

Endless Solar Corporation Limited

ABN 51 122 708 061

Annual Report - 30 June 2021

Endless Solar Corporation Limited
Corporate directory
30 June 2021

Directors	Mr. David H Craig - Chairman and Executive Director Mr. Chris Baring-Gould - Non-Executive Director Ms Cathy Lin - Non-Executive Director Mr. Ronald Hayward - Non-Executive Director (appointed 27 January 2021)
Company secretaries	Mr. Mark Licciardo Mertons Corporate Services Pty Ltd Level 7/330 Collins St, Melbourne VIC 3000
Notice of annual general meeting	The details of the annual general meeting of Endless Solar Corporation Limited are:
Registered office	555 Old Moorooduc Road Tuerong VIC 3915
Principal place of business	555 Old Moorooduc Road Tuerong VIC 3915
Share register	Boardroom Pty Limited Level 7, 207 Kent Street Sydney NSW 2000
Auditor	Connect National Audit Pty Ltd Level 8 350 Collins Street Melbourne VIC 3000
Stock exchange listing	Endless Solar Corporation Limited ordinary limited voting shares are listed on the National Stock Exchange
Website	www.endless-solar.com.au/
Corporate Governance Statement	The Company's Corporate Governance Statement for the year ended 30 June 2021 is provided on the Company's website at www.endless-solar.com.au

Endless Solar Corporation Limited
Directors' report
30 June 2021

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Endless Solar Corporation Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

The following persons were directors of Endless Solar Corporation Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr. David H Craig - Chairman and Executive Director
Mr. Chris Baring-Gould - Non-Executive Director
Ms Cathy Lin - Non-Executive Director
Mr. Ronald Hayward - Non-Executive Director (appointed 27 January 2021)

Principal activities

The principal activities of the consolidated entity during the course of the financial year was research and development activities. No significant changes have occurred in the nature of these activities during the financial year.

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$645,143 (30 June 2020: \$302,825).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2021 that has 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.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Mr David H. A. Craig
Title:	Chairman and Executive Director
Qualifications:	Bachelor of Economics (Monash)
Experience and expertise:	David has over 30 years' experience in management of property and investment companies, and is a member of the Financial Services Institute of Australasia (FINSIA).
Other current directorships:	Authorised Investment Fund Limited (ASX : AIY)
Former directorships (last 3 years):	Nil
Interests in shares:	8,114,510 fully paid ordinary shares
Interests in options:	400,000 unlisted options at \$0.10 expiry 22 October 2025
Interests in rights:	15,324,050 convertible notes at \$0.10 expiry 22 October 2025

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Name: Mr Chris Baring-Gould
Title: Non-executive Director
Qualifications: BBusAcc, MBA, CPA
Experience and expertise: Chris's professional experience is diverse. He has served as Group Financial Controller at JB Were & Son, General Manager of a stock broking subsidiary of the Equity and Property Investment Group and has served as Chief Finance Officer at Anglicare Victoria for 18½ years. He also is an independent member of the Funds-in-Court Audit Committee (Victoria Supreme Court) and Board member at Spectrum Victoria.
Other current directorships: Authorised Investment Fund Limited (ASX : AIY)
Former directorships (last 3 years): Nil
Interests in shares: 1,597,221 fully paid ordinary shares
Interests in options: 400,000 unlisted options at \$0.10 expiry 22 October 2025

Name: Ms Cathy Lin
Title: Non-Executive Director
Experience and expertise: Cathy is a Chartered Accountant with a strong accounting and taxation focus. She has over ten years' experience in small professional accounting firms
Other current directorships: Nil
Former directorships (last 3 years): Nil
Interests in shares: 132,000 fully paid ordinary shares
Interests in options: 400,000 unlisted options at \$0.10 expiry 22 October 2025

Name: Mr Ronald Hayward
Title: Non-Executive Director
Experience and expertise: Ron has a long career in the telecommunications industry. It commenced with Accountants Coopers & Lybrand Consulting and has included a long association and past Directorship of Ericsson Cellular, a Microsoft Development Partner, and more recently developing his ACCUTE technology interests (accounting, utilities, new energy) technology project.
Other current directorships: Nil
Former directorships (last 3 years): Nil
Interests in shares:
Interests in options: 2,000,000 unlisted options at \$0.10 expiry 22 October 2025

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretaries

Mr Mark Licciardo of Mertons Corporate Services Pty Ltd was appointed as company secretary during the 2020 financial year. Mark is widely recognised as a leader in his field and has extensive experience working with boards of high profile ASX-listed companies in the areas of corporate governance, accounting and finance, and company secretarial practice.

