22 August 2022

Energy One Limited (ASX : EOL)

Appendix 4E – Financial Statements for the year ended 30 June 2022

Energy One Limited is pleased to announce its full year results to 30 June 2022 as attached.

Shaun Ankers

Chief Executive Officer

ENERGY ONE LIMITED

ABN 37 076 583 018

APPENDIX 4E
for the year ended 30 June 2022

Contents

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Energy One Limited

37 076 583 018

Appendix 4E

Final Financial Report

Reporting Period	**for the year ended 30 June 2022**
Previous Reporting Period	for the year ended 30 June 2021

Results for announcement to the market	**2022**	2021	Change
	$ '000	$ '000	%
Revenue and other income	**32,401**	27,902	16%
Underlying EBITDA*	**9,376**	8,130	15%
EBITDA	**8,530**	8,072	6%
Underlying profit before income tax*	**5,427**	5,151	5%
Profit before income tax	**4,581**	5,093	(10%)
Profit from ordinary activities after tax attributable to owners	**3,583**	3,705	(3%)
Statutory Earnings Per Share (EPS) non diluted	13.50	14.41	(6%)
Underlying Earnings Per Share (EPS) non diluted	**16.42**	**14.63**	12%
Net tangible asset backing per ordinary share shown in cents **	**(72.64)**	51.82	(240%)

* Adjusted to omit acquisition and related non-recurring costs

** NTA includes software development used to generate income and excludes deferred tax assets

Commentary

Please refer to the attached Chief Executive Officer's Report and consolidated financial statements for the year ended 30 June 2022

Other information

Control gained over entities having a material effect

Egssis NV acquired 1 November 2021 and CQ Energy Group acquired 26 April 2022

Loss of control over entities having a material effect

N/A

Details of associates and joint venture entities

There are no associates or joint venture entities.

Audit Status

This report is based on accounts that are in the process of being audited.

Attachments

Further disclosure requirements can be found in the notes to the attached 30 June 2022 Consolidated Financial Statements.

Energy One Limited

37 076 583 018

Appendix 4E (continued)

Preliminary Final Financial Report

Reporting Period	**for the year ended 30 June 2022**
Previous Reporting Period	for the year ended 30 June 2021

Dividends	**Amount per ordinary share**	**Franked Amount per ordinary share**
Dividend (declared, not provided at 30 June 2022)	**6.00 Cents**	**0.00 Cents**

The record date for the dividend will be 30 Sep 2022. The payment date for the dividend will be 20 Oct 2022

Dividend Reinvestment Plan

Energy One Limited (EOL) has a Dividend Reinvestment Plan (DRP) allowing eligible shareholders to reinvest their dividends into EOL shares. The terms and conditions of the DRP has been distributed to all eligible shareholders.

The DRP provides eligible shareholders with the opportunity to elect to take all or part of their dividends in the form of new shares issued in accordance with the DRP plan rules. Shares are provided under the plan free of brokerage and other transaction costs and will rank equally with all other ordinary shares on issue.

The DRP will apply to dividends declared including the 2022 final dividend declared above. DRP Applications or notices received after 5.00pm (Sydney time) on 03 Oct 2022 will not be effective for payment of this final dividend but will be effective for any future dividend payments.

The DRP price for the final dividend will be equal to the arithmetic average of the daily volume weighted average market price (rounded to the nearest cent) of all shares sold through a normal trade on the ASX automated trading system during the DRP price determination period for this dividend, being 22 August 2022 to 26 August 2022 (inclusive). If there are no share trades in the period the DRP price will be the last traded price. The Board reserves the right to set the DRP price at its "sole discretion."

Dividend paid during the 2022 financial year	*6.00 Cents*	*0.00 Cents*

The record date for the dividend was 30 September 2021 . The payment date for the dividend was 18 October 2021.

Dividend paid during the 2021 financial year	*3.50 Cents*	*0.00 Cents*

The record date for the dividend was 30 September 2020. The payment date for the dividend was 16 October 2020.

There was no other dividend paid or declared for the year ended 30 June 2022.

Shaun Ankers - Chief Executive Officer

22 August 2022

Chief Executive Officer's Report

FY22 was a busy year for Energy One during which we successfully completed two strategic acquisitions and executed a new $30M finance facility. The two acquisitions will provide us with a platform for growth for the next ten years or more by accessing the fast-growing energy services market which facilitates the entry of renewable energy generation into national energy markets.

From a financial perspective, I am pleased to announce FY22 was also another year of profit and growth, with revenues up 16% and underlying EBITDA growing by 15% over FY21 (net of one-off costs).

Pleasingly, recurring revenues continue to grow both organically and via acquisition with recurring revenue growth of 29% over the prior year (to be 92% of total revenue) and Annualised Recurring Revenue (a forward-looking measure) growing by 24%. Importantly *organic* recurring revenue grew by 11%.

Recurring revenues for the business arise from evergreen contracts with customers for licence fees, software support and hosting fees and recurring operational services such as market scheduling, nominating, monitoring etc. Since 2012, the company has consistently grown recurring revenues achieving a CAGR of 35% per year.

Energy One provides essential, mission-critical software and services to our customers. We also endeavour to provide our customers with continuously improving products and services responding to an ever-changing market. Our ongoing communication with customers through user forums and site visits helps us continuously improve and refine our products. As such capitalised investment represented 14% of revenue for the FY22 year. Taken together, these items mean our customers are generally very loyal ('sticky'), and revenue *churn* is very low (typically <5%). Any customers we do lose are invariably due to market exits or corporate activity rather than switching to a competitor's product.

The Company has a *hybrid* revenue model, with about 15%-20% of our revenue being generated from one-off projects. These projects arise from consulting, installation, software customisations, training, special orders etc. While smaller customer can adopt our software with a very quick "out of the box" installation process, our larger customers often require a customised installation process to integrate the new software into their existing technology landscape. For Energy One, these project revenues (while lumpy) are valuable because once the software is installed, it then produces an annuity income in the form of recurring revenue.

Importantly, much of this one-off revenue arises from existing customers. This serves to reinforce the concept that as a company we aim to provide customers with high levels of service and engagement. Through this engagement with our customers, we ensure we're servicing their changing needs as they grow. This not only enhances our relationships with existing customers but also increases our share of wallet via cross-selling of other products and services.

Year in review

As mentioned during the year, we made two strategically important acquisitions. In December 2021 we acquired EGSSIS, based in Aalst in Belgium and in April 2022 we acquired CQ Energy, based in Adelaide Australia. Both acquisitions now place us at the heart of the emerging 24/7 energy services market. The services provided by EGSSIS and CQ include, among other things, bidding generation into national electricity markets on behalf of clients, scheduling gas nominations and transport across pipelines and providing control room services to manage plant.

The increasing decentralisation of electricity generation as a result of more and more renewables being built to meet various carbon reduction targets, is fuelling the demand for these 24/7 operational energy services. These two businesses now provide us with a platform to create a truly global offering which I will detail shortly.

In the FY22 year one-off, project-type revenues were down vs FY21 (down 45% to 8% of total revenue). This was mainly due to customers sitting on the sidelines in the reduced travel environment. Each year we rely on winning 1-2 'large' (i.e., ~$1m in one-off revenue) projects (in both Australasia and Europe) and have achieved this for many years in succession. We consider FY22 to be an aberration and are expecting (and seeing) signs of a market pick-up going into FY23.

Many of our new large European customers come from trade shows such as the all-important E-World trade show in Germany, which had been cancelled for the past 2 years. In June 2022, it was up and running again, and we were very pleased with the strong response and levels of interest we received from customers. As a result, we enter FY23 with a good pipeline of sales opportunities and have already secured a large project in Europe in the renewable energy space in addition to signing 5 smaller new clients since June.

Grid scale batteries are becoming progressively more important not only as energy storage and energy arbitrage devices but also for grid stabilisation purposes. Energy One's battery solutions are already gaining traction with projects both signed and in development relating to grid-scale battery technology that also includes the use of our optimisation and trading software and 24/7 services. This is in addition to solutions involving wind, solar and other renewable sources of energy.

Gas continues to play a key role as a transition fuel and recent market events and news headlines emphasise the importance of supplying, transporting and managing wholesale gas supplies both in Australia and Europe. Our customers continue to rely on our software and services to manage their operations, risk positions and portfolio mix. We expect this activity will continue well into the future.

Energy Market disruption will help Energy One in the long term

Given the recent (and well publicised) disruptions in energy markets both in Australia and Europe a common question I get asked relates to whether this turbulence will have an impact on EOL's business, particularly via its effects on junior energy retailers.

We do not have any material exposure to the small retailers currently experiencing financial difficulties or believe that we will. Each year, as we report, we lose a few smaller customers (usually new-entrant retailers) to market exits and corporate activity which is to be expected.

However, we have a very diverse customer base that includes not only retailers, but also generators, traders, infrastructure providers, investment banks etc. It's worth noting the larger, vertically integrated retailers are better placed to manage wholesale market volatility as parts of their portfolio benefit from the increased prices. We witnessed similar market turmoil in the U.K. a couple of years ago, without material impact on our business.

It's worth remembering that for every customer paying these high energy prices, another customer is *receiving* them on the basis they are producing the energy. Indeed, many of our clients are benefiting of our software, given that trading and scheduling of energy in real time is becoming increasingly important with markets becoming more volatile. To this end, as energy markets become more complex and volatile the need for sophisticated software to help manage portfolio positions will only increase.

