

25 August 2020

**Energy One Limited (ASX : EOL)**

**Appendix 4E – Preliminary Financial Report for the year ended 30 June 2020**

Energy one Limited is please to announce its full year results to 30 June 2020 as attached.

**Shaun Ankers**

**Chief Executive Officer**



**ENERGY ONE LIMITED**

ABN 37 076 583 018

**APPENDIX 4E**  
**for the year ended 30 June 2020**

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**Reporting Period**

Previous Reporting Period

**for the year ended 30 June 2020**

for the year ended 30 June 2019

<b>Results for announcement to the market</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>
	<b>\$ '000</b>	<b>\$ '000</b>	<b>%</b>
Revenue and other income	<b>20,604</b>	16,065	28%
EBITDA (before acquisition and related costs)	<b>5,320</b>	3,851	38%
Comparative EBITDA*	<b>4,718</b>	3,851	23%
Profit before income tax	<b>2,340</b>	2,063	13%
Profit from ordinary activities after tax attributable to owners	<b>1,647</b>	1,309	26%
Net tangible asset backing per ordinary share shown in cents **	<b>39.73</b>	14.83	168%
* Further adjusted for changes in accounting for leases (AASB 16) and R&D grants (AASB 120) in FY20			
** 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 2020.

**Other information**

*Control gained over entities having a material effect*

eZ-nergy SAS

Please refer to the 30 June 2020 Consolidated Financial Statements Note 22 for details.

*Loss of control over entities having a material effect*

N/A

*Details of associates and joint venture entities*

Please refer to the 30 June 2020 Financial Statements for details.

*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 2020 Consolidated Financial Statements.

## Reporting Period

Previous Reporting Period

for the year ended 30 June 2020

for the year ended 30 June 2019

Dividends	Amount per ordinary share	Franked Amount per ordinary share
<b><i>Dividend (declared, not provided at 30 June 2020)</i></b>	<b>3.50 Cents</b>	<b>0.00 Cents</b>
The record date for the dividend will be 30 September 2020. The payment date for the dividend will be 16 October 2020.		
<b><i>Dividend Reinvestment Plan</i></b>		
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 2020 final dividend declared above. DRP Applications or notices received after 5.00pm (Sydney time) on 23 September 2020 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 26 August to 1 September 2020 (inclusive). If there are no share trades in the period the the DRP price will be the last traded price. The Board's reserves the right to set the DRP price at its sole discretion.		
<b><i>Dividend paid during the 2020 financial year</i></b>	<b>3.00 Cents</b>	<b>0.00 Cents</b>
The record date for the dividend was 4 October 2019. The payment date for the dividend was 21 October 2019.		
<b><i>Dividend paid during 2019 financial year</i></b>	<b>2.00 Cents</b>	<b>0.00 Cents</b>
The record date for the dividend was 28 September 2018. The payment date for the dividend was 26 October 2018.		
There was no other dividend paid or declared for the year ended 30 June 2020.		

Shaun Ankers - Chief Executive Officer

25 August 2020

## Chief Executive Officer's Report

I am pleased to announce another year of profitable growth for the Group, with revenues up 28% and net profit after tax up 26% on the prior year.

To date, the business has not been materially affected by COVID-19. Our customers (for the most part) are large utility companies and infrastructure providers operating in the gas and electricity markets. The Group provides its Software-as-a-Service to these entities, where it is generally considered mission-critical in order to ensure daily operations are maintained. In addition, our staff are highly skilled IT professionals who routinely install software remotely from customers premises. To this end all our employees can also work remotely from home. The robustness of selling SaaS to blue-chip customers has certainly been borne out during the recent uncertain environment.

In FY18 the Energy One Limited Group began building a presence in Europe after a period of market research confirmed a much larger potential market. It is therefore pleasing to announce that in FY20, 44% of our revenue is now being generated in UK/Europe. The Group now has customers in 17 countries and is well positioned as a global-reach, independent player in the energy trading software market.

Comparative EBITDA, net of adjustments such as one-off acquisition costs and lease accounting changes, was \$4.7M, up 23% on FY19 while EBITDA was \$5.3M, up 38% on the prior year. These results include contributions from U.K-based Contigo Software (Contigo) for a full 12 months and French based eZ-nergy (eZ), contributing 1 month.

Group EBITDA margin for FY20 was 26% (FY 19: 24%).

Group recurring revenues were 77% of operating revenue. These recurring revenues arise from SaaS fees, which are generally renewed automatically on an annual basis. The balance of operating revenue arises from one-off project work such as 'time and materials' fees for installation, bespoke enhancements or consulting.

The UK business has grown beyond our original expectations, producing revenue of \$8.7M and EBITDA of \$1.6M (upon acquisition, we noted 'first full year' forecasts of \$8.5M and \$1.25M respectively). This result indicates not only the quality of the business but also the benefits gained from integration.

The FY20 results emphasise the Group's ability to continue to produce high quality revenues and profitability, during uncertain times.

Net assets increased by \$9.7M during the year with closing cash of \$3.53M. Notably, cash is up from \$2.2M at June 19. During the year, we successfully raised equity capital via two raisings (a placement for \$4.4M and an oversubscribed SPP for \$1.815M). The funds being used to partially fund the eZ acquisition and for working capital.

Total debt was reduced from \$6.5M to \$0.6M with \$4.45M available for redraw (see note 16).

In the final month of FY20, we successfully completed the acquisition of eZ-nergy SAS (pronounced *easy-Nergy*), a French company providing software and services to the European energy industry. Albeit for one month, the contribution of eZ was revenue of \$0.32M and EBITDA of \$0.12M. Given the nature of the business, this is not a direct pro-rata proxy for a full year. The Group will provide more detail and insight into eZ's future expected performance in due course.

### Australasian Business Review and Outlook

While Energy One now offers a global reach and support for our international customers, our Australasian territory (Australia, NZ and Singapore) remains important to us, with these markets key to our performance, providing 56% of group revenue.

Performance of the domestic Australasian business remained strong, with that business generating EBITDA margin of 29% (FY19: 26%). While revenue growth for FY20 was a modest 4%, EBITDA grew by 14% (or 8% on comparative basis, net of lease and other adjustments). As previously announced the Australian business has been investing in its software to cater for regulatory market changes that our customers will need to comply with. Importantly, 79% of operating revenue from the Australasian business was recurring in nature. We classify recurring revenues as those arising from SaaS fees (licence, support and hosting fees). These revenues are a key focus of management and have grown consistently over several years.

Within Australia, Energy One is the leading supplier of specialist software and services to the highly complex *wholesale energy trading market* (i.e. bulk energy, typically electricity and gas). We offer a 'suite' of products that meet the wide and varied needs of energy traders, generators, retailers and industrial customers. Our client base includes blue-chip firms prominent in the energy market.

