



**ASX Announcement | 25 August 2023**  
**TPC Consolidated Limited (ASX:TPC)**

**TPC Consolidated releases its Appendix 4E and FY23 Annual Report**

TPC Consolidated Limited (ASX:TPC) provides the attached Appendix 4E and Annual Report for the year ended 30 June 2023 (FY23).

Authorised for release by the Board of TPC.

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**About TPC Consolidated**

TPC Consolidated Limited (ASX:TPC) owns and operates leading Australian-based electricity and gas retailer CovaU (pronounced “cover you”), which offers competitively priced products to household as well as business (Small Medium enterprises and Commercial and Industrial) customers.

The client base of TPC’s CovaU business, spread across most Australian states and territories, can choose from a wide range of products, from conventional gas and electricity through to solar, wind and ‘greenpower’ plans.

TPC is focussed on further expanding CovaU’s market presence in the energy segment of the Australian utilities sector. The Company’s expansion plans include additions to its current suite of renewables segment-related energy products, as consumers preference energy sources that accelerate the decarbonisation process.

To learn more, please visit:  
[www.tpc.com.au](http://www.tpc.com.au)  
[www.covau.com.au](http://www.covau.com.au)

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## Appendix 4 E

### Final Report

#### TPC CONSOLIDATED LIMITED

ABN 99 073 079 268

**Current Reporting Period:** Year Ended 30 June 2023

**Previous Corresponding Period:** Year Ended 30 June 2022

#### Results for Announcement to the Market

|   |    | Change |    | Amount        |
|---|----|--------|----|---------------|
| Revenue from ordinary activities  | Up | 11.7%  | To | \$137,330,547 |
| Earnings from continuing operations before interest expense, taxation, depreciation, amortisation and impairment (EBITDA) | Up | 172.5% | To | \$24,670,518  |
| Profit from continuing operations after tax   | Up | 223.2% | To | \$16,847,483  |
| Net profit for the period attributable to members   | Up | 223.2% | To | \$16,847,483  |

#### Dividends

|   | Amount per Security<br>Cents | Franked amount per<br>Security<br>Cents |
|---|------------------------------|---|
| Final dividend for current reporting period   | 30.00                        | 30.00                                   |
| Interim dividend for current reporting period | 10.00                        | 10.00                                   |
| Total dividend for current reporting period   | 40.00                        | 40.00                                   |

#### Record date for determining entitlements to final dividend:

5 September 2023 and payable on 19 September 2023

#### Review of Operations

| \$000's               | Year ended<br>30 June 2023 | Year ended<br>30 June 2022 | % Change |
|-----------------------|----------------------------|----------------------------|----------|
| Revenue               | 137,331                    | 122,985                    | 11.7%    |
| EBITDA <sup>(1)</sup> | 24,671                     | 9,052                      | 172.5%   |
| NPAT                  | 16,847                     | 5,213                      | 223.2%   |

<sup>(1)</sup> EBITDA is a non-IFRS measure and is used internally by management to assess the performance of the business. EBITDA has been extracted from the full financial report.

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**Revenue:**

Revenue from operations for the consolidated entity in FY23 reached \$137.3 million, reflecting a \$14.3 million increase (11.7%) from the previous corresponding period. This growth was driven by the expanding core energy business of TPC. The energy segment's revenue increased by \$13.2 million (10.8%) to \$135.5 million in FY23. This rise was attributed to a \$11.8 million (35.3%) surge in the gas service segment and a \$1.4 million (1.6%) gain in the electricity service segment. Telecommunication revenue increased by \$1.0 million (146.7%), reaching \$1.8 million in FY23, mainly due to additional revenue from the termination of a master software and services supply agreement.