In addition, given the high wholesale prices and renewed focus on energy policy, we see an acceleration in the roll out of additional renewable generation. In that sense, the longer-term effects of these energy crises will act as a further tail wind.

To this end, the company has launched a global development project to build out global capability in the fast-moving 24/7 market operations for physical energy markets. This business is an extension of our traditional provision of software to these markets.

We welcomed two new organisations to the Energy One group during the year, Egssis (Belgium) and CQ Energy (Adelaide Australia). Both high-quality businesses providing operational services to energy market participants, augmenting our existing eZ-nergy services business.

For a software company that values SaaS style revenues for their potential margin growth leverage, it is tempting for some observers to dismiss recurring revenues from professional services as materially inferior quality revenue. To the contrary, we believe these revenues are very similar in nature to SaaS revenues. Typically, energy generation assets have a useful life of 25-30 years and in order to secure project financing, operating costs for the life of the asset are taken into account. This would typically include the provision of 24/7 operational energy services. So once contracted, provided the supplier of these operational services does a good job we don't see a lot of churn meaning it's possible many customers will continue to use our services for the life of the asset.

Energy One has a blended gross margin of 63% arising from the combination of lower margins related to one-off project revenue and higher margins of over 80% from recurring SaaS revenues. The blended gross margin also includes other expenses such as amortisation of the software development costs.

Going forward we believe we can achieve a similar gross margin from the services business by leveraging the expertise of our 24/7 operations team with our automation software and a globally efficient platform.

The automated nomination and bidding software is used to fulfill customer transactions within a tightly controlled strategy (pre-agreed with each customer). Overlaid on this is high quality, ongoing, analysis to ensure the strategy remains optimal. In these ways we can offer rapid, quality-controlled, compliant and optimised operations on behalf of our customers while experiencing the operational leverage arising from that solution.

Across our services businesses globally, we already operate on an agile basis, meaning we can onboard 2-3 new sites/customers before being required to increase headcount. This metric is biased towards smaller, discrete 'sites' (such as individual wind farms, for example). Larger, complex customer operations across multiple jurisdictions and types of assets (solar, wind, battery, gas etc) requires a more tailored service, albeit with commensurate fee structures.

Nonetheless, in all cases, automation is a key element in driving consistency in operations and optimising performance. Energy One is a leader in automation of energy business processes, with both embedded automation and an exceptionally capable platform (enFlow) that is used to automate manual and recurring processes. We intend to continue to roll enFlow out across the group to internally support continued automation and margin expansion.

Operational Services – an area for growth

As mentioned, Energy One has businesses in the UK, Europe and Australia that provide not only software, but also the 24/7 operational services to support customers. This includes using our software products to nominate, schedule and perform other back-office functions, such as settlements, on behalf of customers.

The 24/7 operational services business, whilst a separate and valuable business, is highly complementary to our software business. Customers will often start with one offering then move towards taking a second product or service offering.

Energy One has identified 24/7 operational services as an area for strong future growth given the wave of renewable generation needing to be built in the coming decades.

Operating in the 'physical' side of the market (the energy commodity vs. the financial derivatives) is a 24/7 activity, requiring generators, suppliers, shippers and users to nominate, schedule or 'bid' their energy into a grid or hub (whether gas or electricity). Whereas larger, established utilities might have a 24/7 shift team (on a trading desk), smaller, newer entrants rarely have this level of resourcing.

Even larger players often have problems resourcing a night shift or providing holiday cover. Many also struggled to maintain effective 24/7 operations during the Covid pandemic. Energy One can provide these services to customers (combined with software) to offer a high quality, cost effective solution.

Based on the rapid expansion of the renewable energy markets in the coming years, we predict an increase in the addressable market for our products and services. Internal management estimates place the total addressable market (TAM) opportunity at about $1bn per year, globally.

We will provide a follow-the-sun service, with desks in Europe and Australia, providing global solutions to customers with energy assets in multiple countries and across divers portfolios.

The Energy One Group is now the largest vendor/provider of 24/7 operational services in Australasia, and the second largest in Europe. The bulk of the remaining market, especially larger/established customers, provide their own in-house capability. This will shift markedly as renewable generation comes on-line in the years ahead. For example, since 2015, 94% of new generation built in in Australia (145 developments), have been for renewables and of those, we estimate that 87% were 'independent' (i.e. not connected to an existing major player).

Investing for growth

Over the next 2 years, we will invest in building our global capability in the software and services business, specifically related to the follow-the-sun, 24/7 market operations services. As such we intend to invest $1.5M-$2M in each of the next two financial years to achieve this goal.

Building out this global capability will require investment in best-practice cybersecurity frameworks; legal, contractual and technical standards; technical (systems and software) and key global personnel and expertise to shape our capability and become the leading international supplier of these types of services. To our knowledge, we have an early or first-mover advantage globally, as no other vendor offers a similar global service. Given the strength of the existing business this investment will be funded from internally generated cash flows.

Having said that, investing for future growth will obviously come at the expense of short-term performance. As such, guidance for FY23 is for revenue of approximately $44.0mil and EBITDA of approximately $12.5mil. This represents an increase in revenue of 37% and EBITDA of 33% over FY22 even after the additional investment in developing a global platform. Guidance is based on current foreign exchange rates and excludes any costs with respect to any possible future acquisitions and related group structuring.

As a company we are pleased to have reached a point in our journey where we can maintain strong growth in profitability while at the same time making substantial investments for additional future growth.

In closing, I would like to thank the Directors and Management for another successful year of profit and growth and look forward to a strong and exciting future.

Shaun Ankers
Chief executive Officer
22 August 2022

Consolidated Financial Statements
for the year ended 30 June 2022

Contents	**Page**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2022

	Note	Consolidated Group 2022 $ '000	2021 $ '000
Revenue and other income			
Revenue	2	**32,147**	27,644
Other income	2	**254**	258
		32,401	27,902
Expenses			
Direct project costs		**(2,411)**	(1,743)
Employee benefits expense	3	**(15,320)**	(14,295)
Depreciation and amortisation expense	3	**(3,706)**	(2,859)
Rental expenses on short term leases		**(89)**	(145)
Consulting expenses		**(1,946)**	(1,268)
IT and communication		**(695)**	(532)
Insurance		**(495)**	(311)
Accounting fees		**(408)**	(318)
Finance costs	3	**(244)**	(126)
Acquisition and related expenses		**(565)**	(58)
Travel and accommodation		**(323)**	(29)
Other expenses		**(1,618)**	(1,125)
		(27,820)	(22,809)
Profit before income tax		**4,581**	5,093
Income tax expense	4	**(998)**	(1,388)
Profit after income tax attributable to owners of the parent entity		**3,583**	3,705
Other comprehensive income :-			
Profit after income tax attributable to owners		**3,583**	3,705
Exchange differences arising from translation of foreign entities		**(738)**	146
Total comprehensive income		**2,845**	3,851
Total comprehensive income attributable to owners of the parent entity		**2,845**	3,851
Basic earnings per share (cents per share)	7	**13.50**	14.41
Diluted earnings per share (cents per share)	7	**13.29**	14.30

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

Consolidated Statement of Financial Position

as at 30 June 2022

	Note	Consolidated Group 2022 $ '000	2021 $ '000
Current Assets			
Cash and cash equivalents	8	**3,348**	5,422
Trade and other receivables	9	**4,936**	4,363
Income tax receivable		**259**	0
Other assets	10	**1,035**	906
Total Current Assets		**9,578**	10,691
Non-Current Assets			
Property, plant and equipment	11	**397**	245
Lease right-of-use asset	12	**3,540**	2,734
Software development	13	**19,214**	15,724
Intangible assets	14	**52,904**	8,873
Other assets	10	**197**	73
Deferred tax asset	4	**1,337**	939
Total Non Current Assets		**77,589**	28,588
Total Assets		**87,167**	39,280
Current Liabilities			
Trade and other payables	15	**4,540**	3,278
Lease liabilities	12	**975**	674
Borrowings	16	**2,500**	0
Deferred consideration	15	**5,100**	798
Income tax payable		**0**	1,246
Contract liabilities	18	**4,234**	4,065
Employee provisions	17	**1,509**	1,079
Total Current Liabilities		**18,858**	11,140
Non-Current Liabilities			
Trade and other payables	15	**39**	0
Lease liabilities	12	**2,774**	2,177
Borrowings	16	**24,404**	0
Contract liabilities	18	**518**	717
Deferred tax liability	4	**5,985**	1,764
Employee provisions	17	**350**	290
Total Non Current Liabilities		**34,070**	4,948
Total Liabilities		**52,928**	16,088
Net Assets		**34,239**	23,192
Equity			
Contributed equity	19	**29,773**	19,812
Reserves	20	**101**	1,034
Accumulated profits		**4,365**	2,346
Total Equity		**34,239**	23,192