In the year ahead we are confident our ongoing sales and marketing effort in Australasia will result in new sales, albeit at a steady pace, given the finite size of the market and the fact that some 50% of the wholesale energy traded in Australia is already facilitated using our systems. Nonetheless, during FY20, we added 9 new customers. Of these, 6 were 'small' (revenue <\$100k p.a.) and 3 were medium (\$300k+ each, over the first 12-24 month period). We also completed 2 'large' projects that commenced in FY19.

In addition to new sales there were also some upgrades and sales of additional products and modules to existing customers. On the flip side, we lost 7 smaller customers, (totalling ~\$300k p.a. of revenue), due to market exits. This is slightly higher than normal and acted as a slight drag on domestic revenue - we would normally expect 3-5 customers to exit the market. Pleasingly no customers were lost to competitors and our bad debts were close to nil.

During the year we made considerable investments in our products, notably preparing them for the coming 5-minute settlement (5MS) market. The work has progressed almost to completion and we are comfortably positioned ahead of these market developments. The deadline for the market switch has been delayed by market regulators and is now scheduled to occur on 30<sup>th</sup> September 2021, although customers are naturally gearing up to be ready in advance of those dates.

The projects will typically generate revenues from one-off upgrades with a minor recurring component. For FY21 we already have contracted revenues of \$0.7M for upgrades and can expect some more to follow. We also expect to secure 1 or 2 medium/large ETRM projects as well as some new smaller customers.

Energy One has a highly capable team of experts bringing knowledge and solutions to address our customer and market needs (including new technologies such as batteries, solar and wind). The stability, knowledge and dedication that our employees bring is unrivalled by any competitor in the Australian marketplace and we are pleased to involve all of our employees as co-owners via the Company's employee share scheme.

### **European Business Review and Outlook**

In November 2018, we made a key strategic step forward with the acquisition of Contigo Software Limited, a leading UK-based ETRM vendor.

In June 2020, we completed the acquisition of eZ-nergy SAS (eZ), a French company supplying energy trading software and services to 45 customers across Europe.

eZ and Contigo are highly synergistic businesses and together they give us good access to the broader European market for cross-selling and bundling opportunities with both companies products being highly complementary.

Contigo's first 18 months has been a period of consolidation, integration and organic growth. Numerous integration projects have taken place including IT, administration and back office systems. Other joint programs are well underway for joint marketing, cross-selling and technical knowledge-sharing.

Contigo produced \$8.7M of revenue in its first full financial year and EBITDA was \$1.6M up 28% on acquisition forecasts, in part due to increased efficiencies and our strong focus on generating profitable business.

Contigo's recurring revenues were 75%, up from 63% this time last year.

Creating cross-selling opportunities between our software platforms is a key component of our strategy. To illustrate this the Australian Value at Risk (VaR) module will soon be offered to Contigo's customers as part of their enTrader product. Furthermore, in early 2020, we won our first EU customer as a result of a combined offering of the UK and Australia product range. This is a large project for a prestigious European energy system operator and was made possible by our combined product offerings.

Contigo added new customer-installations during the year (3 small, 3 medium and 2 large), giving them a total of 51 customer installations, as well as upgrades and enhancements. These new signings were a mix of businesses from both the UK and Europe. Contigo lost 3 customers (mainly due to market exits) but won another one back from a competitor, emphasizing Contigo's superior product offering.

The UK and European market for ETRM software is more competitive than Australia with large international ETRM vendors active across the region. Given Contigo can regularly add new customers in such a competitive environment is a credit to the product and to the European leadership team.

In June 2020, we welcomed eZ to the Group. eZ is a French company offering software and services aimed predominantly at the physical trading and scheduling market (day-ahead and intraday) with some 45 customers in 9 countries across Europe. Established in 2013 by three founders (who will be staying on to run the business), eZ has been consistently profitable with a high SaaS recurring revenue stream in the order of 85+% of operating revenue.

Operationally, eZ and Contigo will be consolidated and the leadership team headed by our European CEO, Simon Wheeler. As previously mentioned eZ and Contigo's products are highly complementary:

- eZ-Ops and enTrader – these two products now provide an opportunity for customers to manage both their physical and their contract energy positions seamlessly. The two products already share three customers.
- eZ-Ops scheduling and enVoy – can be integrated to take advantage of the relative strengths of each product in the respective UK and EU energy markets.
- Common technology and cultural strengths – Contigo and eZ product share the same underlying technology, allowing for strong integration and operational synergies.

Both companies' products are Software-as-a-Service offerings, making them fast to deploy, cost-effective and reliable for users. eZ also offer business process outsourcing for the scheduling and nominations, a business-line we intend to develop and grow.

Contigo and eZ have already had their first joint win with a large prestigious European utility company. To win this project, eZ and Contigo were able to offer a single unified solution and support for the customer.

As mentioned, both eZ and Contigo's products are modern, easy to implement and SaaS-based, giving the team a strong value proposition for new market entrants and other energy players looking for convenient and reliable solutions for both physical and contract energy trading. In a market where the three largest ETRM providers have been bought by a single private equity company the presence of an independent, agile supplier of rapidly-deployed and cost-effective solutions provides customers with a genuine and attractive alternative.

### **Looking forward to the year ahead**

The Energy One group is now a provider of energy trading software with global-reach. With a broad customer base, established brands and sound financials, the Group is keen to continue to build upon its achievements domestically and internationally.

During the past year we have demonstrated that we can achieve outcomes despite the emergence of COVID-19. Our companies operate within an essential industry (energy) providing mission-critical software to enable our customers (many of whom are large blue-chips) to carry on their energy trading business and delivery of physical gas and electricity to their customers. Furthermore, SaaS-based products can be installed remotely (in the cloud) resulting in no need for travel to customer sites. Our employees are knowledge-workers who can work remotely with access to customers via video-conferencing. All our (now) 115 employees were reliably operating from home in the first part of 2020 and we expect this trend to continue. Our Australian revenues have not been augmented by the Australian JobKeeper or rent adjustment concessions.

We expect that our business will remain materially unaffected by COVID-19 in the coming year, but we are aware that we may see some smaller customers exit the market and/or mergers between larger players. For this reason, we are expecting a steady year ahead in terms of organic growth in customer numbers.

In addition to seeking this organic growth, the Group continues to actively seek strategic growth through prudent acquisitions and other strategic relationships related to highly complementary businesses.

In keeping with past practice, the Group wishes to provide shareholders with an indication of the shape of the business going forward, now that Contigo has been successfully integrated. As such, our expectations are that for FY21, the Group is likely to achieve revenues in the order of \$25M and EBITDA of approximately \$6.5M.

