

Endless Solar Corporation Limited

ABN 51 122 708 061

Annual Report - 30 June 2022

Endless Solar Corporation Limited
Corporate directory
30 June 2022

Directors	Mr. David H Craig - Chairman and Executive Director Mr. Chris Baring-Gould - Non-Executive Director Ms Cathy Lin - Non-Executive Director Mr. Kevin Mooney - Non-Executive Director (appointed 27 May 2022)
Company secretaries	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 Limited Level 7, 207 Kent Street Sydney NSW 2000
Auditor	Connect National Audit Connect National - ASIC Authorised Audit Company No. 521888 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 Listing

Endless Solar Corporation Limited
Directors' report
30 June 2022

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 2022.

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 (Resigned at AGM 27 January 2022)
Mr. Kevin Mooney - Non-Executive Director (Appointed at 27 May 2022)

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 profit for the consolidated entity after providing for income tax amounted to \$57,879 (30 June 2021: loss of \$645,143).

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 2022 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
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

Endless Solar Corporation Limited
Directors' report
30 June 2022

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
 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 (Resigned on 27 Jan 2022)
 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: Nil
 Interests in options: Nil

Name: Mr Kevin Mooney (Appointed on 27 May 2022)
 Title: Non-Executive Director
 Interests in shares: Nil

Interests in options: 3,000,000 unlisted options at \$0.12 expiry 27 June 2027

'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.

Meetings of directors

There were 4 meetings of directors held during the year ended 30 June 2022.

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.

Endless Solar Corporation Limited
Directors' report
30 June 2022

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.

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 10%, 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 2022 and 2021, the consolidated entity did not engage remuneration consultants.

Endless Solar Corporation Limited
Directors' report
30 June 2022

Details of remuneration

The directors did not receive any fees during the 2022 and 2021 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 2022.

Options

Options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2022 are detailed under sub-heading Option Holding.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2022 are summarised below:

	2022 \$	2021 \$	2020 \$	2019 \$	2018 \$
Sales revenue	228,019	70,000	19,091	46,402	180,261
Profit/(Loss) after income tax	57,879	(645,143)	(302,824)	111,688	337,164

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

	2022	2021	2020	2019	2018
Basic earnings per share (cents per share)	0.07	(0.96)	(0.76)	0.28	1.45
Diluted earnings per share (cents per share)	0.06	(0.96)	(0.76)	0.22	0.85

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 (ESCLV)</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>

Endless Solar Corporation Limited
Directors' report
30 June 2022

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 (ESCLV)</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
Mr. Kevin Mooney	-	3,000,000	-	-	3,000,000
	6,200,000	3,000,000	-	-	7,200,000

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.

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 2022 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.

Endless Solar Corporation Limited
Directors' report
30 June 2022

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 dark ink, consisting of a series of loops and a long horizontal stroke, positioned above a horizontal line.

David Craig
Director

30 September 2022

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 2022, 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: 30 September 2022

Endless Solar Corporation Limited

Contents

30 June 2022

Statement of profit or loss and other comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14
Directors' declaration	31
Shareholder information	36

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 30 September 2022. 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 2022

	Note	Consolidated 2022 \$	2021 \$
Revenue	5	228,019	70,000
Other income	6	-	380,968
Expenses			
Administration Expenses		(77,140)	(190,913)
Fair Value Loss on Investments		(93,000)	(64,500)
Research and Development Write Off		-	(840,698)
Profit/(loss) before income tax expense		57,879	(645,143)
Income tax expense	7	-	-
Profit/(loss) after income tax expense for the year attributable to the owners of Endless Solar Corporation Limited		57,879	(645,143)
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>57,879</u>	<u>(645,143)</u>
		Cents	Cents
Basic earnings per share	26	0.07	(0.96)
Diluted earnings per share	26	0.06	(0.79)

