

Endless Solar Corporation Limited

ABN 51 122 708 061

Interim Report - 31 December 2021

Endless Solar Corporation Limited
Corporate directory
31 December 2021

Directors	Mr. David H Craig - Chairman and Exectuive Director Mr. Chris Baring-Gould - Non Executive Director Ms. Cathy Lin - Non Executive Director Mr. Ron Hayward - Non Executive Director (Resigned at AGM 27 January 2022)
Company secretary	Mr. Mark Licciardo Mertons Corporate Services Pty Ltd Level 7/330 Collins St Melbourne VIC 3000
Registered office	555 Old Moorooduc Road Tuerong VIC 3915
Principal place of business	555 Old Moorooduc Road Tuerong VIC 3915
Share register	Boardroom Pty Ltd Level 7, 207 Kent Street Sydney NSW 2000
Auditor	George Georgiou FCA Connect National - ASIC Authorised Audit Company No. 521888 Level 8, 350 Collins Street Melbourne VIC 3000
Stock exchange listing	Endless Solar Corporation Limited shares are listed on the National Stock Exchange

Endless Solar Corporation Limited
Directors' report
31 December 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 31 December 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. Ronald Hayward - Non-Executive Director (Resigned at AGM 27 January 2022)
Mr. Chris Baring-Gould - Non Executive Director
Ms. Cathy Lin - Non Executive Director

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.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$70,250 (31 December 2020: loss of \$88,846).

Cool Solar Project Overview and Update

The directors are pleased to provide the following overview and update to this project:

Background: Australia's power reliability will continue to decrease through this decade. The electricity supply system needs targeted investment in dispatchable power. In particular, there is a current shortfall during peak demand (summer afternoons). Electric vehicles will add more generation demand plus upgrades to poles and wires. New power station projects take around a decade from start to finish. This situation is not unique to Australia.

The majority of domestic energy consumption is heating and cooling. Endless Solar has patented "Cool Solar" technology that is capable of significantly reducing domestic electricity and gas demand. The technology is distributed at the point of consumption and may avoid upgrades to poles and wires.

How the Technology Works

The technology was developed at the Australian National University under an Innovation Australia grant. It uses stored hot water to directly run an air conditioning heat pump. It has very few moving parts so the cost of running the system is very low. When used domestically, the house is always kept at a constant temperature and excess energy collected during the day is stored in an ultra-high efficiency hot water tank. The house and the hot water tank become the system's "batteries". Hot water storage is simple, proven technology that does not degrade over time in the way that electrical batteries do.

Recent advances in high volume 3D printing manufacturing have enabled the key component to be produced in high volume at low cost.

Project Initiation

Endless Energy Solutions (EES) have commenced the first stage of commercialisation development of Endless Solar's Cool Solar technology. EES are currently turning ANU's laboratory solutions into engineering system and hardware designs.

Once the design phase has been completed, an adjustable development test rig will be constructed to enable hardware and control system optimisation.

The intent of this development phase is to have a working engineering demonstration unit available this year.

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.

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.

Endless Solar Corporation Limited
Directors' report
31 December 2021

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

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, positioned above a solid horizontal line.

David Craig

16 March 2022

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

As lead auditor for the review of Endless Solar Corporation Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

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

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, Victoria
16 March 2022

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 is:

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 16 March 2022.

Endless Solar Corporation Limited
Statement of profit or loss and other comprehensive income
For the period ended 31 December 2021

		Consolidated	
	Note	Dec 2021	Dec 2020
		\$	\$
Revenue	2	165,019	36,200
Other income	3	-	38,281
Expenses			
Administration Expenses		(47,769)	(163,327)
Fair Value Loss on Financial Assets		(47,000)	-
Profit/(loss) before income tax expense		70,250	(88,846)
Income tax expense		-	-
Profit/(loss) after income tax expense for the year attributable to the owners of Endless Solar Corporation Limited		70,250	(88,846)
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>70,250</u>	<u>(88,846)</u>

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 31 December 2021

	Note	Consolidated Dec 2021 \$	Jun 2021 \$
Assets			
Current assets			
Cash and cash equivalents		262	2,128
Trade and other receivables		96,490	68,990
Total current assets		<u>96,752</u>	<u>71,118</u>
Non-current assets			
Receivables		34,320	34,320
Other financial assets	4	59,000	106,000
Property, plant and equipment	5	-	-
Intangibles	6	3,333,362	3,116,703
Total non-current assets		<u>3,426,682</u>	<u>3,257,023</u>
Total assets		<u>3,523,434</u>	<u>3,328,141</u>
Liabilities			
Current liabilities			
Trade and other payables		726,784	474,501
Borrowings	7	34,014	24,049
Total current liabilities		<u>760,798</u>	<u>498,550</u>
Non-current liabilities			
Borrowings	8	74,388	211,593
Total non-current liabilities		<u>74,388</u>	<u>211,593</u>
Total liabilities		<u>835,186</u>	<u>710,143</u>
Net assets		<u>2,688,248</u>	<u>2,617,998</u>
Equity			
Issued capital		4,811,032	4,811,032
Accumulated losses		<u>(2,122,784)</u>	<u>(2,193,034)</u>
Total equity		<u>2,688,248</u>	<u>2,617,998</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 period ended 31 December 2021

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2020	2,278,627	-	(1,547,890)	-	730,737
Loss after income tax expense for the year	-	-	(88,846)	-	(88,846)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(88,846)	-	(88,846)
Balance at 31 December 2020	<u>2,278,627</u>	<u>-</u>	<u>(1,636,736)</u>	<u>-</u>	<u>641,891</u>