In closing, I would like to thank the Directors, our management team and all employees for their effort and commitment during this year. We look forward to another prosperous year ahead.

**Shaun Ankers**





**Consolidated Financial Statements  
for the year ended 30 June 2020**

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## Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2020

	Note	Consolidated Group	
		2020 \$ '000	2019 \$ '000
<b>Revenue and other income</b>			
Revenue	2	20,304	15,671
Other income	2	300	394
		<u>20,604</u>	<u>16,065</u>
<b>Expenses</b>			
Direct project costs		(1,452)	(794)
Employee benefits expense	3	(10,820)	(8,232)
Depreciation and amortisation expense	3	(2,363)	(1,270)
Rental expenses on short term leases (2019 : operating leases)		(59)	(477)
Consulting expenses		(782)	(754)
IT and communication		(493)	(420)
Insurance		(228)	(118)
Accounting fees		(225)	(153)
Finance costs	3	(247)	(169)
Acquisition and related expenses		(387)	(381)
Travel and accommodation		(271)	(334)
Overseas marketing and research costs		0	(88)
Other expenses		(937)	(812)
		<u>(18,264)</u>	<u>(14,002)</u>
<b>Profit before income tax</b>		<u>2,340</u>	<u>2,063</u>
Income tax expense	4	(693)	(754)
<b>Profit after income tax attributable to owners of the parent entity</b>		<u>1,647</u>	<u>1,309</u>
Basic earnings per share (cents per share)	7	7.39	6.22
Diluted earnings per share (cents per share)	7	7.30	6.15
<b>Other comprehensive income :-</b>			
Profit after income tax attributable to owners		1,647	1,309
Exchange differences arising from translation of foreign entities		(251)	187
<b>Total comprehensive income</b>		<u>1,396</u>	<u>1,496</u>
<b>Total comprehensive income attributable to owners of the parent entity</b>		<u>1,396</u>	<u>1,496</u>

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 2020

		Consolidated Group	
		2020	2019
	Note	\$ '000	\$ '000
<b>Current Assets</b>			
Cash and cash equivalents	8	3,534	2,216
Trade and other receivables	9	3,944	4,600
Other assets	10	672	473
<b>Total Current Assets</b>		<b>8,150</b>	<b>7,289</b>
<b>Non-Current Assets</b>			
Trade and other receivables	9	0	99
Property, plant and equipment	11	351	643
Lease right-of-use asset	12	1,358	0
Software development	13	14,109	9,964
Intangible assets	14	8,597	5,223
Other assets	10	39	148
Deferred tax asset	4	0	595
<b>Total Non Current Assets</b>		<b>24,454</b>	<b>16,672</b>
<b>Total Assets</b>		<b>32,604</b>	<b>23,961</b>
<b>Current Liabilities</b>			
Trade and other payables	15	4,068	2,485
Lease liabilities	12	409	0
Borrowings	16	0	1,354
Income tax payable		748	717
Contract liabilities	18	3,317	2,916
Employee provisions	17	928	662
<b>Total Current Liabilities</b>		<b>9,470</b>	<b>8,134</b>
<b>Non-Current Liabilities</b>			
Trade and other payables	15	778	95
Lease liabilities	12	1,056	0
Borrowings	16	644	5,132
Contract liabilities	18	1,017	1,557
Deferred tax liability	4	791	0
Employee provisions	17	156	66
<b>Total Non Current Liabilities</b>		<b>4,442</b>	<b>6,850</b>
<b>Total Liabilities</b>		<b>13,912</b>	<b>14,984</b>
<b>Net Assets</b>		<b>18,692</b>	<b>8,977</b>
<b>Equity</b>			
Contributed equity	19	18,689	10,024
Reserves	20	465	416
Accumulated losses		(462)	(1,463)
<b>Total Equity</b>		<b>18,692</b>	<b>8,977</b>

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 2020

## Consolidated Group

		Contributed Equity \$ '000	Share Based Payments Reserve \$ '000	Foreign Exchange Reserve \$ '000	Accumulated Losses \$ '000	Total \$ '000
	Note					
<b>Balance as at 1 July 2018</b>		9,243	211	0	(2,360)	7,094
Total comprehensive profit for the year		0	0	187	1,309	1,496
Transactions with owners in their capacity as owners:						
Share issues	19	412	0	0	0	412
Dividends paid	6	0	0	0	(412)	(412)
Other transactions:						
Share based payments	19	26	361	0	0	387
Shares vesting	19	343	(343)	0	0	0
<b>Balance at 30 June 2019</b>		<b>10,024</b>	<b>229</b>	<b>187</b>	<b>(1,463)</b>	<b>8,977</b>
Total comprehensive profit for the year		0	0	(251)	1,647	1,396
Transactions with owners in their capacity as owners:						
Share issues	19	8,047	0	0	0	8,047
Dividends paid	6	0	0	0	(646)	(646)
Other transactions:						
Share based payments	19	125	793	0	0	918
Shares vesting	19	493	(493)	0	0	0
<b>Balance at 30 June 2020</b>		<b>18,689</b>	<b>529</b>	<b>(64)</b>	<b>(462)</b>	<b>18,692</b>

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 2020

		Consolidated Group	
		2020	2019
	Note	\$ '000	\$ '000
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		21,054	15,864
Receipts of research and development incentives		505	693
Payments to suppliers and employees		(15,429)	(12,167)
Finance costs		(247)	(169)
Interest received		17	30
Income tax paid		(840)	(811)
Net cash provided by operating activities	8	5,060	3,440
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment	11	(142)	(169)
Purchase of intangible assets - patents and trademarks	14	(3)	(8)
Payment for software development costs	13	(2,691)	(1,606)
Payment for acquisition of business (net of cash)	22	(1,173)	(925)
Loan to Contigo Software Limited on acquisition	22	0	(6,097)
Net cash used in investing activities		(4,009)	(8,805)
<b>Cash Flows from Financing Activities</b>			
Proceeds from borrowings		0	7,280
Repayment of borrowings		(5,841)	(795)
Receipts from share issues		6,913	481
Payment of dividend		(171)	(112)
Lease payments		(634)	0
Net cash provided by financing activities		267	6,854
<b>Net increase in cash held</b>		1,318	1,489
Cash and cash equivalents at beginning of financial year		2,216	727
Cash and cash equivalents at end of financial year	8	3,534	2,216

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 2020

### 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 25 August 2020. 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 2020 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 2020

### 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, other than what has been explained in the notes provided below.

#### AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component.

The Group has adopted this standard from 1 July 2019 using the modified retrospective approach with no adjustment to the opening balance of retained earning for the current period. Prior periods have not been restated.