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2022

		Consolidated Group				
	Note	Contributed Equity $ '000	Share Based Payments Reserve $ '000	Foreign Exchange Reserve $ '000	Accumulated Profits / (Losses) $ '000	Total $ '000
Balance as at 1 July 2020		18,689	529	(64)	(462)	18,692
Profit after income tax for the year					3,704	3,704
Other comprehensive income for the year, net of tax				146		146
Total comprehensive income for the year		18,689	529	82	3,242	22,542
Transactions with owners in their capacity as owners:						
Share issues	19	419	0	0	0	419
Dividends paid	6	0	0	0	(897)	(897)
Other transactions:						
Share based payments	19	72	1,055	0	0	1,127
Shares vesting	19	632	(632)	0	0	0
Balance at 30 June 2021		**19,812**	**952**	**82**	**2,346**	**23,192**
Profit after income tax for the year					**3,583**	**3,583**
Other comprehensive income for the year, net of tax				**(738)**		**(738)**
Total comprehensive income for the year		**19,812**	**952**	**(656)**	**5,929**	**26,037**
Transactions with owners in their capacity as owners:						
Share issues	19	**8,879**	**0**	**0**	**0**	**8,879**
Dividends paid	6	**0**	**0**	**0**	**(1,564)**	**(1,564)**
Other transactions:						
Share based payments	19	**90**	**797**	**0**	**0**	**887**
Shares vesting	19	**992**	**(992)**	**0**	**0**	**0**
Balance at 30 June 2022		**29,773**	**757**	**(656)**	**4,365**	**34,239**

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2022

	Note	Consolidated Group 2022 $ '000	2021 $ '000
Cash Flows from Operating Activities			
Receipts from customers		**36,189**	27,624
Receipts of research and development incentives		**0**	37
Payments to suppliers and employees		**(26,961)**	(18,576)
Finance costs including lease interest		**(244)**	(126)
Interest received		**1**	6
Income tax paid		**(2,369)**	(854)
Net cash provided by operating activities	8	**6,616**	8,111
Cash Flows from Investing Activities			
Payment property, plant and equipment	11	**(170)**	(55)
Payment for intangible assets - patents and trademarks	14	**0**	(6)
Payment for software development costs	13	**(4,461)**	(3,524)
Payment for acquisition of business	22	**(31,161)**	(1,631)
Restricted term deposits released		**148**	0
Net cash used in investing activities		**(35,644)**	(5,216)
Cash Flows from Financing Activities			
Proceeds from borrowings		**27,388**	0
Repayment of borrowings		**(625)**	(644)
Receipts from share issues		**977**	704
Payment of dividend		**(19)**	(478)
Lease payments		**(767)**	(589)
Net cash provided / (used) by financing activities		**26,954**	(1,007)
Net (decrease) / increase in cash held		**(2,074)**	1,888
Cash and cash equivalents at beginning of financial year		**5,422**	3,534
Cash and cash equivalents at end of financial year	8	**3,348**	5,422

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

Notes to the Financial Statements

for the year ended 30 June 2022

Note 1 Summary of Significant Accounting Policies

The following is a summary of the material accounting policies adopted by the consolidated entity ("the Group') in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation

Energy One Limited is a for-profit entity for the purpose of preparing the financial statements.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with all International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Material accounting policies adopted in the preparation of this financial report are presented below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group'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 the relevant note.

These financial statements have been prepared on an accruals basis under the historical cost convention unless otherwise stated and are presented in Australian dollars, which is Energy One Limited's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on **22 August 2022**. The Directors have the power to amend and reissue the financial statements.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Energy One Limited (''company'' or ''parent entity'') as at 30 June 2022 and the results of the subsidiaries for the year then ended. Energy One Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

A subsidiary is an entity over which the parent entity has control. The parent 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. A subsidiary is fully consolidated from the date on which control is transferred to the parent entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Accounting policies of the subsidiary are consistent with policies adopted by the Group.

(c) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment annually 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 and recognised in the year incurred in the profit and loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(d) Goods and services tax (GST)

Revenues, expenses, liabilities and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(e) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes to the Financial Statements
for the year ended 30 June 2022

Note 1 Summary of Significant Accounting Policies (continued)

(f) New and amended standards adopted by the Group
The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current financial reporting period. There has been no material impact of these changes on the Groups' accounting policies.

Conceptual Framework for Financial Reporting (Conceptual Framework)
The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

(g) New accounting standards for application in future periods
There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(h) Rounding of amounts
Amounts in this report have been rounded off, in accordance with Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission relating to 'rounding-off', to the nearest thousand dollars, unless otherwise stated.

(i) Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. The Directors consider that there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

	Consolidated Group	
	2022	2021
Note 2 Revenue and Other Income	**$ '000**	$ '000
Revenue from contracts with customers		
Licences	**18,590**	16,384
Support, hosting and other services	**9,876**	6,367
Project implementation	**2,667**	4,893
Operations support and advisory	**1,014**	0
	32,147	27,644
Recurring revenue include in above	**29,480**	22,751
Other income		
Interest income	**1**	6
Government grant and other income	**39**	38
Research and development incentive income	**214**	214
	254	258
Total Revenue and Other income	**32,401**	27,902

During the 2020 and 2021 financial year the Australian Government provided a number of Covid-19 related support measures for businesses including "Cash Flow Boost" and "JobKeeper". Energy One recognised "Cash Flow Boost" incentives of $13,000 (2021: $38,000) in the 2022 financial year. Energy One was not entitled to, and did not receive any assistance in the form of "JobKeeper" incentives.

Note 2 Revenue and Other Income (continued)

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.

The license fee portion of contract revenue is recognised over time as the performance obligation is satisfied over the term of the license agreement with the customer, unless the customer purchases software that is deemed “plug and play”, where revenue is recognised at a point in time on go-live of the system implementation. Support, hosting and other services revenue is recognised over time as the performance obligation is satisfied over the term of the support agreement.

Project implementation and consulting revenue is recognised over time with reference to the stage of completion of the transaction at reporting date and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed for the implementation. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable. The timing of invoicing may differ to revenue recognition due to contract milestones included within the contract with a customer, which will result in the recognition of contract liabilities or contract assets.

Brokerage revenue relating to the provision of advisory services with respect to weather, outage and other energy based risk instruments is recognised based on the effective date of the underlying risk based instrument and contract. Revenue is typically determined based on the premium payable by the customer to the provider of the risk instrument. In the current financial year all brokerage was billed and receivable within twelve months of the contract effective date. EOL acts in a purely advisory capacity and as such revenue outcomes and obligations are not determinant on any additional factors or contract performance obligations.

All revenue is stated net of the amount of goods and services tax.

Key Estimates & Judgements
Revenue Recognition
There are four key judgements associated with License and related services revenue as noted above. These are as follows:

(a) Revenue is recognised at the fair value of consideration received or receivable and there is judgement associated with the expected revenue to be received over the life of a contract with a customer. Management recognise revenue based on the best estimate of expected revenue to be received for individual contracts.

(b) Project implementation and consulting services provided to customers typically involves the configuration of software solutions and may also involve minor enhancements or development of client specific functionality. Consulting services revenue also includes advisory services in relation to energy trading and revenue is recognised in the same manner as for software related consulting activities. Revenue from client specific projects is determined with reference to the stage of completion of the project at reporting date. There is judgement associated with determining the stage of completion of each individual customer project as noted in the accounting policy above.

(c) License fee revenue is recognised at a point in time or over time depending on the nature of the performance obligations and activities required under the contract. This determination involves judgement by management in determining the most appropriate revenue recognition model in line with relevant accounting standards.

(d) Brokerage revenue is recognised at the effective date of the underlying risk based instrument.

Interest Income
Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

Note 2 Revenue and Other Income (continued)

Research and development incentive income

The Group, through the continued development of its Software has invested funds in research and development. Under the Research and Development Tax Incentive scheme jointly administered by AusIndustry and the ATO, the Australian Government offers rebates for funds invested in research and development. The United Kingdom have a similar scheme whereby businesses are incentivised to undertake innovative projects and receive government assistance in the form of tax credits.

For the year ended 30 June 2022, the Group opted not to receive tax incentives associated with the R&D activities in Australia as in management's opinion, estimated costs to be incurred in obtaining any Grants will exceed the estimated benefit received. Within the United Kingdom amounts have been recognised in respect of FY2020, 2021 & 2022 resulting in a net tax credit of $434,000 receivable.

For government grants received in relation to R&D in the periods prior to and including 30 June 2019 where Group revenue was less than $20 million, those grants that relate to development costs capitalised are deferred and recognised in the profit and loss as research and development incentive income over the period necessary to match them with the costs that they are intended to compensate in line with AASB120.

Key Estimates - Research and development tax incentive

In previous years, The Group has recognised R&D Tax Incentive based on guidelines from the ATO and AusIndustry. Eligible overheads are apportioned to Research and Development based on R&D hours as a percentage of total hours.

Note 3 Expenses

The consolidated income statement includes the following specific expenses :

		Consolidated Group	
		2022	2021
	Note	**$ '000**	$ '000
Depreciation and amortisation			
Depreciation - Plant and equipment	11	**164**	144
Amortisation - Leasehold improvements	11	**5**	6
Amortisation - Lease right-of-use	12	**851**	661
Amortisation - Software development	13	**2,497**	2,035
Amortisation - Customer lists	14	**132**	0
Amortisation - Patents	14	**3**	7
Loss on disposal - Plant and equipment	11	**0**	16
Foreign currency translation		**54**	(10)
		3,706	2,859
Finance costs			
Interest and finance charges on borrowings		**151**	62
Interest and finance charges on lease liabilities		**93**	64
		244	126
Employee benefit expenses			
Superannuation expense		**1,402**	1,275
Employee share plan benefits	29	**887**	1,127
Other employee benefits	3(a)	**13,031**	11,893
		15,320	14,295

(a) Of the total employee benefit expense, $2,480,000 represents expenditures related to research and development activities (2021: $397,000). The expenditures in relation to the UK R&D claim were incurred in FY2020 to FY 2022.