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2021	4,811,032	-	(2,193,034)	-	2,617,998
Profit after income tax expense for the year	-	-	70,250	-	70,250
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	70,250	-	70,250
Balance at 31 December 2021	<u>4,811,032</u>	<u>-</u>	<u>(2,122,784)</u>	<u>-</u>	<u>2,688,248</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 31 December 2021

	Note	Consolidated Dec 2021 \$	Dec 2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		-	-
Payments to suppliers and employees (inclusive of GST)		(35,060)	(236,506)
		(35,060)	(236,506)
GST Refunds from ATO		33,194	38,281
Net cash from/(used in) operating activities		(1,866)	(198,225)
Cash flows from investing activities			
Payments for intangibles	6	-	(73,690)
R & D Tax Offset Received		-	381,233
Net cash from/(used in) investing activities		-	307,543
Cash flows from financing activities			
Advance to related Party		-	(14,741)
Net cash from/(used in) financing activities		-	(14,741)
Net increase/(decrease) in cash and cash equivalents		(1,866)	94,577
Cash and cash equivalents at the beginning of the financial year		2,128	398
Cash and cash equivalents at the end of the financial year		<u>262</u>	<u>94,975</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.

Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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.

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. 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.

Note 2. Revenue

	Consolidated	
	Dec 2021	Dec 2020
	\$	\$
<i>Revenue from contracts with related parties</i>		
Sales	165,019	-
<i>Other revenue</i>		
Other revenue	-	36,200
Revenue	<u>165,019</u>	<u>36,200</u>

Out of the total revenue generated from contracts with related parties, \$144,532 is for equipment sold to the related parties at an agreed price. This equipment had been written off completely at the end of financial 2019. The equipment was sold to related parties, Weeping Elm Wines Pty Ltd and Jinaltec Pty Ltd ATF Tuerong Park Unit Trust in exchange for forgiveness of loan and payable to them respectively.

Endless Solar Corporation Limited
Notes to the financial statements
31 December 2021

Note 3. Other income

	Consolidated	
	Dec 2021	Dec 2020
	\$	\$
Government grants	-	38,281
	<u>-</u>	<u>38,281</u>

Note 4. Non-current assets - other financial assets

	Consolidated	
	Dec 2021	Jun 2021
	\$	\$
Financial assets at fair value through profit or loss	59,000	106,000
	<u>59,000</u>	<u>106,000</u>

A fair value loss of \$47,000 has been recognized in the current period. This has been calculated based on the consolidated entity's share of the net tangible assets of the companies in which the investments are held.

Note 5. Non-current assets - property, plant and equipment

	Consolidated	
	Dec 2021	Jun 2021
	\$	\$
Plant and equipment - at cost	58,896	58,896
Less: Accumulated depreciation	(58,896)	(58,896)
	<u>-</u>	<u>-</u>
Fixtures and fittings - at cost	3,912	3,912
Less: Accumulated depreciation	(3,912)	(3,912)
	<u>-</u>	<u>-</u>
Motor vehicles - at cost	28,182	28,182
Less: Accumulated depreciation	(28,182)	(28,182)
	<u>-</u>	<u>-</u>
Computer equipment - at cost	54,298	54,298
Less: Accumulated depreciation	(54,298)	(54,298)
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Note 6. Non-current assets - intangibles

	Consolidated	
	Dec 2021	Jun 2021
	\$	\$
Development - at cost	2,845,834	2,631,016
Patents and trademarks - at cost	487,528	485,687
	<u>3,333,362</u>	<u>3,116,703</u>

Endless Solar Corporation Limited
Notes to the financial statements
31 December 2021

Note 7. Current liabilities - borrowings

	Consolidated Dec 2021 \$	Consolidated Jun 2021 \$
Loan from related parties	34,014	24,049

Note 8. Non-current liabilities - borrowings

	Consolidated Dec 2021 \$	Consolidated Jun 2021 \$
Unsecured Loan from Directors	74,388	74,388
Unsecured Loan from related party	-	137,205
	74,388	211,593

Note 9. Equity - dividends

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

Note 10. Events after the reporting period

ESC will allot 2,000,000 (ESC) shares to Mr Norm Anderson or his nominee at 10 cents per share. The consideration of \$200,000 is satisfied by services offered by NSG Plumbing Pty Ltd for R&D floor heating and Cooling and has completed the 1st stage which was completed before 31st December 2021.

Following the signing of an Agreement Between Mr Anderson and Endless Solar Corporation Limited (ESC) a further arrangement was entered into whereby Mr Anderson would acquire another 3,000,000 options over ESCLV shares exercisable @ 12 cents per share no later than 20 June 2024.

Endless Solar Corporation Limited
Directors' declaration
31 December 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 31 December 2021 and of its performance for the financial period 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

16 March 2022

Independent Auditor's Review Report
To the members of Endless Solar Corporation Limited
Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying Half-year Financial Report of Endless Solar Corporation Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Endless Solar Corporation Limited is not in accordance with the Corporations Act 2001, including:

- Giving a true and fair view of the company's financial position as at 31 December 2021 and of its performance for the Half-year ended on that date; and
- Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

The Half-year Financial Report comprises:

- Statement of financial position as at 31 December 2021;
- Statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the Half-year ended on that date;
- Notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- The preparation of the Half-year Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and Corporations Act 2001
- 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.

Emphasis of Matter regarding uncertainty related to going concern

We draw attention to Note 1 of the financial report which describes that 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. 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. Our opinion is unmodified in respect of this matter.

Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that

makes us believe that the Half-year Financial Report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of Endless Solar Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.



George Georgiou FCA

Managing Partner

Connect National Audit Pty Ltd

ASIC Authorised Audit Company No.: 521888

Melbourne, Victoria

Date: 16 March 2022