The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	\$'000
Operating lease commitments as at 30 June 2019 (AASB 117)	3,653
Differences in assumptions of lease term on adoption	(1,411)
Operating lease commitments discount based on the weighted average incremental borrowing rate (AASB 16)	(70)
Previous lease incentive recognised as right of asset on adoption (AASB 16)	(205)
Right-of-use assets (AASB 16)	1,967
Lease liabilities - current (AASB 16)	(612)
Lease liabilities - non-current (AASB 16)	(1,447)
Foreign Exchange	92
Reduction in opening retained profits as at 1 July 2019	0

#### (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.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Consolidated Group

2020 2019  
\$ '000 \$ '000

#### Note 2 Revenue and Other Income

##### Revenue from contracts with customers

Licences, support and SaaS related services  
Project implementation

15,717	11,157
4,587	4,514
<b>20,304</b>	<b>15,671</b>

##### Other income

Interest income  
Government grants  
Research and development incentive income

17	32
50	0
233	362
<b>300</b>	<b>394</b>

Total Revenue and other income

<b>20,604</b>	<b>16,065</b>
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##### Revenue from contracts with customers

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

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

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 and maintenance services revenue is recognised over time as the performance obligation is satisfied over the term of the support agreement.

Project implementation 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.

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

#### Key Estimates & Judgements

##### Revenue Recognition

There are three key judgements associated with License and related services revenue as noted above. These are as follows:

- 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.
- Project and implementation services provided to customers is determined with reference to the stage of completion of the transaction at reporting date. There is judgement associated with determining the stage of completion of each individual contract with a customer as noted in the accounting policy above.
- License fee revenue is recognised at a point in time or over time depending on the nature of the 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.



## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 2 Revenue and Other Income (continued)

#### 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.

#### 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.

For the year ended 30 June 2020, the Group had revenue greater than \$20 million and received tax incentives associated with the R&D activities which are non-refundable. In line with AASB 120 and applicable tax legislation and ATO guidance, any incentive received is immediately recognised as a credit within the income tax expense. There are no substantial changes to the nature of the R&D activities and claim submitted, with the impact on the financial statements being a presentational change only.

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

The Group recognises 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.

Consolidated Group		
	2020	2019
Note	\$ '000	\$ '000
<b>Note 3 Expenses</b>		
The consolidated income statement includes the following specific expenses :		
Depreciation and amortisation		
Depreciation - Plant and equipment	11	149
Amortisation - Leasehold improvements	11	88
Amortisation - Lease right-of-use	12	609
Amortisation - Software development	13	1,446
Amortisation - Patents	14	16
Loss on disposal - Plant and equipment	11	4
Foreign currency translation		51
		<u>2,363</u>
Finance costs		<u>247</u>
Employee benefit expenses		
Superannuation expense		943
Employee share plan benefits	29	918
Other employee benefits	(a)	8,959
		<u>10,820</u>
		<u>1,270</u>
		<u>169</u>
		<u>660</u>
		<u>386</u>
		<u>7,186</u>
		<u>8,232</u>

(a) Of the total employee benefit expense, \$441,000 represent expenditures related to research and development activities (2019: \$636,000).

### Note 4 Income Tax Expenses

(a) The components of tax expense comprise:

Current tax	929	756
Prior year tax adjustment	168	(28)
Foreign exchange variance	(84)	0
Deferred tax	(34)	26
R&D claim offset	(286)	0
Income tax expense	<u>693</u>	<u>754</u>

## Notes to the Financial Statements

for the year ended 30 June 2020

		Consolidated Group	
		2020	2019
		\$ '000	\$ '000
Note			
<b>Note 4</b>	<b>Income Tax Expenses (continued)</b>		
(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 27.5% (2019: 27.5%)	643	567
	Tax effect of differing overseas tax rates	(45)	(37)
	Add tax effect of non-deductible expenses (excluding R&D)	111	62
	Income tax expense before effect of R&D Incentive and prior period tax adjustments :-	709	592
	Tax effect of R&D incentive	150	190
	R&D claim offset	(286)	0
	Prior year tax adjustment	120	(28)
	Income tax attributable to entity	693	754
(c)	Net deferred tax :-		
	Opening balance	595	597
	Charged to income	120	(26)
	Deferred tax liability on acquisition of software of eZ-nergy	(572)	34
	Deferred tax liability on acquired software on acquisition of Contigo Software Limited	(767)	0
	Foreign exchange variance	26	1
	Prior year tax adjustment	(193)	(11)
	Closing balance net deferred tax asset / (liability)	(791)	595
(d)	Deferred tax comprises temporary differences attributable to:		
	Amounts recognised in profit or loss:		
	Contract assets	(229)	(364)
	Prepayments	(1)	(26)
	Software	(348)	0
	Contract liabilities	506	572
	Accrued expenses	92	103
	Provision & Employee Benefits	378	184
	Other temporary differences	39	126
	Deferred tax liability on acquired software on acquisition of Contigo Software Limited	(672)	0
	Deferred tax liability on acquisition of software of eZ-nergy	(556)	0
		(791)	595
(e)	The Group has no unrecognised accrued tax losses at 30 June 2020 (2019: \$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.

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.

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 2019 to 30 June 2020, the Company received tax incentives associated with the R&D activities which are non-refundable. In line with applicable tax legislation and ATO guidance, any incentive received is immediately recognised as a credit within the income tax expense. There are no substantial changes to the nature of the R&D activities and claim submitted, with the impact on the financial statements being a presentational change only.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Consolidated Group

#### Note 5 Auditor Remuneration

The Auditor of Energy One Limited is BDO\* and related network firms.

Fees paid or payable for audit services :-

Auditing and reviewing the financial reports -

Group

Subsidiaries

Fees paid or payable for other services -

Taxation services

Other services

	2020	2019
	\$	\$
Group	96,265	90,307
Subsidiaries	86,520	14,960
Fees paid or payable for other services -		
Taxation services	33,893	33,445
Other services	8,151	11,389
	<b>224,829</b>	<b>150,100</b>

\* The BDO entity performing the audit of the Group transitioned from BDO East Coast Partnership to BDO Audit Pty Limited on 1 August 2020. The disclosures include amounts received or due and receivable by BDO East Coast Partnership, BDO Audit Pty Limited and their respective related entities.

#### Note 6 Dividends

Dividends declared and paid during the year

Franking account balance

	2020	2019
	\$ '000	\$ '000
Dividends declared and paid during the year	646	413
Franking account balance	0	0

On 17 August 2018 the Company declared an unfranked dividend of 2 cents per ordinary share (\$412,000). The record date for the dividend is 28 September 2018. The payment date for the dividend was 26 October 2018.