Notes to the Financial Statements

for the year ended 30 June 2022

		Note	Consolidated Group 2022 $ '000	2021 $ '000
Note 4	**Income Tax Expenses**			
(a)	The components of tax expense comprise:			
	Current tax		**1,236**	1,767
	Prior year tax adjustment		**64**	45
	Foreign exchange variance `		**38**	(2)
	Deferred tax		**94**	(422)
	R&D claim offset		**(434)**	0
	Income tax expense		**998**	1,388
(b)	The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:			
	Prima facie tax payable on profit from ordinary activities before income tax at 25.0% (2021: 26%)		**1,141**	1,655
	Tax effect of differing overseas tax rates		**33**	(67)
	Add tax effect of non-deductible expenses (excluding R&D)		**260**	(139)
	Income tax expense before effect of R&D Incentive and prior period tax adjustments :-		**1,434**	1,449
	Tax effect of R&D incentive		**159**	58
	R&D claim offset		**(434)**	0
	Deferred tax rate change		**56**	88
	Prior year tax adjustment		**(217)**	(207)
	Income tax attributable to entity		**998**	1,388
(c)	Net deferred tax :-			
	Opening balance		**(825)**	(791)
	Charged to income		**(328)**	257
	Deferred tax liability on acquired customer lists CQ Energy	22	**(3,025)**	0
	Current year charge for CQ Energy acquired customer lists		**35**	0
	Deferred tax liability on acquired software and customer lists Egssis	22	**(665)**	0
	Current year charge for Egssis acquired software and customer lists		**35**	0
	Deferred tax liability on prior year acquisitions		**165**	164
	Foreign exchange variance		**80**	(12)
	Final deferred tax liability on acquisition of software of eZ-nergy		**0**	(266)
	Prior year tax adjustment		**(120)**	(177)
	Closing balance net deferred tax asset / (liability)	(4d)	**(4,648)**	(825)
(d)	Deferred tax comprises temporary differences attributable to:			
	Amounts recognised in profit or loss:			
	Contract assets		**(230)**	(94)
	Prepayments		**(2)**	(1)
	Software		**(888)**	(631)
	Contract liabilities		**671**	642
	Accrued expenses		**182**	184
	Provision & Employee Benefits		**484**	511
	Other temporary differences		**(142)**	(99)
	Deferred tax liability on acquisition of customer lists CQEnergy		**(2,990)**	0
	Deferred tax liability on acquisition of software and customer lists Egssis		**(611)**	0
	Deferred tax liability on acquisition of software of eZ-nergy		**(508)**	(722)
	Deferred tax liability on acquisition of Contigo Software Limited		**(614)**	(615)
			(4,648)	(825)

(e) The Group has no unrecognised accrued tax losses at 30 June 2022 (2021: $0).

The income tax expense for the year is the tax payable on the current period’s taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Note 4 Income Tax Expenses (continued)

The net deferred tax above is comprised of deferred tax asset $1,337,000 and deferred tax liability $5,985,000 (2021: deferred tax asset $939,000 and deferred tax liability $1,764,000). Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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. Where the company is aware of future changes in taxation rates deferred tax balances are revalued accordingly. In the current year deferred tax liabilities were increased by $56,000 due to a notified increase in the United Kingdom rate of tax from 19% to 25% effective 1st April 2023.

Current and deferred tax balances attributable to amounts recognised directly in other comprehensive income or directly in equity are also recognised directly in other comprehensive income or directly in equity, respectively.

For the year 1 July 2021 to 30 June 2022, the Company recognised incentives associated with the R&D activities in the United Kingdom relating to the FY2020, 2021 and 2022 years. In the prior year, in line with applicable tax legislation and ATO guidance, any incentive received was immediately recognised as a credit within the income tax expense.

Note 5 Auditor Remuneration

The Auditor of Energy One Limited is BDO Audit Pty Ltd and related network firms.	**Consolidated Group**	
Fees paid or payable for audit services :-	**2022**	2021
Auditing and reviewing the financial reports -	**$ '000**	$ '000
Group	**181**	142
Subsidiaries	**89**	70
Fees paid or payable for other services -		
Taxation services	**48**	85
Other services	**90**	21
	408	318

Note 6 Dividends

	2022	2021
	$ '000	$ '000
Dividends declared and paid during the year	**1,564**	897
Franking account balance	**0**	0

On 23 August 2021 the Company declared an unfranked dividend of 6.00 cents per ordinary share ($1,564,000). The record date for the dividend was 30 September 2021. The payment date for the dividend was 18 October 2021.

On 22 August 2022 the Company declared an unfranked dividend of 6.00 cents per ordinary share. The record date for the dividend will be 30 September 2022. The payment date for the dividend is 20 October 2022.

		Consolidated Group	
		2022	2021
Note 7 Earnings per Share	**Note**	**$ '000**	$ '000
Basic EPS (cents per share)		**13.50**	14.41
Diluted EPS (cents per share)		**13.29**	14.30
Earnings used in calculating basic and diluted earnings per share ($ '000)		**3,583**	3,705
Weighted average number of ordinary shares used in calculating basic earnings per share ('000)		**26,548**	25,720
Weighted average number of share rights outstanding ('000)		**403**	181
Weighted average number of ordinary shares used in calculating diluted earnings per share ('000)		**26,951**	25,901

Basic earnings per share is determined by dividing the operating profit after income tax attributable to members of the Company by the weighted average number of ordinary shares (in '000's) outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account any change in earnings per share that may arise from the conversion of share rights (in '000's) on issue at financial year end, into shares in the Company at a subsequent date.

There were 506,880 (2021: 420,796) share rights outstanding at 30 June 2022. 283,003 (2021: Nil) share rights issued subject to performance provisions being met are excluded in the calculation of diluted earnings per share as the conditions are not yet or unlikely to be satisfied at year end (refer Note 29).

Note 8 Cash and Cash Equivalents

Cash and cash equivalents at end of financial year		**3,348**	5,422

The effective interest rate on short-term bank deposits for the year was 0% (2021: 0.47%); these deposits have an average maturity of 188 days. The weighted average effective interest on cash and cash equivalents was 0% (2021: 0.09%).

The Parent Company entered a finance facility with National Australia Bank (NAB) on 11 April 2022 . This facility replaced the existing Westpac facilities and does not contain a bank overdraft facility. At the time of the NAB facility being settled all security previously held by Westpac was released. The Westpac bank overdraft had a an interest rate of 4.59% at the date of facility termination (2021: 4.59%) and was not drawn during the year. The Group's exposure to interest rate risk is discussed in Note 27.

Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax

Profit from ordinary activities after income tax		**3,583**	3,705
Non-cash flows in profit from ordinary activities :			
Depreciation and amortisation		**3,706**	2,859
Foreign exchange		**(17)**	363
Changes in assets and liabilities, net of the effects of purchase of subsidiaries :			
(Increase)/decrease in trade and other receivables		**866**	(389)
(Increase)/decrease in other assets		**(249)**	(268)
(Increase)/decrease in deferred tax assets		**198**	(251)
Increase/(decrease) in trade and other payables		**81**	861
Increase/(decrease) in income tax payable		**(1,569)**	498
Increase/(decrease) in provisions		**51**	285
Increase/(decrease) in contract liabilities		**(34)**	448
Net cash provided by operating activities		**6,616**	8,111

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

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the Australian Taxation Office, are classified as operating cash flows.

Cash and Cash Equivalents & Restrictive Cash Deposits			
Cash and cash equivalents at end of financial year		**3,348**	5,422
Restrictive cash deposits held for bank guarantees :			
Other current assets	10	**0**	148

Notes to the Financial Statements

for the year ended 30 June 2022

				Consolidated Group	
				2022	2021
Note 9	**Trade and Other Receivables**			**$ '000**	$ '000
Current	Trade receivables			**3,657**	3,374
	Provision for expected credit losses			**(104)**	(126)
	Contract assets	(a)		**1,141**	1,086
	R&D tax incentive	(b)		**164**	29
	Other receivables			**78**	0
				4,936	4,363

(a) Contract assets

Amounts recorded as contract assets represents revenues recorded on projects not invoiced to customers at year end. These amounts have met the revenue recognition criteria but have not reached the payment milestones contracted with customers. Revenue is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed.

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

	2022	2021
Opening balance	**1,086**	1,480
Amounts invoiced during the year	**(2,425)**	(3,056)
Amounts accrued during the year	**2,480**	2,662
Closing balance	**1,141**	1,086

(b) R&D Tax Incentive

The Company is expecting a research and development tax incentive (refer Note 2) in the United Kingdom Tax that was recognised in FY22 for the R&D costs incurred in the 2020, 2021 and 2022 financial years.