**Gross Profit and Gain on Sale of Derivatives:**

Revenue from operations for the consolidated entity in FY23 reached \$137.3 million, reflecting a \$14.3 million increase (11.7%) from the previous corresponding period. This growth was driven by the expanding core energy business of TPC. The energy segment's revenue increased by \$13.2 million (10.8%) to \$135.5 million in FY23. This rise was attributed to a \$11.8 million (35.3%) surge in the gas service segment and a \$1.4 million (1.6%) gain in the electricity service segment. Telecommunication revenue increased by \$1.0 million (146.7%), reaching \$1.8 million in FY23,

**Operating Expenses and Employee Benefit Expense:**

Total operating expenses and employee benefit expenses for the consolidated entity increased to \$22.6 million in FY23, reflecting a 17.6% rise from the PCP figure of \$19.2 million. This increase primarily resulted from expected credit losses, debts collection costs, and other operating expenses. The consolidated entity's efficiency ratio (expenses divided by revenue) increased to 16.5% in FY23, up from 15.7% in the prior year.

**EBITDA and Profit Before Tax:**

EBITDA from operations in FY23 was \$24.7 million, marking a significant increase of \$15.6 million (172.5%) from the PCP total of \$9.1 million. Profit before tax totalled \$24.2 million in FY23, a notable rise of \$16.0 million (194.7%) from the PCP figure of \$8.2 million.

**Net Profit After Tax:**

Net profit after tax from operations in FY23 amounted to \$16.8 million. This represented a substantial increase of 223.2% from the PCP result of \$5.2 million.

**Net Assets and Liabilities:**

As at end-FY23, TPC Group's net assets totalled \$32.1 million, representing a decrease of \$20.2 million (38.9%) from the PCP. This decrease was attributed to the current year's profit after tax of \$16.8 million and the reported increase in negative fair value movement on derivatives of \$34.6 million.

**Current and Non-Current Assets and Liabilities:**

- Current assets for the consolidated entity amounted to \$53.2 million as at end-FY23, reflecting a decrease of \$27.2 million (33.9%) from the PCP. This decrease was largely due to a significant \$49.5 million decrease in derivatives held at fair value. However, this was partially offset by a \$22.5 million gain in cash and bank deposits.
- Non-current assets for end-FY23 totalled \$6.5 million, marking an increase of \$5.6 million (654.6%) from the PCP. The increase was mainly attributed to a \$3.1 million increase in right-of-use assets and a \$1.7 million increase in deferred tax asset.
- Current liabilities for the consolidated group amounted to \$24.6 million as at end-FY23, reflecting an increase of \$8.3 million (50.8%) from the PCP. This increase was driven by higher trade and other payables (up \$7.7 million) and tax liabilities (up \$1.3 million), partially offset by a \$1.5 million decrease in borrowings.
- Non-current liabilities decreased to \$2.9 million, marking a decrease of \$9.7 million (76.8%) from the PCP. This decrease was mainly due to a \$12.5 million decrease in deferred tax liabilities, partially offset by a \$2.8 million increase in lease liabilities.

**Cash and Bank Deposits:**

Cash and bank deposits as at end-FY23 totalled \$33.1 million, which included an amount of \$11.0 million held as security for bank facilities. This marked an increase of \$22.5 million (213.2%) from the year-earlier figure.

**Net Tangible Asset Backing**

|                                  | 30 June 2023 | 30 June 2022 |
|----------------------------------|--------------|--------------|
|                                  | Cents        | Cents        |
| Net tangible assets per security | 252.9        | 456.6        |

**Controlled Entities**

The Group does not have any interests in associates or joint ventures outside the group.

**Audit Report**

The financial report is based on consolidated financial statements which have been audited.



# TPC CONSOLIDATED LIMITED

A.B.N. 99 073 079 268

## Annual Report

For the year ended 30 June 2023

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Dear Shareholder,

On behalf of the Board of TPC Consolidated Limited ('TPC' or 'the Company'), I am pleased to present TPC's Annual Report for its financial year ended 30 June 2023 (FY23).

I am pleased to say the Company recorded an extraordinary year, in large part due to the hard work of the whole team at CovaU. Their diligence, and the outstanding result that flowed from it, was even more commendable when considered in the context of the ongoing macroeconomic and geopolitical events TPC faced over the past year, which were very much outside of our control.