On 22 August 2019 the Company declared an unfranked dividend of 3 cents per ordinary share (\$646,000). The record date for the dividend will be 4 October 2019. The payment date for the dividend is 21 October 2019.

On 25 August 2020 the Company declared an unfranked dividend of 3.5 cents per ordinary share (\$890,000). The record date for the dividend will be 30 September 2020. The payment date for the dividend is 16 October 2020.

#### Note 7 Earnings per Share

Basic EPS (cents per share)

Diluted EPS (cents per share)

Basic EPS (cents per share)	7.39	6.22
Diluted EPS (cents per share)	7.30	6.15

Earnings used in calculating basic and diluted earnings per share (\$ '000)

Earnings used in calculating basic and diluted earnings per share (\$ '000)	1,647	1,309
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Weighted average number of ordinary shares used in calculating basic earnings per share ('000)

Weighted average number of share rights outstanding ('000)

Weighted average number of ordinary shares used in calculating diluted earnings per share ('000)

Weighted average number of ordinary shares used in calculating basic earnings per share ('000)	22,288	21,039
Weighted average number of share rights outstanding ('000)	267	236
Weighted average number of ordinary shares used in calculating diluted earnings per share ('000)	22,555	21,275

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 560,238 (2019: 510,916) share rights outstanding at 30 June 2020. 156,799 share rights issued subject to performance provisions being met and are not included 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

Cash and cash equivalents at end of financial year	3,534	2,216
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The effective interest rate on short-term bank deposits for the year was 1.72% (2019: 1.98%); these deposits have an average maturity of 130 days. The weighted average effective interest on cash and cash equivalents was 0.38% (2019: 0.47%).

The Parent Company has a bank overdraft of \$250,000 of which Nil was drawn (2019: \$Nil) currently at an interest rate of 4.59% (2019: 7.19%). The Group's exposure to interest rate risk is discussed in Note 27.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Consolidated Group

2020 2019  
\$ '000 \$ '000

#### Note 8 Cash and Cash Equivalents (continued)

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

Profit from ordinary activities after income tax	1,647	1,309
Non-cash flows in profit from ordinary activities :		
Depreciation and amortisation	2,363	1,269
Foreign exchange	182	12
Changes in assets and liabilities, net of the effects of purchase of subsidiaries :		
(Increase)/decrease in trade and other receivables	1,688	193
(Increase)/decrease in other assets	4	(193)
(Increase)/decrease in deferred tax assets	73	36
Increase/(decrease) in trade and other payables	(582)	302
Increase/(decrease) in income tax payable	32	(93)
Increase/(decrease) in provisions	356	244
Increase/(decrease) in contract liabilities	(703)	361
Net cash provided by operating activities	5,060	3,440

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	3,534	2,216
Restrictive cash deposits held for bank guarantees :		
Other current assets	10 148	0
Other non-current assets	10 0	148
	3,682	2,364

#### Note 9 Trade and Other Receivables

Current	Trade receivables	2,244	1,949
	Expected credit loss	(66)	(32)
	Contract assets	(a) 1,480	2,229
	R&D tax incentive	(b) 286	454
		3,944	4,600
Non current	Contract assets	(a) 0	99

##### (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:

Opening balance	2,328	866
Amounts invoiced and accrued during the year	(848)	1,462
Closing balance	1,480	2,328

##### (b) R&D Tax Incentive

The Company is expecting a research and development tax incentive of \$286,000 (refer Note 4) from the Australian Tax Office in FY21 for the R&D costs incurred in the 2020 financial year (2019: \$454,000). There are no unfulfilled conditions or other contingencies attaching to the tax incentive.

**Notes to the Financial Statements**  
for the year ended 30 June 2020

**Note 9 Trade and Other Receivables (continued)**

*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. 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
<b>2020</b>	in \$'000				
Trade receivables and contract assets	3,724	3,448	154	19	103
Other receivables	286	286	0	0	0
Past due and impaired	(66)	0	0	0	(66)
<b>Total</b>	<b>3,944</b>	<b>3,734</b>	<b>154</b>	<b>19</b>	<b>37</b>
<b>2019</b>	in \$'000				
Trade receivables and contract assets	4,277	4,170	29	17	61
Other receivables	454	454	0	0	0
Past due and impaired	(32)	0	0	0	(32)
<b>Total</b>	<b>4,699</b>	<b>4,624</b>	<b>29</b>	<b>17</b>	<b>29</b>

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 \$66,000 (2019: \$32,000). Contract assets are included within initial trade terms as they are subject to 30 days credit terms on billing.

		<b>Consolidated Group</b>	
		<b>2020</b>	<b>2019</b>
		<b>\$ '000</b>	<b>\$ '000</b>
<b>Note 10</b>	<b>Other Assets</b>		
<i>Current</i>	Prepayments and deposits	524	473
	Restricted term deposit	148	0
		<b>672</b>	<b>473</b>
<i>Non current</i>	Prepayments and deposits	39	0
	Restricted term deposit	0	148
		<b>39</b>	<b>148</b>
<b>Note 11</b>	<b>Property, Plant and Equipment</b>		
	Plant and equipment at cost	958	939
	Accumulated depreciation	(618)	(564)
		<b>340</b>	<b>375</b>
	Leasehold improvements at cost	469	936
	Accumulated depreciation	(458)	(668)
		<b>11</b>	<b>268</b>
	<b>Total property, plant and equipment</b>	<b>351</b>	<b>643</b>

## Notes to the Financial Statements

for the year ended 30 June 2020

		Consolidated Group	
		2020	2019
Note		\$ '000	\$ '000
<b>Note 11 Property, Plant and Equipment (continued)</b>			
<i>Movements in Carrying Amounts</i>			
		643	524
		142	169
		7	200
	3	(4)	0
		(196)	0
	3	(237)	(250)
		(4)	0
		351	643

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.

## Note 12 Lease right-of-use-asset and Lease liabilities

### Non-Current Asset

Lease right-of-use cost	1,967	0
Lease right-of-use accumulated amortisation	(609)	0
	1,358	0
Lease liabilities - current	409	0
Lease liabilities - non current	1,056	0

### 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 have adopted AASB 16 from 1 July 2019, and have adjusted the right-of-use assets at the date of initial application by the amount of any provision for onerous lease recognised immediately before the date of application. 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.