Fair Value, Credit and Interest Rate Risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. EOL further manages credit risk by billing the majority of recurring service revenue on a monthly or quarterly basis and for project engagements billing typically occurs through the life of the project on a milestone basis. Refer to Note 27 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables, along with interest risk.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

		Gross amount	**Within initial trade terms**	**31-60 days**	**61-90 days**	**>90 days**
2022	in $'000					
Trade receivables and contract assets		4,799	4,114	470	71	144
Other receivables		241	241	0	0	0
Expected credit losses		(104)	0	0	0	(104)
Total		4,936	4,355	470	71	40
2021	in $'000					
Trade receivables and contract assets		4,460	3,748	246	38	428
Other receivables		29	29	0	0	0
Expected credit losses		(126)	0	0	0	(126)
Total		4,363	3,777	246	38	302

Trade receivables and contract assets are recognised initially 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 Group 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. The expected credit loss determined using the simplified approach is $104,000 (2021: $126,000). Contract assets are included within initial trade terms as they are subject to 30 days credit terms on billing.

		Note	Consolidated Group 2022 $ '000	2021 $ '000
Note 10	**Other Assets**			
Current	Prepayments and deposits		**1,035**	758
	Restricted term deposit		**0**	148
			1,035	906
Non current	Prepayments and deposits		**197**	73

	Note	2022 $ '000	2021 $ '000
Note 11 Property, Plant and Equipment			
Plant and equipment at cost		**1,652**	917
Accumulated depreciation		**(1,266)**	(677)
		386	240
Leasehold improvements at cost		**476**	485
Accumulated depreciation		**(465)**	(480)
		11	5
Total property, plant and equipment		**397**	245
Movements in Carrying Amounts			
Opening balance		**245**	351
Additions - at cost		**170**	55
Additions - acquisition		**158**	0
Disposals	3	**(2)**	(16)
Depreciation and amortisation expense	3	**(169)**	(150)
Foreign exchange currency translation		**(5)**	5
Closing balance		**397**	245

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs, maintenance and minor renewals are charged to the profit and loss statement during the financial period in which they are incurred.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation of plant and equipment is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives at 20%-40% pa.

The cost of improvements to or on leasehold properties are amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Group, whichever is shorter. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. Gains and losses are included in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Financial Statements

for the year ended 30 June 2022

	Consolidated Group	
	2022	2021
Note 12 Lease right-of-use-asset and Lease liabilities	**$ '000**	$ '000
Non-Current Asset		
Lease right-of-use cost	**2,734**	1,967
Additions	**0**	1,882
Additions - acquisition	**1,699**	0
Disposals	**0**	(469)
Modifications	**0**	94
Lease right-of-use accumulated amortisation	**(851)**	(740)
Foreign exchange currency translation	**(42)**	0
	3,540	2,734
Lease liabilities - current	**975**	674
Lease liabilities - non current	**2,774**	2,177

On the acquisition of CQ Energy Group on 26 April 2022 a new five year lease with an initial rent free period of six months was entered into for their commercial property in Adelaide, Australia. This lease was treated as the acquisition of a new lease contract and can be exited on 25 April 2027 with the Right to Use asset based on the five year lease term. The incremental borrowing rate applied to the new Adelaide lease was 2.2%.

On acquiring Egssis on 1 December 2021, a lease was taken over for the commercial office space in Aslst, Belgium and fifteen car leases. The Right of Use asset for the office space was $706,000 and the car leases $416,000. The commercial office lease agreement was for an initial five years ending on 31st December 2022, with a six year extension of the lease entered into in May 2020. The lease can be exited at no cost after the 6 year extension that was entered into, which ends on 31 December 2028. The incremental borrowing rate applied to the new Belgium lease was 2.20%. The car lease terms vary for each car, with the final lease ending October 2026.

Leased assets

Leased assets, for office tenancies, are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any incentives received. The Group amortises the right-of-use assets on a straight line basis from the adoption date to end of the lease or break term where it is reasonably certain the break will be exercised. The Group also assess the right-of-use assets for impairment annually.

Lease liabilities

The lease liability is measured at the present value of the fixed and variable lease payments net of cash lease incentives that are not paid at the balance date. Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability. Lease payments for building exclude variable service fees for cleaning and other costs.

Note 13 Software Development		
Software development - at cost	**28,683**	22,774
Accumulated amortisation	**(9,469)**	(7,049)
	19,214	15,725
Movements in Carrying Amounts		
Opening balance	**15,725**	14,109
Additions - at cost	**4,461**	3,524
Additions - acquisition	**1,894**	0
Amortisation	**(2,497)**	(2,035)
Foreign exchange currency translation	**(369)**	127
Balance as at 30 June 2022	**19,214**	15,725

Software development costs are a combination of acquired software and internally generated assets and are carried at cost less accumulated amortisation and are amortised over a ten year period. Amortisation has been recognised in the statement of profit or loss in the line item "Depreciation and amortisation expense". If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised.

Costs incurred in the development of software are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be reliably measured. Development costs have a finite estimated life of ten years and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project. Costs capitalised include external direct costs of materials and services, direct payroll and payroll related.

Please refer to note 1(c) intangibles assets for impairment evaluation and key estimates and judgements in Note 14.

	Consolidated Group	
	2022	2021
Note 14 Intangible Assets	**$ '000**	$ '000
Patents and trademarks - at cost	**14**	13
Patents and trademarks - Accumulated amortisation	**(10)**	(7)
Customer lists - at cost	**12,787**	0
Customer lists - Accumulated amortisation	**(132)**	0
	12,659	6
Brands	**1,851**	0
Goodwill	**38,394**	8,867
Total Intangible Assets	**52,904**	8,873

Movements in Carrying Amounts	**Brands**	**Customer Lists**	**Patents**	**Goodwill**	**Total**
	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**
Balance as at 1 July 2020	0	0	19	8,578	8,597
Additions \ (Disposals)	0	0	(6)	0	(6)
Amortisation	0	0	(7)	0	(7)
Adjustment to recognise deferred tax liability Contigo Ltd acquisition	0	0		271	271
Foreign exchange currency translation	0	0	0	18	18
Balance as at 30 June 2021	0	0	6	8,867	8,873
Additions/(Disposals)	**1,851**	**12,787**	**1**	**29,880**	**44,519**
Amortisation	**0**	**(132)**	**(3)**	**0**	**(135)**
Foreign exchange currency translation	**0**	**0**	**0**	**(353)**	**(353)**
Balance as at 30 June 2022	**1,851**	**12,655**	**4**	**38,394**	**52,904**

Goodwill and Software Development allocated to the CGU's identified is reflected below:

	$ '000	**$ '000**	**$ '000**	**$ '000**	**$ '000**	**$ '000**
	CQ Energy	**Energy One**	**Contigo**	**eZ-nergy**	**Egssis**	**Total**
Goodwill	25,148	3,443	2,442	2,767	4,594	38,394
Software Development	0	8,047	5,410	3,497	2,260	19,214
Balance as at 30 June 2022	**25,148**	**11,490**	**7,852**	**6,264**	**6,854**	**57,608**
Customer lists	11,997				658	12,655
Brands	1,851	0	0	0	0	1,851
Balance as at 30 June 2022	**13,848**	**0**	**0**	**0**	**658**	**14,506**

Goodwill

Goodwill is tested for impairment at least once a year, or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. Where required, impairment losses are recognised in the profit or loss in the reporting period when the carrying amount exceeds recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). Goodwill is allocated to cash generating units (CGUs), or groups of CGUs, expected to benefit from synergies of the business combination. The Group's management structure reflects a regional model aligned to its current product offerings which are offered independently in Australia, United Kingdom and Europe. The Group has therefore identified five separate CGU's that align to the manner in which the Group goes to market and generates cash flows. In reviewing financial performance for management purposes an aggregation of Australia and Europe is utilised and this is the basis on which the Group reports segmented results.

Key judgements and estimates - Recoverability of Intangible Assets and Software Development

When testing for impairment, the carrying amount of each group of CGUs is compared with its recoverable amount. The recoverable amount is determined based on a value-in-use calculation for each group of CGUs to which goodwill has been allocated. The value-in-use calculation uses the discounted cash flow methodology for each CGU typically based upon five years of cash flow projections plus a terminal value. No impairment charge has been recognised for the financial year ended 30 June 2022.

Notes to the Financial Statements

for the year ended 30 June 2022

Note 14 Intangible Assets (continued)

Key judgements and estimates - Recoverability of Intangible Assets and Software Development (continued)

Five-year post-tax cash flow projections are based on approved budgets covering a one-year period, with the two following years forecast based on the Group's expectations of growth excluding the impact of possible future acquisitions, business improvement and restructuring. Years four to five are based on a EBITDA growth forecast of 2.5%. Forecast revenue growth in the CGU's (allowing for full year impact of acquired entities in FY2022) for the five year period ranges from 6% to 31% and averages 11%. Cash flows also include margin income projections, which reflect expectations regarding future client pricing and product usage. The earnings growth rates applied beyond the initial five-year period are 5.0%. A post-tax discount rate of 9.6% (2021: post-tax 10.9%) has been used in evaluating the present value of cash flows.