Endless Solar Corporation Limited
Directors' report
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Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Mr. D.H.A. Craig	3	3	-	-	-	-
Mr. C Baring-Gould	3	3	-	-	-	-
Ms C Lim	3	3	-	-	-	-
Mr. R Hayward - Non-Executive Director (appointed 27 January 2021)	3	3	-	-	-	-

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The remuneration policy of Endless Solar Corporation Limited has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based upon key performance areas affecting the economic entity's financial results. The board of Endless Solar Corporation Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the economic entity, as well as create goal congruence between director and shareholders.

The board's policy for determining the nature and amount of remuneration for board members of the economic entity is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the board;
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives; and
- The board reviews executive packages annually by reference to the company's performance, executive performance and comparable information from industry sectors.

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Directors' report
30 June 2021

The board reviews executive packages annually by reference to the company's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the economic entity's profits and shareholders' value. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

Where applicable, executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to The Group and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the economic entity. However, to align directors' interests with shareholder interests,

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

The Nomination and Remuneration Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants

During the financial years ended 30 June 2021 and 2020, the consolidated entity did not engage remuneration consultants.

Details of remuneration

The directors did not receive any fees during the 2021 and 2020 financial years.

Service agreements

The directors and executives do not have formalised contracts of employment.

A Directors appointment may be terminated in accordance with the Corporations Act and the Constitution of The Group, and their office will be ipso facto vacated in the circumstances specified in the Corporations Act and the Constitution of The Group. A director may terminate their appointment by giving 3 months' notice in writing to The Group. The Group will pay the Director, by way of remuneration for his services, directors' fees in accordance with the Constitution of The Group.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2021.

Endless Solar Corporation Limited
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There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2021 are summarised below:

	2021 \$	2020 \$	2019 \$	2018 \$	2017 \$
Sales revenue	70,000	19,091	46,402	180,261	187,417
Profit/(Loss) after income tax	(645,143)	(302,824)	111,688	337,164	(151,268)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020	2019	2018	2017
Basic earnings per share (cents per share)	(0.96)	(0.76)	0.28	1.45	(1.76)
Diluted earnings per share (cents per share)	(0.96)	(0.76)	0.22	0.85	(1.76)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Mr. D.H.A. Craig	8,114,510	-	-	-	8,114,510
Mr. C Baring-Gould	1,597,221	-	-	-	1,597,221
Ms C Lin	132,000	-	-	-	132,000
	<u>9,843,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,843,731</u>

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Mr. D.H.A.Craig	-	400,000	-	-	400,000
Mr.C Baring-Gould	-	400,000	-	-	400,000
Ms C Lin	-	400,000	-	-	400,000
Mr. A Hynson	-	2,000,000	-	-	2,000,000
Mr. R Hayward	-	2,000,000	-	-	2,000,000
Mr. S Happell	-	1,000,000	-	-	1,000,000
	<u>-</u>	<u>6,200,000</u>	<u>-</u>	<u>-</u>	<u>6,200,000</u>

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of Endless Solar Corporation Limited under option outstanding at the date of this report.

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Shares issued on the exercise of options

There were no ordinary shares of Endless Solar Corporation Limited issued on the exercise of options during the year ended 30 June 2021 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of Connect National Audit Pty Ltd

There are no officers of the company who are former partners of Connect National Audit Pty Ltd

Auditor's independence declaration

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

Auditor

Connect National Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



David Craig
Director

27 October 2021

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor for the audit of Endless Solar Corporation Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of ENDLESS SOLAR CORPORATION LIMITED.

George Georgiou FCA
Managing Partner
Connect National Audit Pty Ltd
ASIC Authorised Audit Company No. 521888
Melbourne, VIC 3000
Dated: 27 October 2021

Endless Solar Corporation Limited

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General information	

The financial statements cover Endless Solar Corporation Limited as a consolidated entity consisting of Endless Solar Corporation Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Endless Solar Corporation Limited's functional and presentation currency.