### Key estimates and judgements

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 is 3.17%.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Consolidated Group

#### Note 13 Software Development

Software development - at cost  
Accumulated amortisation

2020	2019
\$ '000	\$ '000
19,094	13,555
(4,985)	(3,591)
14,109	9,964

#### Movements in Carrying Amounts

Opening balance  
Additions - at cost  
Additions - acquisition  
Amortisation  
Foreign exchange currency translation  
Balance as at 30 June 2020

9,964	5,065
2,691	1,606
2,992	4,290
(1,446)	(997)
(92)	0
14,109	9,964

Software development costs are a combination of acquired software and internally generated assets and are carried at cost less accumulated amortisation. These assets are amortised over a period of ten 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.

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 costs of employees time spent on the project.

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

#### Note 14 Intangible Assets

Patents and trademarks - at cost  
Patents and trademarks - Accumulated amortisation

55	52
(36)	(20)
19	32

Goodwill

8,578	5,191
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Total Intangible Assets

8,597	5,223
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#### Movements in Carrying Amounts

Balance as at 1 July 2018  
Additions  
Amortisation  
Balance as at 30 June 2019  
Additions  
Amortisation  
Adjustment to recognise deferred tax liability on acquired software on acquisition of Contigo Software Limited  
Foreign exchange currency translation  
Balance as at 30 June 2020

Note	Patents \$ '000	Goodwill \$ '000	Total \$ '000
	32	3,443	3,475
	8	1,748	1,756
	(8)	0	(8)
	32	5,191	5,223
	3	2,679	2,682
	(16)	0	(16)
22	0	767	767
	0	(59)	(59)
	19	8,578	8,597

#### 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.

#### Goodwill

Goodwill represents the excess of the cost of the acquisition of the net assets of an acquired company or business over the fair value of the Group's share of its net identifiable assets at the date of acquisition. Goodwill is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

## Notes to the Financial Statements

for the year ended 30 June 2020

Consolidated Group	
2020	2019
\$ '000	\$ '000

### Note 14 Intangible Assets (continued)

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

The Directors have assessed the useful life of software development to be ten years as the cash flow generated and the evolution of the software has a ten year cycle.

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Goodwill is monitored by the Directors as part of the whole business, attributable to each cash-generating-unit. The recoverable amount of each cash-generating-unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow plus a terminal value calculation. The cash flows are prepared applying a discount rate of 7.03% (2019: 8.48%) over a 5 year period and a terminal value calculated on the year five projected cash flow for a further five years at the same discount rate. A period of longer than 5 years has been used by management to better reflect the anticipated lifecycle of software development and future cash flows.

Management has based the value-in-use calculations on budgets. These budgets use estimated and actual sales to project revenue. Costs are calculated taking into account historical gross margins. Discount rates are pre-tax.

Management have performed an impairment test of software, patents and goodwill at the balance sheet date and have concluded that there is no impairment.

### Note 15 Trade and Other Payables

Current	Trade payables	402	367
	GST payable	616	407
	Sundry creditors and accruals	1,463	1,711
	Deferred acquisition consideration	1,587	0
		<b>4,068</b>	<b>2,485</b>
Non Current	Deferred acquisition consideration	778	95

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	0	1,354
Non Current	Term Loan	644	5,132

The Parent Company has a bank overdraft of \$250,000 of which \$Nil was drawn at balance date (2019: \$Nil). The overdraft facility attracts an interest rate at 4.59% (2019: 7.19%).

Commencing 28 November 2018, the Parent Company received a 3 year term loan in the amount of \$7,280,000 with a five year principal amortisation resulting in a monthly principal and interest repayment of \$139,000 currently at an interest rate of 2.72% (2019: 3.96%). The funds provided from this term loan were used in the acquisition and funding of Contigo Software Limited. The loan has been paid down to \$644,000 with \$4,448,000 available to redraw at the balance date.

Both the term loan and the bank overdraft are secured by a fixed and floating charge over the Parent Company and its subsidiaries, Creative Analytics Pty Limited and Contigo Software Limited, to Westpac Banking Corporation.



## Notes to the Financial Statements

for the year ended 30 June 2020

		Consolidated Group	
		2020	2019
		\$ '000	\$ '000
<b>Note 17</b>	<b>Employee Provisions</b>		
<i>Current</i>	Employee benefits	<b>928</b>	662
<i>Non-Current</i>	Employee benefits	<b>156</b>	66

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 \$156,000 (2019 : \$66,000).

### *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.

<b>Note 18</b>	<b>Contract Liabilities</b>		
<i>Current</i>	Licences, support and SaaS related services received in advance	<b>3,108</b>	2,705
	Unearned R&D tax incentive	<b>209</b>	211
		<b>3,317</b>	2,916
<i>Non-Current</i>	Licences, support and SaaS related services received in advance	<b>100</b>	410
	Unearned R&D tax incentive	<b>917</b>	1,147
		<b>1,017</b>	1,557
	<i>Unearned R&amp;D tax incentive</i>		
	Balance at beginning of the period	<b>1,358</b>	1,298
	Add R&D amount deferred to future periods	<b>0</b>	261
	Less recognised as grant income in the profit and loss	<b>(232)</b>	(201)
	Balance at the end of the period	<b>1,126</b>	1,358

### *Licences, support and SaaS related services 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.

### *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.

		2020	2019	2020	2019
		No '000	No '000	\$ '000	\$ '000
<b>Note 19</b>	<b>Contributed Equity</b>				
	Issued capital at beginning of the financial year	<b>21,309</b>	20,341	<b>10,024</b>	9,243
	Shares issued or under issue during the year :-				
	Shares Issued to employees	<b>52</b>	27	<b>125</b>	26
	Shares issued as a result of the vesting of share rights	<b>511</b>	548	<b>493</b>	343
	Shares issued on dividend reinvestment plan	<b>349</b>	393	<b>642</b>	412
	Shares issued on acquisition of eZ-nergy SAS	<b>365</b>	0	<b>1,261</b>	0
	Shares issued on equity raising	<b>2,825</b>	0	<b>6,144</b>	0
	Balance at the end of the financial year	<b>25,411</b>	21,309	<b>18,689</b>	10,024

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 19 Contributed Equity (continued)

#### 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 \$86,000 (2019 : \$0)

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.

### Note 20 Reserves

#### Share based payment reserve

Balance at the beginning of the financial year  
Movement in share based payments

#### Foreign exchange reserve

Balance at the beginning of the financial year  
Retranslation of overseas subsidiaries to functional currency

Balance at the end of the financial year

Consolidated Group	
2020	2019
\$ '000	\$ '000
229	211
300	18
529	229
187	0
(251)	187
(64)	187
465	416

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 2020 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.