Impact of reasonably possible changes in key assumptions

As impairment testing is based on assumptions and judgements, the Group has considered sensitivity of the impairment test results to changes in key assumptions. Due to the uncertainty of Covid-19, the Group has further considered the impact on the business and the assessments of value-in-use for year-end reporting requirements. For all CGU's, the recoverable amount exceeds the carrying amount when testing for reasonably possible changes in key assumptions. Reasonably possible changes include changes to the post-tax discount rate, customer acquisition / churn and expenditure growth rates.

Patents and Trademarks

Patents and trademark costs are costs associated with the lodging, renewal, and maintenance of patents and trademarks and are carried at cost less accumulated amortisation. These intangible assets are amortised over a period of five years. The amortisation has been recognised in the statement of profit or loss in the line item "Depreciation and amortisation expense". If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

			Consolidated Group	
			2022	2021
Note 15	**Trade and Other Payables**	**Note**	**$ '000**	$ '000
Current	Trade payables		**710**	454
	GST payable		**575**	577
	Sundry creditors and accruals		**3,255**	2,247
	Deferred acquisition consideration	22	**5,100**	798
			9,640	4,076
Non Current	Trade payables		**39**	0
			39	0

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which had not been settled at balance date. Trade and other payables are unsecured, non-interest bearing and are normally settled within 60 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Note 16	**Borrowings**		
Current	Term Loan	**2,500**	0
Non Current	Term Loan	**24,404**	0

The Parent Company executed a finance facility with National Australia Bank on 11 April 2022. The finance facility has two components being an amortising loan of $20mil with repayments of $625k due on a quarterly basis and a second loan for $10mil that is interest only. Interest is based on the 3,4 or 6 month bank bill rate as chosen by the company with both a margin and facility fee payable. During FY2022 an average interest rate (including the facility fee) of 3.17% was charged on these facilities. The facilities are fully secured by a fixed and floating charge over the assets and operations of all group entities and have market standard positive and negative covenants, undertakings and events of default typical for the nature of facility. At the date of this report EOL is in compliance with all requirements of the facility.

On entering the NAB facility the existing Westpac overdraft and loan facilities were fully repaid and all security held by Westpac released. The rate of interest charged on Westpac loan facilities was 2.33% (2021: 2.66%). The overdraft facility was not drawn during the year and as such did not attract interest.

Notes to the Financial Statements

for the year ended 30 June 2022

		Consolidated Group	
		2022	2021
Note 17	**Employee Provisions**	**$ '000**	$ '000
Current	Employee benefits	**1,509**	1,079
Non-Current	Employee benefits	**350**	290

Provision for annual leave is presented as current since the Group does not have an unconditional right to defer settlement. However based on historical experience, the Group does not expect all employees to take the full entitlement of leave within the next twelve months. The amount not expected to be taken with the next twelve months is $350,000 (2020 : $290,000).

Wages, salaries and annual leave

Liabilities for wages, salaries, superannuation benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables and provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are expected to be settled, including appropriate on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Long service leave

A provision for long service leave is taken up for a range of employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

Note 18	**Contract Liabilities**		
Current	Licences received in advance	**4,035**	3,865
	Unearned R&D tax incentive	**199**	200
		4,234	4,065
Non-Current	Licences received in advance	**0**	0
	Unearned R&D tax incentive	**518**	717
		518	717
Unearned R&D tax incentive			
	Balance at beginning of the period	**917**	1,126
	Less recognised as grant income in the profit and loss	**(200)**	(209)
	Balance at the end of the period	**717**	917

Licences received in advance

The contract liability represents amounts billed in advance where the service obligation is yet to be performed. Project and implementation revenue is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. There was no significant liability change within the period.

Unearned R&D tax incentive

Research and development tax incentive costs relating to capitalised development costs are deferred and recognised in the profit or loss over the period necessary to match them with the expenses that they are intended to compensate.

	2022	2021	**2022**	2021
Note 19 Contributed Equity	**No '000**	No '000	**$ '000**	$ '000
Issued capital at beginning of the financial year	**25,818**	25,411	**19,812**	18,689
Shares issued or under issue during the year :-				
Shares issued to employees	**11**	18	**70**	74
Shares issued as a result of the vesting of share rights	**272**	293	**1,001**	632
Shares issued on dividend reinvestment plan	**240**	96	**1,543**	419
Shares issued on acquisition of Egssis NV	**213**	0	**1,351**	0
Shares issued on acquisition of CQ Energy Group	**982**	0	**6,088**	0
Costs of issuing shares			**(93)**	(2)
Balance at the end of the financial year	**27,536**	25,818	**29,773**	19,812

Ordinary Shares

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. 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. The amount of transaction costs accounted for as a deduction from equity is $93,000 (2021 : $1,700)

Note 19 Contributed Equity (continued)

Ordinary Shares (continued)

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital. There is no current on-market buy-back.

Capital Management

The Group's objectives when managing capital is to safeguard the ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Directors effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

If the Company reacquires its own equity instruments, (e.g. as the result of a share buy-back), those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

	Consolidated Group	
Note 20 Reserves	**2022**	2021
Share based payment reserve	**$ '000**	$ '000
Balance at the beginning of the financial year	**952**	529
Movement in share based payments	**(195)**	423
	757	952
Foreign exchange reserve		
Balance at the beginning of the financial year	**82**	(64)
Retranslation of overseas subsidiaries to functional currency	**(738)**	146
	(656)	82
Balance at the end of the financial year	**101**	1,034

The company holds reserves with respect to share based payments with the reserve value based on share rights issued and the share price at the time of issue, the probability of the right meeting service and performance based conditions as well as the period the rights vest over. Further detail with respect to share based payments is included at note 29.

The company holds a foreign currency reserve that reflects the impact of foreign currency impacts on assets and liabilities held in currencies other than AUD. Foreign currency gains or losses held within this reserve are unrealised with any realised currency gains or losses included in profit and loss.

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a volume weight average share price five days prior to the date the instruments were granted. The accounting estimates and assumptions relating to equity-settled payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Note 21 Contingent Assets and Liabilities

The Group had no contingent liabilities or contingent assets as at 30 June 2022 or in the comparative year.

Note 22 Business combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in Consolidated Statement of Comprehensive Profit and Loss and Other Comprehensive Income.

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for the year ended 30 June 2022

Note 22 Business combinations (continued)

Egssis NV

On 1 December 2021, Energy One Limited purchased Egssis NV ("Egssis") for a total consideration of €4,711,000 ($7,354,000) to be paid in cash, equity and two instalments over an 18-month period. The initial payment comprised €2,500,000 cash and €750,000 in equity, with 2 further payments of €500,000 due 12 and 18 months from acquisition date. This initial cash payment was mostly funded from the Group's working capital and existing Westpac loan facility. The later cash instalments will also be funded from the Group's working capital and existing reserves.

Egssis NV is a Software as a Service (SaaS) energy trading software and services business. Established in 2008 and based in Belgium, Egssis have 30 staff and 58 customers, operating in the 24/7 European energy market.

On acquisition developed software of $1,950,000 and customer lists of $707,000 were identified and valued. Software is amortised over a ten year period in accordance with EOL's accounting policies and customer lists are amortised over a 14 year period.

	2022	
Consideration paid and or payable :-	EUR € '000	AUD $ '000
Cash on acquisition	2,500	3,903
Cash instalments payable	1,000	1,561
Equity issued - 212,833 shares	750	1,171
	4,250	6,635
Adjusted for :-		
Net present value of instalments at 2.3%	(17)	(26)
Net working capital adjustment	362	565
Market value of shares issued at $6.35	116	180
	4,711	**7,354**

Egssis NV	2022	
Fair Value Recognised on acquisition :-		
Current Assets		
Cash and cash equivalents	596	931
Trade and other receivables	116	181
Other current assets	193	301
	905	1,413
Non Current Assets		
Property, plant and equipment	104	162
Lease Right of Use Asset	718	1,121
Software development - at valuation	1,249	1,950
Customer lists - at valuation	453	707
Goodwill on acquisition	3,029	4,729
	5,553	8,669
Total Assets	6,458	10,082
Current Liabilities		
Trade and other payables	350	546
Lease liabilities	138	215
Income tax payable	39	61
Contract liabilities	3	5
Borrowings	57	89
Employee benefits	121	188
	708	1,105
Non Current Liabilities		
Lease liabilities	580	906
Borrowings	34	53
Net deferred tax liabilities	426	664
	1,039	1,623
Total Liabilities	1,747	2,728
Net Assets	**4,711**	**7,354**

The business combination accounting for Egssis NV is accounted for on a finalised basis.

Egssis contributed $3,172,000 of revenue since acquisition and $491,000 profit before tax.

Notes to the Financial Statements

for the year ended 30 June 2022

Note 22 Business combinations (continued)

CQ Energy Group

On 26 April 2022, Energy One Limited acquired all of the shares and units in the companies and unit trusts forming the CQ Energy Group. Total sale consideration was $36,000,000 to be paid in an initial cash payment of $26,400,000 , equity of $6,000,000 and a further two cash payments of $1,800,000 ($3,600,000 in total) due October 2022 and April 2023. In addition to the sale consideration of $36,000,000, payment was made on completion for the "working capital" of the CQ Energy group equating to 517,000. On completion the total cash payment made was $26,917,000.

The CQ Energy Group is an Australian based business who provide operational, consulting and risk based advisory services to the Australian energy sector. Established in 2008 and based in Adelaide, CQ Energy have 20 staff and over 30 customers, operating in the 24/7 Australian energy market.