Endless Solar Corporation 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

555 Old Moorooduc Road
Tuerong VIC 3915

Principal place of business

555 Old Moorooduc Road
Tuerong VIC 3915

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 October 2021. The directors have the power to amend and reissue the financial statements.

Endless Solar Corporation Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	Consolidated 2021 \$	2020 \$
Revenue	6	70,000	198,984
Other income	7	380,968	-
Expenses			
Administration Expenses		(190,913)	(177,639)
Fair Value Loss on Investments		(64,500)	(324,170)
Research and Development Write Off		(840,698)	-
Loss before income tax expense		(645,143)	(302,825)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of Endless Solar Corporation Limited		(645,143)	(302,825)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Endless Solar Corporation Limited		<u>(645,143)</u>	<u>(302,825)</u>
		Cents	Cents
Basic earnings per share	27	(0.96)	(0.76)
Diluted earnings per share	27	(0.96)	(0.76)

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

Endless Solar Corporation Limited
Statement of financial position
As at 30 June 2021

	Note	Consolidated 2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	9	2,128	397
Trade and other receivables	10	68,990	11,000
Total current assets		<u>71,118</u>	<u>11,397</u>
Non-current assets			
Receivables		34,320	-
Available for sales assets at fair value through profit or loss	11	106,000	170,500
Intangibles	12	3,116,703	2,562,857
Total non-current assets		<u>3,257,023</u>	<u>2,733,357</u>
Total assets		<u>3,328,141</u>	<u>2,744,754</u>
Liabilities			
Current liabilities			
Trade and other payables	13	474,501	320,359
Borrowings	14	24,049	24,049
Total current liabilities		<u>498,550</u>	<u>344,408</u>
Non-current liabilities			
Borrowings	15	211,593	1,669,610
Total non-current liabilities		<u>211,593</u>	<u>1,669,610</u>
Total liabilities		<u>710,143</u>	<u>2,014,018</u>
Net assets		<u>2,617,998</u>	<u>730,736</u>
Equity			
Issued capital	16	4,811,032	2,278,627
Accumulated losses		(2,193,034)	(1,547,891)
Total equity		<u>2,617,998</u>	<u>730,736</u>

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

Endless Solar Corporation Limited
Statement of changes in equity
For the year ended 30 June 2021

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2019	2,278,627	-	(1,245,066)	-	1,033,561
Loss after income tax expense for the year	-	-	(302,825)	-	(302,825)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(302,825)	-	(302,825)
Balance at 30 June 2020	<u>2,278,627</u>	<u>-</u>	<u>(1,547,891)</u>	<u>-</u>	<u>730,736</u>
Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2020	2,278,627	-	(1,547,891)	-	730,736
Loss after income tax expense for the year	-	-	(645,143)	-	(645,143)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(645,143)	-	(645,143)
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued	1,000,000	-	-	-	1,000,000
Convertible Notes	1,532,405	-	-	-	1,532,405
Balance at 30 June 2021	<u>4,811,032</u>	<u>-</u>	<u>(2,193,034)</u>	<u>-</u>	<u>2,617,998</u>

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

Endless Solar Corporation Limited
Statement of cash flows
For the year ended 30 June 2021

	Note	Consolidated 2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		12,010	56,800
Payments to suppliers (inclusive of GST)		(75,317)	(31,867)
		(63,307)	24,933
Other revenue		419,514	137,348
Refund of Security Deposits		-	69,891
Net cash from operating activities	26	356,207	232,172
Cash flows from investing activities			
Payments for intangibles	12	(394,544)	(490,730)
Net cash used in investing activities		(394,544)	(490,730)
Cash flows from financing activities			
Proceeds from borrowings		40,068	257,864
Net cash from financing activities		40,068	257,864
Net increase/(decrease) in cash and cash equivalents		1,731	(694)
Cash and cash equivalents at the beginning of the financial year		397	1,091
Cash and cash equivalents at the end of the financial year	9	<u>2,128</u>	<u>397</u>

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

Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Going concern

The directors have prepared a cash flow which indicates that the company has sufficient funds to continue in the foreseeable future. These assumptions are based on certain economic and operating assumptions about future events and actions that have not yet occurred, and may not necessarily occur. The directors are confident that if necessary they will be able to raise sufficient capital to enable the continuation of operations until investment returns reach a volume to ensure a return to profitability and positive cash flows.