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 2022

	Note	Consolidated 2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	8	59	2,128
Trade and other receivables	9	165,790	68,990
Total current assets		<u>165,849</u>	<u>71,118</u>
Non-current assets			
Receivables		46,512	34,320
Available for sales assets at fair value through profit or loss	10	13,000	106,000
Intangibles	11	3,494,339	3,116,703
Total non-current assets		<u>3,553,851</u>	<u>3,257,023</u>
Total assets		<u>3,719,700</u>	<u>3,328,141</u>
Liabilities			
Current liabilities			
Trade and other payables	12	735,421	474,501
Borrowings	13	34,013	24,049
Total current liabilities		<u>769,434</u>	<u>498,550</u>
Non-current liabilities			
Borrowings	14	74,388	211,593
Total non-current liabilities		<u>74,388</u>	<u>211,593</u>
Total liabilities		<u>843,822</u>	<u>710,143</u>
Net assets		<u>2,875,878</u>	<u>2,617,998</u>
Equity			
Issued capital	15	5,011,032	4,811,032
Accumulated losses		<u>(2,135,154)</u>	<u>(2,193,034)</u>
Total equity		<u>2,875,878</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 year ended 30 June 2022

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>
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	-	-	57,879	-	57,879
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	57,879	-	57,879
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	100,000	-	-	-	100,000
Shares issued	100,000	-	-	-	100,000
Balance at 30 June 2022	<u>5,011,032</u>	<u>-</u>	<u>(2,135,155)</u>	<u>-</u>	<u>2,875,877</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 2022

	Note	Consolidated 2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		-	12,010
Payments to suppliers (inclusive of GST)		(12,682)	(75,317)
		(12,682)	(63,307)
Other revenue		-	419,514
ATO Refunds		43,104	-
Net cash from operating activities	25	30,422	356,207
Cash flows from investing activities			
Payments for intangibles	11	(132,491)	(394,544)
Net cash used in investing activities		(132,491)	(394,544)
Cash flows from financing activities			
Proceeds from issue of shares	15	100,000	-
Proceeds from borrowings		-	40,068
Net cash from financing activities		100,000	40,068
Net increase/(decrease) in cash and cash equivalents		(2,069)	1,731
Cash and cash equivalents at the beginning of the financial year		2,128	397
Cash and cash equivalents at the end of the financial year	8	59	2,128

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 company has earned a profit of \$57,879 and has net assets of 2,875,878 and negative working capital of \$603,585. The negative working capital could be an indication of a going concern issue. 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.

Note 1. Significant accounting policies (continued)

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 24.

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 2022 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.

Note 1. Significant accounting policies (continued)

Other revenue

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

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.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Note 1. Significant accounting policies (continued)

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.

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.

Note 1. Significant accounting policies (continued)

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.

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 2022. 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.

Endless Solar Corporation Limited
Notes to the financial statements
30 June 2022

Note 3. 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 \$93,000. The pandemic has been a significant contributor to these losses.

Note 4. 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 5. Revenue

	Consolidated	
	2022	2021
	\$	\$
Sales - Services	228,019	70,000

All revenue earned in 2022 and 2021 was through sales to related parties.

Disaggregation of revenue

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

	Consolidated	
	2022	2021
	\$	\$
<i>Major product lines</i>		
Solar Products	228,019	70,000
<i>Geographical regions</i>		
Australia	228,019	70,000
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	228,019	70,000

Note 6. Other income

	Consolidated	
	2022	2021
	\$	\$
Government grants - research & development	-	380,968

Note 7. Income tax expense

	Consolidated	
	2022	2021
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit/(loss) before income tax expense	57,879	(645,143)
Tax at the statutory tax rate of 25% (2021: 26%)	14,470	(167,737)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Carried forward tax losses utilised/Tax loss carried forward	(14,470)	167,737
Income tax expense	-	-

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2022	2021
	\$	\$
Cash on hand	59	2,128

Note 9. Current assets - trade and other receivables

	Consolidated	
	2022	2021
	\$	\$
Trade receivables	165,790	68,990
\$164,800 of the trade receivables in 2022 (\$68,000 in 2021) are from related parties.		