On acquisition Brand of $1,851,000 and customer lists of $12,100,000 were identified and valued. Brand is considered to have an indefinite life and has not been amortised whilst the useful life over which customer contracts is yet to be finalised it is expected the useful life will be between 15 to 20 years. Customer lists will be amortised in line with the expected life taking into account historical customer loss as well as EOL's judgment with respect to future attrition.

	2022
Consideration paid and or payable :-	AUD $ '000
Cash on acquisition	26,400
Cash instalments payable	3,600
Equity issued - 981,999 shares	6,000
	36,000
Adjusted for :-	
Net working capital adjustment	517
Market value of shares issued at $6.20	88
	36,605

	2022
Fair Value Recognised on acquisition :-	
Current Assets	
Cash and cash equivalents	57
Trade and other receivables	1,046
Other current assets	62
	1,165
Non Current Assets	
Property, plant and equipment	0
Lease Right of Use Asset	549
Brands - at valuation	1,851
Customer lists - at valuation	12,100
Goodwill on acquisition	25,147
Deferred Tax Assets	63
	39,710
Total Assets	40,875
Current Liabilities	
Trade and other payables	445
Income tax payable	0
Lease liabilities	43
Borrowings	0
Employee benefits	251
	739
Non Current Liabilities	
Borrowings	0
Lease liabilities	506
Net deferred tax liabilities	3,025
	3,531
Total Liabilities	4,270
Net Assets	**36,605**

Note 22 Business combinations (continued)

The business combination accounting for the CQ Energy Group is accounted for on a provisional basis due to the timing of the acquisition. The fair value of assets, liabilities and contingent liabilities are estimated by taking into consideration all available information at reporting date. Fair value adjustments at the completion of business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

The CQ Energy Group contributed $1,223,000 of revenue since acquisition and $466,000 profit before tax, and this profit was distributed to Energy One at year end.

Note 23 Segment information

The Group is managed primarily on the basis of product and service offerings and operates in one segment, being the Energy software industry, and in two geographical segments, being Australasia and Europe. The Directors assesses the performance of the operating segment based on the accounting profit and loss in that segment.

There was no intersegment revenue for the year.

The Directors have determined the Group is organised into the two geographical segments for profit and loss purposes as represented in the following table :-

	Australasia 2022 $ '000	**UK/Europe 2022 $ '000**	Australasia 2021 $ '000	UK/Europe 2021 $ '000
Licences	**8,464**	**10,126**	7,486	8,898
Support, hosting and other services	**3,972**	**5,904**	3,523	2,844
Project implementation	**1,334**	**1,333**	1,717	3,176
Operations support and advisory	**1,014**	**0**	0	0
Other income	**216**	**38**	247	5
Expenses	**(9,511)**	**(13,514)**	(8,996)	(10,770)
Earnings before interest, tax, depreciation and amortisation	**5,489**	**3,887**	3,977	4,153
Depreciation and amortisation	**(1,920)**	**(1,786)**	(1,616)	(1,243)
Earnings before interest, tax and acquisition costs	**3,569**	**2,101**	2,361	2,910

	Consolidated Group	
	2022	2021
Reconciliation of unallocated amounts to profit after tax :-	**$ '000**	$ '000
Earnings before interest, tax and acquisition costs	**5,670**	5,271
Interest paid	**(244)**	(126)
Interest received	**1**	6
Acquisition and related costs	**(846)**	(58)
Profit before income tax	**4,581**	5,093

Segment revenue excludes interest received. Expenses exclude interest paid, depreciation, amortisation and acquisition costs.

During the financial year ended 30 June 2022, the Australasian segment derived 31% (2021: 34%) of revenue from the top three customers and the UK/Europe segment derived 13% (2021: 23%) from the top three customers.

Note 24 Subsequent Events

No matter or circumstance has arisen since 30 June 2022 which is not otherwise dealt with in this report, that has significantly affected or may significantly affect the operations of the Group, the results of its operations or the state of affairs of the Group.

Note 25 Controlled Entities	**Country of Incorporation**	**% Equity 2022**	% Equity 2021	**Investment $ '000 2022**	Investment $ '000 2021
Ultimate Parent Company					
Energy One Limited	Australia				
Controlled Entities					
Energy One Employee Option Plan Managers Pty Limited	Australia	**100%**	100%	**2**	2
Creative Analytics Pty Limited	Australia	**100%**	100%	**3,000**	3,000
Contigo Software Limited	UK	**100%**	100%	**2,049**	2,049
eZ-nergy SAS	France	**100%**	100%	**6,980**	6,980
Egssis	Belgium	**100%**	NA	**7,354**	NA
CQ Energy Pty Ltd	Australia	**100%**	NA	**36,605**	NA
CQ Energy Unit Trust	Australia	**100%**	NA		NA
CQ Risk Pty Ltd	Australia	**100%**	NA		NA
CQ Risk Unit Trust	Australia	**100%**	NA		NA
CQP Capital Pty Ltd	Australia	**100%**	NA		NA
Coorong Energy Pty Ltd	Australia	**100%**	NA		NA

Note 26 Related Party Transactions

Key management personnel

Details regarding key management personnel, their positions, shares, rights, and options holdings are details in the remuneration report within the Directors' Report contained in the 2022 Annual Report.

	Consolidated Group 2022 $	Consolidated Group 2021 $
Remuneration of key management personnel :		
Short term employee benefits	**1,784,722**	1,703,141
Post employment benefits	**94,366**	260,269
Long term benefits	**66,583**	(68,600)
Share based payments	**475,253**	835,875
	2,420,924	2,730,685

Mr Vaughan Busby - Director

Mr Busby is a non-executive Director of Energy One Limited and Energy Queensland Limited. Ergon Energy Queensland Pty Ltd is a wholly owned subsidiary of Energy Queensland Limited and is a customer of the Group. Transactions between the company and Ergon Energy Queensland Pty Limited are on commercial terms and conditions and are completed at an arms length. The agreement generating transactions between the Group and Ergon Energy Queensland Pty Limited commenced prior to Mr Busby being inducted to Energy Queensland's Board and have continued to operate under the terms and conditions of that agreement.

Note 27 Financial Risk Management

The Group’s activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and aging analysis for credit risk.

Financial risk management is carried out by the Chief Financial Officer (CFO) under policies approved by the Board of Directors and the Risk Committee. The CFO identifies, evaluates the financial risks in close co-operation with the Group’s Management and the Board.

The Group holds the following financial instruments measured in accordance with AASB 9 Financial Instruments, as detailed in the accounting policies to these financial statements:

Note 27 Financial Risk Management (continued)

	Note	Consolidated Group 2022 $ '000	2021 $ '000
Financial assets			
Cash and cash equivalents	8	**3,348**	5,422
Trade and other receivables - due within 12 months	9	**4,936**	4,363
Deposit with bank for bank guarantee – due within 12 months	10	**0**	148
Due within 12 months		**8,284**	9,933
Trade and other receivables - due after 12 months	9	**0**	0
Deposit with bank for bank guarantee – due after 12 months	10	**0**	148
Due after 12 months		**0**	148
Financial liabilities			
Trade and other payables - due within 12 months	15	**(9,640)**	(4,076)
Lease liabilities - due within 12 months	12	**(975)**	(674)
Borrowings - due with 12 months	16	**(2,500)**	0
Due within 12 months		**(13,115)**	(4,750)
Trade and other payables - due after 12 months	15	**(39)**	0
Lease liabilities - due after 12 months	12	**(2,774)**	(2,177)
Borrowings - due after 12 months	16	**(24,404)**	(0)
Due after 12 months		**(27,217)**	(2,177)
Net financial assets / (liabilities)		**(32,048)**	3,153

Cash flow and fair value interest rate risk

Exposure to interest rate risk arises on financial assets and liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows. The Group's main interest rate risk at year end arises from short-term deposits. The Group is exposed to earnings volatility on floating rate instruments.