A director of the company has also issued a letter of financial support to the company for a period in excess of 12 months from the signing of the financial statements.

Basis of preparation

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

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

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

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 25.

Note 1. Significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Endless Solar Corporation Limited ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Endless Solar Corporation Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

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

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

Sale of goods

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

Other revenue

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

Note 1. Significant accounting policies (continued)

Income tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Current and non-current classification

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

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

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

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

Cash and cash equivalents

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

Trade and other receivables

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

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

Note 1. Significant accounting policies (continued)

Investments and other financial assets

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

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

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at amortised cost

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

Impairment of financial assets

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

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

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

Intangible assets

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit once it is ready for use.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and recognised at cost. They are not amortised because they have significant time value left (13 years) to evaluate best possible options for commercialisation.

Impairment of non-financial assets

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

Note 1. Significant accounting policies (continued)

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

Trade and other payables

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

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

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

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Note 1. Significant accounting policies (continued)

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

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

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

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

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured 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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax losses have not been recognised in relation to tax losses as their realisation has not been deemed probable.

Note 3. Differences to Preliminary Report

On 13 September 2021, the company announced its preliminary financial report. As a result of completing its review of the capitalised research and development at cost a further loss of \$840,698 was declared. A provision for potential repayment of research and development claims of \$38,546 was also declared. The directors loan balance at 30 June 2020 of \$1,532,405 has been reclassified as convertible notes.

Note 4. Impact of COVID-19 Pandemic

During the year ended 30 June 2020, the COVID-19 was declared a pandemic by the World Health Organisation (WHO). The pandemic has adversely affected the global economy, including an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Since its outbreak, governments worldwide have set up measures to contain the pandemic. Many countries have required entities to limit or suspend business operations, and have also implemented travel restrictions and quarantine measures. Monetary and fiscal stimulus packages have also been introduced in some countries. As the COVID-19 outbreak continues to evolve, the estimated financial impact cannot be reasonably determined at this juncture. The impact which COVID 19 has had on the consolidated entity is set out below.

Carrying value of investments

During the year the consolidated entity has recognised fair value losses on investments of \$64,500. The pandemic has been a significant contributor to these losses.

Note 5. Operating segments

Identification of reportable operating segments

The Group and its controlled entities operate in Australia, and in the same business segment of solar energy.

Note 6. Revenue

	Consolidated	
	2021	2020
	\$	\$
<i>Revenue from contracts with customers</i>		
Sales - Services	70,000	19,091
<i>Other revenue</i>		
Rent	-	42,545
Other revenue	-	137,348
	-	179,893
Revenue	<u>70,000</u>	<u>198,984</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2021	2020
	\$	\$
<i>Major product lines</i>		
Solar Products	<u>70,000</u>	<u>19,091</u>
<i>Geographical regions</i>		
Australia	<u>70,000</u>	<u>19,091</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	<u>70,000</u>	<u>19,091</u>

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Note 7. Other income

	Consolidated	
	2021	2020
	\$	\$
Government grants - research & development	380,968	-

Note 8. Income tax expense

	Consolidated	
	2021	2020
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(645,143)	(302,825)
Tax at the statutory tax rate of 26% (2020: 27.5%)	(167,737)	(83,277)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Adjustments previous tax balances	-	(4,125)
Deferred income tax related to origination and reversal of deferred taxes	167,737	87,402
Income tax expense	-	-

Note 9. Current assets - cash and cash equivalents

	Consolidated	
	2021	2020
	\$	\$
Cash on hand	2,128	394
Cash at bank	-	3
	2,128	397

Note 10. Current assets - trade and other receivables

	Consolidated	
	2021	2020
	\$	\$
Trade receivables	68,990	11,000

Note 11. Non-current assets - Available for sales assets at fair value through profit or loss

	Consolidated	
	2021	2020
	\$	\$
Available for sales assets at fair value through profit or loss	<u>106,000</u>	<u>170,500</u>
<i>Reconciliation</i>		
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:		
Opening carrying amount	170,500	494,670
Revaluation decrements	<u>(64,500)</u>	<u>(324,170)</u>
Closing carrying amount	<u>106,000</u>	<u>170,500</u>

Listed shares held by the consolidated entity that are traded in an active market are stated at fair value. The consolidated entity also has investments in unlisted shares that are not traded in an active market but that also stated at fair value because the board consider that fair value can be reliably measured according to the information available and can be measured at fair value on a recurring basis.