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 22 Business combinations (continued)

#### eZ-nergy SAS

On 3 June 2020, Energy One Limited purchased eZ-nergy SAS ("eZ-nergy") for a total outlay of €4,000,000 (\$6,980,000) to be paid in cash, equity and three instalments over an 18-month period. The initial payment comprised €2,000,000 cash and €500,000 in equity, with 3 further payments of €500,000 due 6, 12 and 18 months from acquisition date. This initial payment was mostly funded from an equity placement and Share Purchase Plan in 2020. The later cash instalments will be funded from the Group's working capital and existing reserves.

eZ-nergy SAS is a Software as a Service (SaaS) energy trading software and services business. Established in 2013 and based in Paris, eZ-nergy have 18 staff and 45 customers in 9 countries, operating in the 24/7 European energy market.

eZ-nergy SAS contributed a net profit after tax of €31,000 to the group for the period since acquisition.

	2020	
	EUR € '000	AUD \$ '000
Consideration paid and or payable :-		
Cash on acquisition	2,000	3,297
Cash instalments payable	1,500	2,472
Equity issued - 364,628 shares	500	824
	4,000	6,593
Adjusted for :-		
Net present value of instalments at 2.72%	(40)	(65)
Market value of shares issued at \$3.50	274	452
	<b>4,234</b>	<b>6,980</b>
Fair Value Recognised on acquisition :-		
Current Assets		
Cash and cash equivalents	1,289	2,124
Trade and other receivables	382	630
Other current assets	71	118
	1,742	2,872
Non Current Assets		
Property, plant and equipment	4	7
Software development - at valuation	1,826	3,010
Goodwill on acquisition	1,658	2,732
	3,488	5,749
Total Assets	5,230	8,621
Current Liabilities		
Trade and other payables	209	345
Income tax payable	25	42
Contract liabilities	342	564
Employee provisions	67	109
	643	1,060
Non Current Liabilities		
Employee provisions	6	9
Deferred tax liabilities	347	572
	353	581
Total Liabilities	996	1,641
Net Assets	<b>4,234</b>	<b>6,980</b>

The business combination accounting for eZ-nergy SAS 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 any impact on the assets and liabilities, depreciation and amortisation reported.

#### Contigo Software Limited (UK)

On 30 November 2018, Energy One Limited acquired all the shares in Contigo Software Limited ("Contigo") for £715,000 (\$1,327,023) and financed Contigo with a £3,285,000 (\$6,096,882) shareholder loan. A further £413,131 refund of working capital in excess of £800,000 as at acquisition date was paid in February 2019.

**Notes to the Financial Statements**  
for the year ended 30 June 2020

**Note 22 Business combinations (continued)**

	2019	
	GBP £ '000	AUD \$ '000
Consideration paid and or payable :-		
Cash to acquire shares on acquisition	715	1,327
Cash payable to refund excess working capital	413	722
	<b>1,128</b>	<b>2,049</b>
Cash to finance Contigo on acquisition	3,285	6,097
Fair Value Recognised on acquisition :-		
Total Assets	5,934	10,828
Total Liabilities	4,806	8,779
<b>Net Assets</b>	<b>1,128</b>	<b>2,049</b>

During the period, the Group has revised its assessment of the tax base relating to fair valued software acquired on the acquisition of Contigo Software Limited. This has resulted in an increase to goodwill and deferred tax liabilities of the entity at the date of acquisition which has been reflected in the current year as an adjustment to the acquisition accounting

The purchase price allocation relating to the acquisition of Contigo Software Limited has been finalised and no other material changes are noted since the previous Annual Report.

**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.

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

	<b>Australasia</b>	<b>UK/Europe</b>	Australasia	UK/Europe
	<b>2020</b>	<b>2020</b>	2019	2019
	<b>\$ '000</b>	<b>\$ '000</b>	\$ '000	\$ '000
Revenue and other income	<b>11,539</b>	<b>9,048</b>	11,172	4,860
Expenses	<b>(8,183)</b>	<b>(7,084)</b>	(8,282)	(3,900)
Earnings before interest, tax, depreciation and amortisation	<b>3,356</b>	<b>1,964</b>	2,890	960
Depreciation and amortisation	<b>(1,438)</b>	<b>(925)</b>	(927)	(342)
Earnings before interest, tax and acquisition costs	<b>1,918</b>	<b>1,039</b>	1,963	618
			<b>Consolidated Group</b>	
			<b>2020</b>	2019
			<b>\$ '000</b>	\$ '000
Reconciliation of unallocated amounts to profit after tax :-				
Earnings before interest, tax and acquisition costs			<b>2,957</b>	2,581
Interest paid			<b>(247)</b>	(169)
Interest received			<b>17</b>	32
Acquisition and related costs			<b>(387)</b>	(381)
Profit before income tax			<b>2,340</b>	2,063

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

During the financial year ended 30 June 2020, the Australasian segment derived 33% (2019: 42%) of revenue from the top three customers and the UK/Europe segment derived 20% (2019: 38%) from the top three customers.

**Note 24 Subsequent Events**

No matter or circumstance has arisen since 30 June 2020 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.

## Notes to the Financial Statements

for the year ended 30 June, 2020

Note 25 <b>Controlled Entities</b>	Country of Incorporation	% Equity		Investment \$ '000	
		2020	2019	2020	2019
<i>Ultimate Parent Company</i>					
Energy One Limited	Australia				
<i>Controlled Entities</i>					
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%	0%	6,980	0
				<b>Consolidated Group</b>	
				<b>2020</b>	<b>2019</b>
				<b>\$</b>	<b>\$</b>

## 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 2020 Annual Report.

Remuneration of key management personnel :

Short term employee benefits	1,408,241	1,330,053
Post employment benefits	97,329	83,150
Long term benefits	21,574	72,174
Share based payments	656,142	289,043
	<b>2,183,286</b>	<b>1,774,420</b>

### *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.

### *Share Placement & Purchase Plan - Non-Executive Directors, CEO and CFO*

The company completed a share placement raising \$4,400,000 and a share purchase plan raising \$1,815,000 to provide funds for the acquisition of eZ-nergy SAS, reduce debt and provide additional working capital.

Related entities of non-executive directors, Ian Ferrier and Ottmar Weiss, participated in the share placement acquiring 400,000 shares each at \$2.20 per share. A related person of Key Management Person, Richard Standen participated in the share placement acquiring 200,000 shares each at \$2.20 per share.

The placement of shares was approved and an extraordinary general meeting on 1 June 2020.

Non Executive Director, Vaughan Busby and a related entity participated in the share purchase plan acquiring 10,000 shares each at \$2.20 per share. The Executive Director, Shaun Ankers and a related person participated in the share purchase plan acquiring 5,000 shares each at \$2.20 per share.