The interest rate risk is managed using a mix of fixed and floating short-term deposits. At 30 June 2022 0% (2021: 3%) of cash and cash equivalents are fixed short term deposits. Short-term deposits are used to ensure that the best interest rate is received. Interest rates are reviewed prior to deposits maturing and re-invested at the best rate, over a number of banking institutions. The interest rate risk is detailed in the tables below :

Consolidated entity 30 June 2022	Weighted Avg Effective Interest rate %	Fixed Interest Rate $ '000	Floating Interest Rate $ '000	Non-Interest Bearing $ '000	Total $ '000
Financial Assets :					
Cash and cash equivalents	**0.02%**	**0**	**3,348**	**0**	**3,348**
Receivables	**0.00%**	**0**	**0**	**4,936**	**4,936**
Deposit for bank guarantee	**0.00%**	**0**	**0**	**0**	**0**
Total financial assets		**0**	**3,348**	**4,936**	**8,284**
Financial Liabilities :					
Borrowings and payables - due within 12 months	**3.17%**	**0**	**2,500**	**9,640**	**12,140**
Borrowings and payables - due after 12 months	**3.17%**	**0**	**24,404**	**39**	**24,443**
Total financial liabilities		**0**	**26,904**	**9,679**	**36,582**
Consolidated entity 30 June 2021					
Financial Assets :					
Cash and cash equivalents	**0.09%**	0	5,422	0	5,422
Receivables	**0.00%**	0	0	4,363	4,363
Deposit for bank guarantee	**0.47%**	148	0	0	148
		148	5,422	4,363	9,933
Financial Liabilities :					
Borrowings and payables - due within 12 months	**0.00%**	0	0	4,076	4,076
Borrowings and payables - due after 12 months	**2.72%**	0	0	0	0
		0	0	4,076	4,076

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Note 27 Financial Risk Management (continued)

The group's exposure to foreign currency risk at the end of the reporting period was as follows:

Consolidated entity 30 June 2022	**GBP**	**EUR**
Financial Assets :	**$ '000**	**$ '000**
Cash and cash equivalents	**408**	**2,027**
Receivables	**1,440**	**626**
Deposit for bank guarantee	**116**	**0**
Total financial assets	**1,964**	**2,653**
Financial Liabilities :		
Borrowings and payables - due within 12 months	**0**	**1,500**
Borrowings and payables - due after 12 months	**0**	**0**
Total financial liabilities	**0**	**1,500**

Consolidated entity 30 June 2021	**GBP**	**EUR**
Financial Assets :	$ '000	$ '000
Cash and cash equivalents	328	283
Receivables	571	395
Deposit for bank guarantee	115	0
Total financial assets	1,014	678
Financial Liabilities :		
Borrowings and payables - due within 12 months	871	0
Borrowings and payables - due after 12 months	529	0
Total financial liabilities	1,400	0

Sensitivity Analysis

The Group has performed sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk. At 30 June 2022, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

		Consolidated Group	
		2022	2021
		$ '000	$ '000
Change in profit	Increase in interest rate by 2%	**(88)**	46
	Decrease in interest rate by 2%	**88**	(46)
Change in equity	Increase in interest rate by 2%	**(88)**	46
	Decrease in interest rate by 2%	**88**	(46)

The above interest rate risk sensitivity analysis has been performed on the assumption that all other variables remain unchanged. The NAB facility was put in place in April 2022 as part of the acquisition of CQ Energy and as such the above sensitivity reflects this part year balance. If the NAB facility had been in place for the full financial year at an average drawn balance of $26.904mil (balance at 30 June 2022) the full year impact of a 2% increase in interest rates would be $538,000.

The Group has performed sensitivity analysis relating to its exposure to foreign exchange risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk. At 30 June 2022, the effect on profit and equity as a result of changes in the foreign exchange rate, with all other variables remaining constant would be as follows:

Change in profit	Increase in foreign exchange rate by 5%	**(78)**	(49)
	Decrease in foreign exchange rate by 5%	**78**	49
Change in equity	Increase in foreign exchange rate by 5%	**(423)**	(73)
	Decrease in foreign exchange rate by 5%	**423**	73

The above interest rate risk sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

Note 27 Financial Risk Management (continued)

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to trading customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. Banks without a rating of 'A', but included in the government guarantee will be considered with a maximum $1M deposit. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with limits set by the CFO. The compliance with credit limits is monitored by the CFO.

The maximum exposure to credit risk by class of recognised financial assets at reporting date is equivalent to the carrying value and classification of those financial assets as presented in the balance sheet. Details with respect to credit risk of trade and other receivables are provided in Note 9. No single deposit was larger than $1M. The Group does not hold any security or guarantees for the financial assets.

Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through adequate amounts of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradable in highly liquid markets, for instance cash.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value or amortised cost using the effective interest rate method.

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, it's 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 fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

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.

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for the year ended 30 June 2022

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Note 28 Commitments
The Group has no commitments as at 30 June 2022.

Note 29 Share Based Payments
The Company operates a number of share-based compensation plans. These include a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. Fair value of the options at the grant date is expensed over the vesting period.

The fair value of shares, and rights granted under all plans is recognised as an employee benefit expense with corresponding increase in equity. The fair value of shares is measured at grant date. The fair value of share rights is determined by using a volume weight average share price five days prior to the date the instruments were granted.

The following share-based payment arrangements existed at 30 June 2022:

Equity Incentive Plan
The Equity Incentive Plan (EIP) was established on 31 October 2014 and ratified at the Annual General Meeting on 22 October 2020. The EIP allows the Company to offer employees, and directors different share scheme interests, either as exempt shares or share schemes subject to satisfying performance and service conditions set down at the time of offer.

	Consolidated Group	
	2022	2021
	$'000	$'000
Total expense arising from EIP share based payments for the financial year	**886**	1,127

	2022		2021	
Movements in share rights under the EIP for the financial year :	**No. of rights**	**$ value of rights '000**	No. of rights	$ value of rights '000
Balance at the being of the financial year	**420,796**	**952**	560,238	529
Rights granted	**358,493**	**797**	289,546	1,055
Rights lapsing	**(338)**	**0**	(135,549)	0
Rights vested and issued as ordinary shares	**(272,071)**	**(992)**	(293,439)	(632)
Balance at the end of the financial year	**506,880**	**757**	420,796	952

The following table summarises the balance of share rights on hand at 30 June 2022:

Rights Holder	**Performance Conditions**	**Year of Issue**	**Rights Issued No.**	**Rights Issued Value $**
Group CEO	Revenue and profit before tax, EPS, Share price at 30 June 2022 and strategic objectives	2019 & 2022	156,991	750,151
Group CFO	Revenue and profit before tax, EPS, Share price at 30 June 2022 and strategic objectives	2022	32,831	203,224
CEO Australasia	Revenue and profit before tax, EPS, Share price at 30 June 2022 and strategic objectives	2021 / 2022	70,921	446,859
CEO Europe	Revenue and profit before tax, EPS, Share price at 30 June	2021 / 2022	84,066	509,413
NED's	No performance criteria & service based only	2022	20,607	133,739
Management	Profit before tax and strategic objectives	2021 / 2022	141,464	757,846
			506,880	**2,801,232**

All service rights are subject to the holder maintaining continuous employment from issue to vesting date unless the Board are of the view that the circumstances warrant a holder retaining their right. The Board exercised this discretion with respect to the previous Group CFO Mr Richard Standen. Rights issued value represents the number of rights issued by the EOL share price at the time of issue adjusted for any dividends accrued. The rights valuation reflected in the share based payments reserve at year end is based on issue value, the Boards' estimate in terms of performance conditions being met ie. probability of vesting and the life the right vests over.

Note 29 Share Based Payments (continued)

Rights Holder	Performance Conditions	Year of Issue	Rights Vested No.	Rights Vested Value $
Group CEO	Revenue, EPS and strategic objectives	2020 & 2021	155,000	505,971
CEO Australasia	Profit before tax and strategic objectives	2021	6,925	28,046
CEO Europe	Profit before tax and strategic objectives	2021	8,515	34,486
NED's	No performance criteria & service based only	2021	30,460	122,297
Management	Profit before tax and strategic objectives	2021	71,171	310,188
			272,071	**1,000,988**

Where rights have met their vesting conditions however have a vesting date after year end these rights are treated as unvested as the holder must still meet the service conditions.

	Consolidated Group	
	2022	2021
	$	$
Average issue price (in $)	**6.43**	4.16

272,071 share rights vested during the year ended 30 June 2022 (2021: 293,439) and 338 share rights lapsed (2021: 135,549). 358,493 share rights were issued during the year ended 30 June 2022. The average share price at the date of issue was $6.43. The exercise price is $nil (2021 : $nil). The average share price during the financial year was $6.16 (2021 : $5.33).

The weighted average remaining contractual life of the share rights under the EIP outstanding at the end of the financial year was 0.37 years (2021: 0.65 years).

Subsequent to 30 June 2022, of the outstanding share rights, the Board have approved the vesting of nil share rights and the lapsing of nil share rights effective 22 August 2022. The 506,880 rights on issue at 30 June 2022 are due to vest at the following dates:

Share Rights Vesting Schedule:

	No. of Rights
31 Aug 2022	419,901
31 Mar 2023	10,000
31 Aug 2023	59,335
31 Aug 2024	17,644
Total Rights	**506,880**

Key Estimates - Share based payment

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a volume weight average share price five days prior to the date the instruments were granted. The accounting estimates and assumptions relating to equity-settled payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

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Note 30 Parent Entity Disclosures

The following information has been extracted from the books and records of the parent, Energy One Limited and has been prepared in accordance with Accounting Standards.

	2022	2021
	$ '000	$ '000
Current assets	**2,414**	4,440
Non current assets	**63,480**	20,157
Total Assets	**65,894**	24,597
Current liabilities	**11,877**	4,995
Non current liabilities	**27,076**	2,154
Total Liabilities	**38,953**	7,149
Net Assets	**26,941**	17,448
Issued capital	**29,773**	19,812
Reserves	**599**	863
Accumulated losses	**(3,431)**	(3,227)
Total Equity	**26,941**	17,448
Profit before income tax	**1,688**	1,821
Income Tax Expense	**(329)**	(254)
Profit for the year of the parent entity	**1,359**	1,567
Total comprehensive income for the parent entity	**1,359**	1,567

Accounting policies are consistent to the Group except for investments held at cost.

The Parent has no contingent liabilities or contractual commitments for the acquisition of property, plant or equipment.

The financial information for the parent entity, Energy One Limited has been prepared on the same basis as the consolidated financial statements.