At least some positive developments were evident in our operating environment during FY23. The gradual easing in COVID-19 pandemic restrictions were a clear step towards a normalisation of trading conditions in the retail electricity market. The incoming Federal government's commitment to help insulate retail electricity users from the rapid rise in inflation levels and wholesale power price rises in Australia was another welcome initiative. It took some of the heat out of ongoing cost of living pressures and provided relief to those needing it most.

In further good news, your Company's operational performance over FY23 was less impacted by the ongoing Russia-Ukraine war. We did much more than just survive in the face of this significant geopolitical event, which commenced in early calendar 2022. The same could not be said about some of our rivals, with several retailers not surviving the turbulence generated by this armed conflict.

In light of improving operating conditions in FY23, we achieved above-expectations growth in earnings over the year, a testament to the TPC team's commitment to successfully executing our business strategy. Revenue of the consolidated entity totalled \$137.3 million in FY23, up 11.7% on the previous year. Gross profit and gain on sale of derivatives increased to \$47.3 million, up 70.1% on a previous corresponding period basis. TPC's FY23 EBITDA was \$24.7 million, up by 172.5% on last year's level, while the Company's FY23 NPAT of \$16.8 million was up by 223.2% on its year-earlier figure.

Due to the gradually improving operating environment over our FY23 and the ability of the TPC management team to deliver increased profits over this period, we initiated a share buyback program in April 2023 to take advantage of our excess cash and lower share price. I am also pleased to announce the Board decision to declare a fully franked FY23 final dividend of 30 cents per share.

Looking to our 2024 financial year (FY24) outlook, we expect more stability in global and domestic gas prices over the coming 12 months. That said, we still anticipate these gas prices to remain elevated in an historical context as long as the Russia-Ukraine war continues – and possibly even beyond the end of this conflict. More generally, we expect to see a further gradual normalisation in power prices. However, current pricing challenges in Australia's power sector are likely to persist for some time yet. They will continue to present an ongoing challenge to all players in retail energy markets both here in Australia and overseas, TPC included.

In a recent positive development, we are now seeing some improvement in the operating environment for our core CovaU business. While the threat remains that still lingering geopolitical issues could cause a return to increased volatility, your Company's leadership team and staff remain committed to coming out of this situation better and stronger than ever by delivering on our stated growth strategy.

Taking a longer-term perspective, the Board holds out hope that a further lessening of the still tough trading conditions currently being experienced in wholesale electricity pricing will become apparent as our FY24 progresses. Despite this optimism, we have decided to take a proactive approach to the current challenges confronting TPC. In a quest to manage the ability for the Company to deliver continued satisfactory financial performance, TPC's leadership team is continuing to explore opportunities and ways to strengthen our Company and further enhance its long-term strategy.



Should there be no further major deterioration in overall energy market conditions, the Group expects to maintain its profitability and cash flow in FY24. CovaU's energy business will be the only contributor to revenues and profits over the coming year, following the closure of its mobile business. We anticipate that CovaU's performance will be underpinned by diligent management and stringent cost control alongside the implementation of initiatives targeting further growth in the energy business. This is the best way to have your Company primed for growth when operating conditions eventually return to more normal settings.

On behalf of the entire Board, I would like to thank our loyal customer base, our management and staff for their hard work over what was challenging FY23, and our shareholders for their patience and continued support. I sincerely hope that we will be able to report improved financial results for the Company in the coming years as a reward for the continuing support provided by you, our stakeholders.

Yours sincerely,

A handwritten signature in black ink, appearing to read "G. McCann", with a flourish at the end.

Greg McCann  
Chairman

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TPC Consolidated Limited ('TPC' or 'the Company') finally enjoyed some improvement in business conditions over its 2023 financial year (FY23), as some – but not all - of the macroeconomic and geopolitical challenges experienced across earlier years abated. This more stable operating environment opened the way for the Company to deliver an extraordinary FY23 performance, both operationally and financially.