Note 10. Non-current assets - Available for sales assets at fair value through profit or loss

	Consolidated	
	2022	2021
	\$	\$
Available for sales assets at fair value through profit or loss	13,000	106,000
<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	106,000	170,500
Revaluation decrements	(93,000)	(64,500)
Closing carrying amount	13,000	106,000

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 11. Non-current assets - intangibles

	Consolidated	
	2022	2021
	\$	\$
Development - at cost	2,961,123	2,631,016
Patents and trademarks - at cost	510,216	485,687
Software - at cost	23,000	-
	<u>3,494,339</u>	<u>3,116,703</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	Software	Total
	\$	\$	\$	\$
Consolidated				
Balance at 1 July 2020	2,102,811	460,046	-	2,562,857
Additions	1,368,903	25,641	-	1,394,544
Impairment of assets	(840,698)	-	-	(840,698)
Balance at 30 June 2021	2,631,016	485,687	-	3,116,703
Additions	330,107	24,529	23,000	377,636
Balance at 30 June 2022	<u>2,961,123</u>	<u>510,216</u>	<u>23,000</u>	<u>3,494,339</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 12. Current liabilities - trade and other payables

	Consolidated	
	2022	2021
	\$	\$
Trade payables	622,164	435,955
Other payables	113,257	38,546
	<u>735,421</u>	<u>474,501</u>

Refer to note 17 for further information on financial instruments.

Note 13. Current liabilities - borrowings

	Consolidated	
	2022	2021
	\$	\$
Loan from related parties	<u>34,013</u>	<u>24,049</u>

Refer to note 17 for further information on financial instruments.

Endless Solar Corporation Limited
Notes to the financial statements
30 June 2022

Note 14. Non-current liabilities - borrowings

	Consolidated 2022 \$	2021 \$
Unsecured loan from directors	74,388	74,388
Unsecured loan from related party	-	137,205
	<u>74,388</u>	<u>211,593</u>

Refer to note 17 for further information on financial instruments.

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

Note 15. Equity - issued capital

	2022 Shares	Consolidated 2021 Shares	2022 \$	2021 \$
Ordinary shares - fully paid	<u>81,625,096</u>	<u>79,625,096</u>	<u>5,011,032</u>	<u>4,811,032</u>

Full Voting Shares

At 30 June 2022, 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.

Convertible notes

At 30 June 2022, 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 2022, there were 72 holders of limited voting shares with total holdings of 79,926,022 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.

Note 15. Equity - issued capital (continued)

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 16. Equity - dividends

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

Note 17. 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.

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 - 2022	% 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>6,500</u>	<u>6,500</u>	50%	<u>(6,500)</u>	<u>(6,500)</u>
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>

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.

Note 17. Financial instruments (continued)

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.

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 - 2022	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	-	622,164	-	-	-	622,164
Other payables	-	113,257	-	-	-	113,257
<i>Interest-bearing - fixed rate</i>						
Unsecured loan from directors and related party	-	74,388	-	-	-	74,388
Total non-derivatives		809,809	-	-	-	809,809
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		686,094	-	-	-	686,094

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.

Endless Solar Corporation Limited
Notes to the financial statements
30 June 2022

Note 18. 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 - 2022				
<i>Assets</i>				
Unlisted investment	-	10,000	3,000	13,000
Total assets	-	10,000	3,000	13,000

	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

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

Note 19. Remuneration of auditors

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

	Consolidated	
	2022	2021
	\$	\$
<i>Audit services - Connect Audit Pty Ltd</i>		
Audit or review of the financial statements	27,500	25,000

Endless Solar Corporation Limited
Notes to the financial statements
30 June 2022

Note 20. Contingent liabilities

	Consolidated	
	2022	2021
	\$	\$
Other Payables	38,546	38,546

Note 21. Related party transactions

Parent entity

Endless Solar Corporation Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 22.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2022	2021
	\$	\$
Sale of goods and services:		
Sale of goods to Weeping Elm Wines Pty Ltd	228,019	70,000
Payment for goods and services:		
Payment for services from Wireless Accounting Pty Ltd	-	49,950
Payment for services from Jinalec Pty Ltd TF Tuerong Park Unit Trust	-	112,000
Payment for services from Consolidated Accounting & Taxation Services Pty Ltd	-	15,287
Payment for services from VDI Technologies Pty Ltd	-	49,950