Note 12. Non-current assets - intangibles

	Consolidated	
	2021	2020
	\$	\$
Development - at cost	<u>2,631,016</u>	<u>2,102,811</u>
Patents and trademarks - at cost	<u>485,687</u>	<u>460,046</u>
	<u>3,116,703</u>	<u>2,562,857</u>

Reconciliations

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

	Development	Patents & trademarks	Total
Consolidated	\$	\$	\$
Balance at 1 July 2019	1,647,314	424,813	2,072,127
Additions	<u>455,497</u>	<u>35,233</u>	<u>490,730</u>
Balance at 30 June 2020	2,102,811	460,046	2,562,857
Additions	1,368,903	25,641	1,394,544
Impairment of assets	<u>(840,698)</u>	<u>-</u>	<u>(840,698)</u>
Balance at 30 June 2021	<u>2,631,016</u>	<u>485,687</u>	<u>3,116,703</u>

This is an appropriate fair value, given current efforts to evaluate best possible options for commercialisation over the remaining time of 13 years before the patents expire.

Note 13. Current liabilities - trade and other payables

	Consolidated 2021 \$	2020 \$
Trade payables	435,955	320,359
Other payables	38,546	-
	<u>474,501</u>	<u>320,359</u>

Refer to note 18 for further information on financial instruments.

Note 14. Current liabilities - borrowings

	Consolidated 2021 \$	2020 \$
Loan from related parties	24,049	24,049

Refer to note 18 for further information on financial instruments.

Note 15. Non-current liabilities - borrowings

	Consolidated 2021 \$	2020 \$
Unsecured loan from directors	74,388	1,532,405
Unsecured loan from related party	137,205	137,205
	<u>211,593</u>	<u>1,669,610</u>

Refer to note 18 for further information on financial instruments.

During the year, the directors have contributed this amount into The Group as unsecured loan.

Note 16. Equity - issued capital

	2021 Shares	2020 Shares	Consolidated 2021 \$	2020 \$
Ordinary shares - fully paid	79,625,096	39,625,096	4,811,032	2,278,627

Full Voting Shares

At 30 June 2021, there were 11 holders of full voting shares with total holdings of 1,699,074 fully paid shares. Full voting shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital. These shares are not listed on the NSX.

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

Note 16. Equity - issued capital (continued)

Convertible notes

At 30 June 2021, there was 1 holder of convertible notes with total holdings of 1,532,405 fully paid convertible notes. The convertible notes have no par value and the company does not have a limited amount of authorised capital. These notes are not listed on the NSX.

Limited Voting Shares

At 30 June 2021, there were 72 holders of limited voting shares with total holdings of 77,926,022 fully paid shares. Limited voting shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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

Share buy-back

There is no current on-market share buy-back

Capital risk management

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

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

Note 17. Equity - dividends

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

Note 18. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis of price risks and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Note 18. Financial instruments (continued)

Market risk

Foreign currency risk

The consolidated entity is not exposed to any significant foreign currency risk.

Price risk

The consolidated entity is exposed to price risk in relation to its investments its available for sales assets to - fair value through profit or loss.

Consolidated - 2021	% change	Average price increase		% change	Average price decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Available for sales assets to - fair value through profit or loss.	50%	<u>53,000</u>	<u>53,000</u>	50%	<u>(53,000)</u>	<u>(53,000)</u>
Consolidated - 2020	% change	Average price increase		% change	Average price decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Available for sales assets to - fair value through profit or loss.	50%	<u>85,250</u>	<u>85,250</u>	50%	<u>(85,250)</u>	<u>(85,250)</u>

The sensitivity rate used this year has been maintained at 50% to reflect the continued volatility in the prices of the consolidated entity's investments. The COVID 19 pandemic has contributed to this volatility but there have also been other factors.

