserve for the six months ended 31 December 2023.

Note 16 –Related party disclosures

Transactions with Key Management Personnel

The Group engaged Pacific Energy Partners Pty Ltd and White Lotus Solutions Pty Ltd (trading as New Energy Capital) to provide consulting services.

Tim Scholefield is a joint Director and Principal of Pacific Energy Partners Pty Ltd (**PEP**). PEP provides consultancy services to support the development of small, medium and large scale energy projects in the Australia-Pacific and Southeast Asia markets. Consulting and Non-Executive Director fees of $195,350 were paid to Pacific Energy Partners during the period (2022: $28,500).

The key resource from White Lotus Solutions Pty Ltd is Boyd White. Consulting and Executive Director fees of $150,875 were paid during the period (2022: $0).

Geoffrey Drucker's spouse, Ms Ingeborg Drucker, is employed as Group Communications Director of ReNu Energy Limited. Gross wages and salaries (including superannuation) of $113,775 were paid to Ms Drucker during the period (2022: $104,975).

Note 17– Fair Value Measurement

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

Consolidated – 31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Assets				
Investments at fair value through profit or loss	-	-	6,195,244	**6,195,244**
Total assets	**-**	**-**	**6,195,244**	**6,195,244**
Liabilities				
Financial liabilities at fair value through profit or loss	-	-	200,000	**200,000**
Total liabilities	**-**	**-**	**200,000**	**200,000**

Notes to the Financial Statements (continued)

Note 17– Fair Value Measurement (continued)

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

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

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

The group engaged an independent external expert to assist in the valuation of the Share Placement Agreement. A financial model is used to determine the value of the financial liability. At each reporting date, an estimate is made on the investor exercising their option. The model takes into consideration the percentage likelihood of the Company issuing shares or paying cash in each of the estimated conversion event dates. The incremental excess of the conversion rights are calculated and subsequently discounted by the implied interest rate of option. The sum of discounted, probability weighted incremental excess value of the conversion rights is then calculated to determine the fair value.

Level 3 assets and liabilities

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

Assets **Consolidated – 31 December 2023**	Investments at fair value through profit or loss **$**	**Total** **$**
Balance at 1 July 2023	**5,338,752**	**5,338,752**
Additions – reclassification on loss of significant influence from investments accounted for using the equity method (Note 8)	666,918	**666,918**
Fair value adjustment on loss of significant influence from investments accounted for using the equity method	83,082	**83,082**
Fair value adjustment recognised in profit or loss	106,492	**106,492**
Balance at 31 December 2023	**6,195,244**	**6,195,244**

Liabilities **Consolidated – 31 December 2023**	Financial liabilities at fair value through profit or loss **$**	**Total** **$**
Balance at 1 July 2023	**-**	**-**
Additions	300,000	300,000
Repayment	(100,000)	(100,000)
Balance at 31 December 2023	**200,000**	**200,000**

Sensitivities

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Unobservable Inputs	**Sensitivity**
Share Price	10% change in share price of each investee company would increase/decrease fair value by $620,000

Notes to the Financial Statements (continued)

Note 18 – Events after reporting period

Subsequent to 31 December 2023, Towards Net Zero, LLC (**the Investor**) issued settlement notices in relation to the remaining $248,000 subscription amount outstanding from the Investor's initial investment of $300,000 for $348,000 worth of shares. As the share price was less than the Floor Price, the Company elected to repay the applicable subscription amount outstanding in cash (with a 12% premium). The Group received an additional investment from the Investor of $250,000 on 21 February 2024, as a prepayment for $272,500 worth of shares (out of the $500,000 that the Investor may fund under, and on the terms of, the Investment Agreement announced on 23 October 2023).

: Directors' declaration

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

1. In the opinion of the Directors:

   (a) the financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:

      i. giving a true and fair view of the financial position as at 31 December 2023 and the performance for the half year ended on that date of the Consolidated Entity;

      ii. complying with 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.

Boyd White
Chairman
Brisbane
28 February 2024

Auditor's Independence Declaration

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DECLARATION OF INDEPENDENCE BY A J WHYTE TO THE DIRECTORS OF RENU ENERGY LIMITED

As lead auditor for the review of ReNu Energy Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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

A J Whyte
Director

BDO Audit Pty Ltd

Brisbane, 28 February 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of ReNu Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of ReNu Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Material uncertainty relating to going concern

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

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2023 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.

BDO Audit Pty Ltd

BDO

A J Whyte
Director

Brisbane, 28 February 2024

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