Receivable from and payable to related parties

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

	Consolidated	
	2022	2021
	\$	\$
Current receivables:		
Trade receivables Weeping Elm Wines Pty Ltd	68,000	68,000
Trade receivables Jinalec Pty Ltd TF Tuerong Park Unit Trust	27,500	-
Trade receivables Dromana Estate Services Pty Ltd	69,300	-
Total Related Party Trade Receivables \$164,800 (2021: \$68,000)		
Current payables:		
Trade payables to Consolidated Accounting & Taxation Services Pty Ltd	17,915	16,816
Trade payables to Jinalec Pty Ltd TF Tuerong Park Unit Trust	103,050	172,950
Trade payables to VDI Technologies Pty Ltd	133,300	108,000
Trade payables to Endless Energy Solutions Pty Ltd	4,924	-
Trade payables to WHL Business Consulting	3,850	-
Total Trade Payables Related Parties \$263,040 (2021: \$297,766)		

Endless Solar Corporation Limited
Notes to the financial statements
30 June 2022

Note 21. Related party transactions (continued)

Loans to/from related parties

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

	Consolidated	
	2022	2021
	\$	\$
Current borrowings:		
Loan from other related party	34,013	24,029
Non-current borrowings:		
Loan from other related party	-	137,205
Unsecured loan from directors	74,388	74,388

Terms and conditions

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

Note 22. 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	
		2022	2021
		%	%
Endless Solar Technology Pty Ltd	Australia	-	100.00%
Renewable Energy Exchange Pty Ltd	Australia	-	100.00%
Endless Energy Solutions Pty Ltd	Australia	-	60.00%
Endless Aqua Pty Ltd	Australia	-	63.00%
Plumbers Federation Ltd	Australia	-	60.00%

Note 23. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 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 24. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2022	2021
	\$	\$
Profit/(loss) after income tax	57,879	(645,143)
Total comprehensive income	57,879	(645,143)

Endless Solar Corporation Limited
Notes to the financial statements
30 June 2022

Note 24. Parent entity information (continued)

Statement of financial position

	Parent	
	2022	2021
	\$	\$
Total current assets	165,849	71,118
Total assets	3,719,700	3,328,141
Total current liabilities	769,434	498,550
Total liabilities	843,822	710,143
Equity		
Issued capital	5,011,032	4,811,032
Accumulated losses	(2,135,155)	(2,193,034)
Total equity	<u>2,875,875</u>	<u>2,617,998</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 2022 and 30 June 2021.

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 2022 and 30 June 2021

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.

Note 25. Reconciliation of profit/(loss) after income tax to net cash from operating activities

	Consolidated	
	2022	2021
	\$	\$
Profit/(loss) after income tax expense for the year	57,879	(645,143)
Adjustments for:		
Net fair value loss on investment properties	93,000	64,500
Research & Development Write Off	-	840,698
Change in operating assets and liabilities:		
Increase in trade and other receivables	(96,800)	(57,990)
Increase/(decrease) in trade and other payables	(11,465)	154,142
Decrease in Non current receivables	(12,192)	-
Net cash from operating activities	<u>30,422</u>	<u>356,207</u>

Endless Solar Corporation Limited
Notes to the financial statements
30 June 2022

Note 26. Earnings per share

	Consolidated	
	2022	2021
	\$	\$
Profit/(loss) after income tax attributable to the owners of Endless Solar Corporation Limited	<u>57,879</u>	<u>(645,143)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	79,791,762	67,131,944
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	9,450,000	4,263,562
Convertible notes	<u>15,324,050</u>	<u>10,537,908</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>104,565,812</u>	<u>81,933,414</u>
	Cents	Cents
Basic earnings per share	0.07	(0.96)
Diluted earnings per share	0.06	(0.79)

Endless Solar Corporation Limited
Directors' declaration
30 June 2022

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 2022 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

30 September 2022

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 ("consolidated entity"), which comprises the statement of financial position as at 30 June 2022, 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 consolidated entity.