Interest rate risk

The consolidated entity is not exposed to any significant interest rate risk

Credit risk

The consolidated entity is not exposed to any significant credit rate risk

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 18. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2021	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	435,955	-	-	-	435,955
Other payables	-	38,546	-	-	-	38,546
<i>Interest-bearing - fixed rate</i>						
Unsecured loan from directors and related party	-	211,593	-	-	-	211,593
Total non-derivatives		<u>686,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>686,094</u>

Consolidated - 2020	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	320,359	-	-	-	320,359
<i>Interest-bearing - fixed rate</i>						
Unsecured loan from directors and related party	-	1,669,610	-	-	-	1,669,610
Total non-derivatives		<u>1,989,969</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,989,969</u>

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

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 19. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity'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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated - 2021				
<i>Assets</i>				
Listed investment	-	83,000	-	83,000
Unlisted investment	-	-	23,000	23,000
Total assets	-	83,000	23,000	106,000

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated - 2020				
<i>Assets</i>				
Listed investments	-	68,400	-	68,400
Unlisted investments	-	-	102,100	102,100
Total assets	-	68,400	102,100	170,500

The fair value of an unlisted investment is determined by the use of an appropriate valuation technique to estimate what the transaction price would have been at balance date in an arm's length exchange between willing buyers and sellers.

The valuation techniques are:

- EBITA multiple of the listed company, with reference to similar can comparable companies trading in its industry vertical. This valuation technique is used for comparison purposes only.

- Equity Value - cash flow forecasts provided by the unlisted company management, and discounted to Present Value (PV) this Enterprise Valuation of the company comprises its PV of its visible cash flows and of its terminal value,

- The Equity Value to shareholders is derived by deducting any minority interest and debt from its Enterprise Value.

- Assumptions applied in valuation:

Discount rate used - cost of equity to shareholders of the unlisted entity

Terminal value growth rate - economic growth rate (GDP) of the country where the operations of the unlisted company are based.

- Risk and uncertainty factors - forecast cash flows provided by management are subject to a sensitivity analysis involving a range of pessimistic, base and optimistic scenarios.

in addition to the discount rate used, a further discount for risk and uncertainty may be applied where deemed appropriate, after due consideration of the following risk factors:

- Business model and its growth and profitability prospects
- Depth of management expertise in implementing strategies and running operations
- Quality of management accounts and forecasts provided
- Macroeconomic and geopolitical influences

The sensitivities and assumptions are re-assessed at each reporting balance date

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Note 20. Remuneration of auditors

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

	Consolidated	
	2021	2020
	\$	\$
<i>Audit services - Connect Audit Pty Ltd</i>		
Audit or review of the financial statements	25,000	22,500

Note 21. Contingent liabilities

	Consolidated	
	2021	2020
	\$	\$
Other Payables	38,546	-

Note 22. Related party transactions

Parent entity

Endless Solar Corporation Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 23.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2021	2020
	\$	\$
Sale of goods and services:		
Sale of goods to Weeping Elm Wines Pty Ltd	70,000	10,000
Payment for goods and services:		
Payment for services from Wireless Accounting Pty Ltd	49,950	90,698
Payment for services from Jinalec Pty Ltd TF Tuerong Park Unit Trust	112,000	210,500
Payment for services from Consolidated Accounting & Taxation Services Pty Ltd	15,287	-
Payment for services from VDI Technologies Pty Ltd	49,950	-

Note 22. Related party transactions (continued)

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2021	2020
	\$	\$
Current receivables:		
Trade receivables Weeping Elm Wines Pty Ltd	68,000	11,000
Current payables:		
Trade payables to Consolidated Accounting & Taxation Services Pty Ltd	16,816	-
Trade payables to Jinalec Pty Ltd TF Tuerong Park Unit Trust	172,950	231,550
Trade payables to VDI Technologies Pty Ltd	108,000	-
Trade Payables to Wireless Accounting Pty Ltd	-	99,768

Loans to/from related parties

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

	Consolidated	
	2021	2020
	\$	\$
Current borrowings:		
Loan from other related party	24,029	24,029
Non-current borrowings:		
Loan from other related party	137,205	137,205
Unsecured loan from directors	74,388	1,532,405

Terms and conditions

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

Note 23. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021	2020
		%	%
Endless Solar Technology Pty Ltd	Australia	100.00%	100.00%
Renewable Energy Exchange Pty Ltd	Australia	100.00%	100.00%
Endless Energy Solutions Pty Ltd	Australia	60.00%	60.00%
Endless Aqua Pty Ltd	Australia	63.00%	63.00%
Plumbers Federation Ltd	Australia	60.00%	60.00%

Note 24. Events after the reporting period

No matter or circumstance has arisen since 30 June 2021 that has 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.