## 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:

## Notes to the Financial Statements

for the year ended 30 June, 2020

		Consolidated Group	
		2020	2019
		\$ '000	\$ '000
Note			
<b>Note 27 Financial Risk Management (continued)</b>			
<i>Financial assets</i>			
	8	3,534	2,216
Cash and cash equivalents			
	9	3,944	4,600
Trade and other receivables - due within 12 months			
	10	148	0
Deposit with bank for bank guarantee – due within 12 months			
Due within 12 months		7,626	6,816
	9	0	99
Trade and other receivables - due after 12 months			
	10	0	148
Deposit with bank for bank guarantee – due after 12 months			
Due after 12 months		0	247
<i>Financial liabilities</i>			
	15	(4,068)	(2,485)
Trade and other payables - due within 12 months			
	12	(409)	0
Lease liabilities - due within 12 months			
	16	0	(1,354)
Borrowings - due with 12 months			
Due within 12 months		(4,477)	(3,839)
	15	(778)	(95)
Trade and other payables - due after 12 months			
	12	(1,056)	0
Lease liabilities - due after 12 months			
	16	(644)	(5,132)
Borrowings - due after 12 months			
Due after 12 months		(2,478)	(5,227)
Net financial assets / (liabilities)		671	(2,003)

### 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 2020 approximately 11% (2019: 6%) 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 :

		Weighted Avg Effective			
		Interest rate	Fixed Interest	Floating	Non-Interest
		%	Rate	Interest Rate	Bearing
			\$ '000	\$ '000	\$ '000
					Total
					\$ '000
<i>Consolidated entity 30 June 2020</i>					
<i>Financial Assets :</i>					
Cash and cash equivalents	0.38%		0	3,534	0
Receivables	0.00%		0	0	3,944
Deposit for bank guarantee	1.72%		148	0	0
Total financial assets			148	3,534	3,944
<i>Financial Liabilities :</i>					
Borrowings and payables - due within 12 months	0.00%		0	0	4,068
Borrowings and payables - due after 12 months	2.72%		0	644	778
Total financial liabilities			0	644	4,846
<i>Consolidated entity 30 June 2019</i>					
<i>Financial Assets :</i>					
Cash and cash equivalents	0.47%		0	2,216	0
Receivables	0.00%		0	0	4,699
Deposit for bank guarantee	1.98%		148	0	0
Total financial assets			148	2,216	4,699
<i>Financial Liabilities :</i>					
Borrowings and payables - due within 12 months	1.53%		0	1,354	2,485
Borrowings and payables - due after 12 months	4.27%		0	5,132	95
Total financial liabilities			0	6,485	2,580

## Notes to the Financial Statements

for the year ended 30 June, 2020

### Note 27 Financial Risk Management (continued)

#### Foreign exchange risk

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

#### Consolidated entity 30 June 2020

	GBP \$ '000	EUR \$ '000
Financial Assets :		
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

#### Consolidated entity 30 June 2019

	GBP \$ '000	EUR \$ '000
Financial Assets :		
Cash and cash equivalents	214	690
Receivables	854	421
Deposit for bank guarantee	0	0
Total financial assets	1,068	1,111
Financial Liabilities :		
Borrowings and payables - due within 12 months	698	5
Borrowings and payables - due after 12 months	0	0
Total financial liabilities	698	5

#### 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 2020, 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	
		2020 \$ '000	2019 \$ '000
Change in profit	Increase in interest rate by 2%	(75)	(66)
	Decrease in interest rate by 2%	75	66
Change in equity	Increase in interest rate by 2%	(75)	(66)
	Decrease in interest rate by 2%	75	66

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

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 2020, 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%	(22)	(18)
	Decrease in foreign exchange rate by 5%	22	18
Change in equity	Increase in foreign exchange rate by 5%	(41)	(28)
	Decrease in foreign exchange rate by 5%	41	28

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

## Notes to the Financial Statements

for the year ended 30 June, 2020

### 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, its carrying value is written off.

#### *Financial assets at fair value through profit or loss*

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

#### *Financial assets at 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.

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.



## Notes to the Financial Statements

for the year ended 30 June, 2020

### Note 28 Commitments

The Group has no commitments as at 30 June 2020.

### 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 2020:

#### Equity Incentive Plan

The Equity Incentive Plan (EIP) was established on 31 October 2014 and ratified on 26 October 2017. 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	
	2020	2019
	\$	\$
Total expense arising from EIP share based payments for the financial year	<b>917,784</b>	386,332
	2020	2019
	No. of rights	No. of rights
	'000	'000
Movements in share rights under the EIP for the financial year :		
Balance at the beginning of the financial year	<b>510,916</b>	843,195
Rights granted	<b>560,238</b>	510,916
Rights lapsing	<b>0</b>	(294,926)
Rights vested and issued as ordinary shares	<b>(510,916)</b>	(548,269)
Balance at the end of the financial year	<b>560,238</b>	510,916
Average issue price (in \$)	<b>2.17</b>	0.96

510,916 share rights vested during the year ended 30 June 2020 (2019 : 548,269) and no share rights lapsed (2019 : 294,926). 560,238 share rights were issued during the year ended 30 June 2020. The weighted average share price at the date of issue was \$2.17. The exercise price is \$nil (2019 : Nil). The weighted average share price during the financial year was \$2.76 (2019 : \$1.12).

The weighted average remaining contractual life of the share rights under the EIP outstanding at the end of the financial year was 0.90 years (2019: 0.57 years).

Subsequent to 30 June 2020, of the outstanding share rights, the Board have approved the vesting of 221,817 share rights and the lapsing of 156,799 share rights effective 31 August 2020.

#### 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.

## Notes to the Financial Statements

for the year ended 30 June, 2020

	2020 \$ '000	2019 \$ '000
<b>Note 30 Parent Entity Disclosures</b>		
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.		
Current assets	2,209	2,886
Non current assets	20,220	14,938
<b>Total Assets</b>	<b>22,429</b>	<b>17,824</b>
Current liabilities	4,685	4,322
Non current liabilities	2,446	6,392
<b>Total Liabilities</b>	<b>7,131</b>	<b>10,714</b>
<b>Net Assets</b>	<b>15,298</b>	<b>7,110</b>
Issued capital	18,689	10,024
Reserves	506	172
Accumulated losses	(3,897)	(3,086)
<b>Total Equity</b>	<b>15,298</b>	<b>7,110</b>
<b>Profit before income tax</b>	<b>(115)</b>	<b>696</b>
Income Tax Expense	(50)	(395)
<b>Profit for the year of the parent entity</b>	<b>(165)</b>	<b>301</b>
<b>Total comprehensive income for the parent entity</b>	<b>(165)</b>	<b>301</b>

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

The Parent has current deposits with banks that are used for bank guarantees of \$148,000 (2019: non current \$148,000) for rent on head office premises.

The Parent has no other 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.