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 2022 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 consolidated entity 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 consolidated entity, 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 consolidated entity 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. The Executive Director has provided letter of financial support to continue to support the consolidated entity for a period in excess of 12 months from the date of this report.

Other Matter – Reliance on Related Party Transactions

The consolidated entity has related party transactions which include, amongst others, sale and purchase of services to related parties and receivables and payables with those related parties. We focused on identification and disclosure of related parties in accordance with the relevant accounting standards. We identified related party transactions as an Other Matter because of risks with respect to completeness of disclosures made in the financial statements including recoverability thereof; the judgement involved in assessing whether transactions with related parties are undertaken at arms' length.

Key Audit 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 3,494,339 as at 30 June 2022. 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 11 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 \$13,000 at 30 June 2022.</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 10 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 2022 to registers• Agree the fair value of unlisted investments, including impairment, by assessing and examining documentation available publicly.

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.

Responsibilities of the directors for the financial report

The directors of the consolidated entity 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 consolidated entity'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 consolidated entity 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 3 to 6 of the directors' report for the financial year ended 30 June 2022.

In our opinion the Remuneration Report of Endless Solar Corporation Limited for the financial year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the consolidated entity 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: 30 September 2022

Endless Solar Corporation Limited
Shareholder information
30 June 2022

The shareholder information set out below was applicable as at 30 September 2022

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	0.01	-	-
5,001 to 10,000	1	0.01	-	-
10,001 to 100,000	33	2.48	-	-
100,001 and over	36	97.50	-	-
	73	100.00	-	-
Holding less than a marketable parcel	-	-	-	-

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	36.75
ENDLESS ENERGY SOLUTIONS SPECIAL PURPOSE PTY LTD (EES SPECIAL PURPOSE A/C)	10,000,000	12.25
ENDLESS SOLAR PTY LTD	9,116,848	11.17
HARVARD NOMINEES PTY LTD (4 A/C)	5,338,373	6.54
LION CORPORATE SERVICES P/L A/C 14	4,104,000	5.03
AUTHORISED INVESTMENT FUND LTD	3,360,001	4.12
LION CORPORATE SERVICES P/L A/C 12	2,799,256	3.43
THERMAL ENERGY INVESTMENTS PTY LTD	2,000,000	2.45
VARDALE PTY LTD (POCKET KINGS INVESTMENT A/C)	1,715,014	2.10
CHRIS BARING-GOULD & SUSAN KOAY (KOAY BARING-GOULD S/F A/C)	1,436,400	1.76
COLLINS COURT CORPORATION LTD	957,600	1.17
MR STEPHAN STANDISH	894,809	1.10
MR DAVID HAROLD ALLEN CRAIG	889,200	1.09
LION CORPORATE SERVICES P/L A/C 11	437,760	0.54
PETHOL (VIC) PTY LTD (MACDY NO 5 S/F A/C)	400,000	0.49
GORDEN WALSH (TJW DISCRETIONARY A/C)	371,640	0.46
POCKET KINGS INVESTMENT (POCKET KINGS S/F A/C)	367,080	0.45
HARVARD NOMINEES PTY LTD	291,200	0.36
HARVARD NOMINEES A/C	275,601	0.34
MR LINGKE NI	250,000	0.31
	75,004,782	91.91

Endless Solar Corporation Limited
Shareholder information
30 June 2022

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
ENDLESS NETWORK PLATFORM SPECIAL PURPOSE PTY LTD (ENP SPECIAL PURPOSE A/C)	30,000,000	36.75
ENDLESS ENERGY SOLUTIONS SPECIAL PURPOSE PTY LTD (EES SPECIAL PURPOSE A/C)	10,000,000	12.25
ENDLESS SOLAR PTY LTD	9,116,848	11.17
HARVARD NOMINEES PTY LTD (4 A/C)	5,338,373	6.54
LION CORPORATE SERVICES P/L A/C 14	4,104,000	5.03

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.