Note 25. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2021	2020
	\$	\$
Loss after income tax	(645,143)	(347,975)
Total comprehensive income	(645,143)	(347,975)

Statement of financial position

	Parent	
	2021	2020
	\$	\$
Total current assets	71,118	11,570
Total assets	3,328,141	4,000,649
Total current liabilities	498,550	345,737
Total liabilities	710,143	2,015,347
Equity		
Issued capital	4,811,032	2,278,627
Accumulated losses	(2,193,034)	(293,325)
Total equity	<u>2,617,998</u>	<u>1,985,302</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

Contingent liabilities

The parent entity has no contingent liabilities

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

Endless Solar Corporation Limited
Notes to the financial statements
30 June 2021

Note 26. Reconciliation of loss after income tax to net cash from operating activities

	Consolidated	
	2021	2020
	\$	\$
Loss after income tax expense for the year	(645,143)	(302,825)
Adjustments for:		
Net fair value loss on investments	64,500	324,170
Research & Development Write Off	840,698	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(57,990)	(11,000)
Decrease in other operating assets	-	69,892
Increase in trade and other payables	154,142	151,935
Net cash from operating activities	<u>356,207</u>	<u>232,172</u>

Note 27. Earnings per share

	Consolidated	
	2021	2020
	\$	\$
Loss after income tax attributable to the owners of Endless Solar Corporation Limited	<u>(645,143)</u>	<u>(302,825)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	67,131,944	39,625,096
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	4,263,562	-
Convertible notes	10,537,908	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>81,933,414</u>	<u>39,625,096</u>
	Cents	Cents
Basic earnings per share	(0.96)	(0.76)
Diluted earnings per share	(0.96)	(0.76)

Endless Solar Corporation Limited
Directors' declaration
30 June 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors



David Craig
Director

27 October 2021

Independent Auditor's Report

To the Members of Endless Solar Corporation Limited

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Endless Solar Corporation Limited (the "company"), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the financial year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

In our opinion the financial report of Endless Solar Corporation Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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* (the Code) that are relevant to our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Material Uncertainty Related to Going Concern

The directors have prepared a cash flow which indicates that the company has sufficient funds to continue in the foreseeable future. These assumptions are based on certain economic and operating assumptions about future events and actions that have not yet occurred, and may not necessarily occur. The directors are confident that if necessary they will be able to raise sufficient capital to enable the continuation of operations until investment returns reach a volume to ensure a return to profitability and positive cash flows.

A director of the company has also issued a letter of financial support to the company for a period in excess of 12 months from the signing of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
<p>Capitalisation and Valuation of Intangibles – Development Costs</p> <p>Development into the cool solar project is recorded at cost of 3,116,703 as at 30 June 2021. This project is still in the development phase.</p> <p>We have focused on development cost as this represented a significant part of the Group assets, and significant judgement is required in determining the appropriate accounting treatment.</p> <p>During the year the Group had capitalised development costs relating to cool solar development project. For internally generated intangible assets, the Australian Accounting Standards require certain conditions to be satisfied prior to development costs being capitalised. This assessment is complex as it requires management to differentiate costs between the research phase and development phase.</p> <p>See Note 12 in the financial statements.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Gain an understanding of the cool solar project and its associated costs incurred to date • Test a sample of capitalised development costs for the year to source documentation and verified whether the intangible asset recognition criteria had been satisfied for capitalisation. This includes determining whether the nature of the expense relates to research or development activity • Assess whether the project is still in the Development phase • Assess whether impairment is necessary
<p>Existence and Valuation of Investments</p> <p>The Group has investment in listed and unlisted companies which is recorded at fair value of \$106,000 at 30 June 2021.</p> <p>Investments in listed companies are valued by multiplying the quantity held by the respective market price.</p> <p>Investments in unlisted companies are either held at cost or estimated net tangible asset value per share.</p> <p>See Note 11 in the financial statements.</p>	<p>Our procedures included amongst others:</p> <ul style="list-style-type: none"> • Recalculate the fair value of investments based on market prices • Agree the investment holdings at 30 June 2021 to registers • Agree the fair value of unlisted investments, including impairment, by assessing and examining documentation available publicly.

Responsibilities of the directors for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In the basis of preparation, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 4 to 6 of the directors' report for the financial year ended 30 June 2021.

In our opinion the Remuneration Report of Endless Solar Corporation Limited for the financial year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



George Georgiou FCA
Managing Partner
Connect National Audit Pty Ltd
ASIC Authorised Audit Company No. 521888
Melbourne, VIC 3000
Date: 27 October 2021

Endless Solar Corporation Limited
Shareholder information
30 June 2021

The shareholder information set out below was applicable as at 26 October 2021.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1,001 to 5,000	3	8,000	-	0.01
5,001 to 10,000	1	10,000	-	0.01
10,001 to 100,000	33	1,988,935	-	2.96
100,001 and over	35	75,919,086	-	97.02
	<u>72</u>	<u>77,926,021</u>	<u>-</u>	<u>100.00</u>
Holding less than a marketable parcel	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
ENDLESS NETWORK PLATFORM SPECIAL PURPOSE PTY LTD (ENP SPECIAL PURPOSE A/C)	30,000,000	37.68
ENDLESS ENERGY SOLUTIONS SPECIAL PURPOSE PTY LTD (EES SPECIAL PURPOSE A/C)	10,000,000	12.56
ENDLESS SOLAR PTY LTD	9,116,848	11.45
HARVARD NOMINEES PTY LTD (4 A/C)	5,338,373	6.70
LION CORPORATE SERVICES P/L A/C 14	4,104,000	5.15
AUTHORISED INVESTMENT FUND LTD	3,360,001	4.22
LION CORPORATE SERVICES P/L A/C 12	2,799,256	3.52
VARDALE PTY LTD (POCKET KINGS INVESTMENT A/C)	1,715,014	2.15
CHRIS BARING-GOULD & SUSAN KOAY (KOAY BARING-GOULD S/F A/C)	1,436,400	1.80
COLLINS COURT CORPORATION LTD	957,600	1.20
MR STEPHAN STANDISH	894,809	1.12
MR DAVID HAROLD ALLEN CRAIG	889,200	1.12
LION CORPORATE SERVICES P/L A/C 11	437,760	0.55
PETHOL (VIC) PTY LTD (MACDY NO 5 S/F A/C)	400,000	0.50
GORDEN WALSH (TJW DISCRETIONARY A/C)	371,640	0.47
POCKET KINGS INVESTMENT (POCKET KINGS S/F A/C)	367,080	0.46
HARVARD NOMINEES PTY LTD	291,200	0.37
MRS DAI LI CRAIG	275,601	0.35
MR LINGKE NI	250,000	0.31
HARVARD NOMINEES PTY LTD (3 A/C)	247,500	0.31
	<u>73,252,282</u>	<u>91.99</u>

Endless Solar Corporation Limited
Shareholder information
30 June 2021

	Unlisted full voting shares (Spare)	(Spare) % of total (spare) issued
	Number held	
Endless Solar Pty Ltd	324,000	-
Lion Corporate Services P/L A/C 6	255,000	-
Harvard Nominees Pty Ltd A/C 5	197,254	-
Mr. David Craig	189,000	-
Collins Court Corporation Ltd	167,999	-
Chris Baring-Gould and Sussan Baring-Gould (Koay Baring-Gould Superannuation Fund A/C)	160,821	-
Harvard Nominees Pty Ltd A/C 1	117,000	-
Kevin. L Thomas and Lorraine Thomas (Thomas Super Fund A/C)	108,000	-
Mr. Stephen Standish	100,000	-
Rowland Holdings Pty Ltd	60,000	-
Mr. George B Pizzey	20,000	-
	1,699,074	-

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	% of total shares issued
	Number held	
ENDLESS NETWORK PLATFORM SPECIAL PURPOSE PTY LTD (ENP SPECIAL PURPOSE A/C)	30,000,000	37.68
ENDLESS ENERGY SOLUTIONS SPECIAL PURPOSE PTY LTD (EES SPECIAL PURPOSE A/C)	10,000,000	12.56
ENDLESS SOLAR PTY LTD	9,116,848	11.45
HARVARD NOMINEES PTY LTD (4 A/C)	5,338,373	6.70
LION CORPORATE SERVICES P/L A/C 14	4,104,000	5.15

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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

Limited voting shares

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