While higher priced and steadily rising energy policies have been a market norm for some years now and have gradually been incorporated into supply chains, many of our business partners are still cautious about how to move forward with them. For our part, TPC continued to operate on a fully self-funded basis in its FY23. We expect this situation to remain in place over the short term. Despite this, TPC will remain laser focussed on delivering its well-considered growth plans over the coming financial year.

The Russia/Ukraine war continued to be a major contributor to price and supply volatility in energy commodity markets over the past 12 months. From an Australian perspective, the country experienced a significant event in July 2022 (early FY23). Gas shortfalls around this time saw the Australian Energy Market Operator (AEMO) apply pressure on gas suppliers to support the southern States by altering their pre-existing supply schedules. This resulted in Queensland's LNG exporters diverting some of their planned gas exports south to support AEMO's call for assistance to stabilise domestic gas supplies. At the same time, the Federal government placed temporary price caps on some domestic gas (set at \$12/GJ ) and coal prices in an attempt to rein in escalating electricity and gas prices.

On top of the abovementioned regulatory initiatives, Australia's Federal and state governments continued to wind back the country's reliance on fossil fuel-generated power supply. TPC has readied itself for any power supply squeeze flowing from the closure of the NSW-based Liddell power station in April 2023 after 52 years of operation. This closure occurred despite the continuation of still high wholesale power prices. As a retailer, we had to bear our share of the cost accompanying AEMO's efforts to stabilise Australian energy prices. In total, more than \$85 million was charged to Australian energy retailers – TPC included - to cover the cost of the unprecedented suspension of the wholesale energy market.

TPC is much better placed to handle any continued volatility in energy prices experienced over the coming 12 months. TPC previously had limited options in place to offset the drag on financial performance caused by the jump in wholesale energy prices, as regulatory restrictions limited the Company's ability to increase prices. This all changed early in our FY24, with the regulators setting market base costing allowing energy retailers to factor in cost increases into their supply chains by virtue of a material jump in electricity prices (of up to 25%) from 1 July 2023. TPC acknowledges that this has impacted its end customers, and we continue to work with them should they require any assistance. However, this price hike means pricing across our plans now better reflects the true cost of doing business for Australian energy retailers. CovaU has continued to adopt a conservative policy of hedging its load and is constantly on the look out for opportunities to help drive its wholesale cost base down in a responsible manner. This measured approach balances the aim to be profitable on one hand with our stated mission to be a challenger retailer providing lower and more competitive energy prices to its client base.

I am happy to report that TPC further enhanced its ESG credentials over the past 12 months. The period saw the Company deliver another milestone in its drive to become a greener retailer, with signing our our second PPA (Power Purchase Agreement) with a green renewable generator. This second agreement, which is materially larger in capacity than our first PPA, means TPC is continuing to deliver on its commitment to offer more renewables energy power plans in its product suite.

The big NPAT increase reported by TPC in FY23 was a direct consequence of a well-performed operating business and the successful hedge book strategy implemented over this period. While the Company is proud of this achievement, it would prefer to operate in a less volatile pricing environment, where the focus can be on further penetration of its addressable Australian retail energy consumer market.

The Board has decided to close TPC's small mobile phone business. This move will allow our team to focus all its efforts on the core CovaU energy business. This decision was made after the Company concluded that an earlier extended potential sale negotiation process would not meet time and financial benefit hurdles. The closure of the mobile business will take a few months to implement and is expected to be completed by August 2023.

As we enter our FY24, the TPC retail energy business remains subject to a number of risks that may impact our stated strategic deliverables, even after careful planning and management.

- Sales competition from rivals that have no regard for commercial viability
- The unreliability of aging fossil fuel-powered energy generation and the delivery volatility of still evolving green generation, which together could result in extreme or prolonged high wholesale energy prices.





Despite these risks and ongoing macroeconomic and geopolitical challenges that continue to impact the performance of our CovaU energy retailer operation, we are confident that TPC is well-positioned to achieve a satisfactory FY24 result. This as the Company's executive team focusses on the delivery of prudent management practices that meet the expectations of shareholders and regulatory requirements and simultaneously protect profitability.

On a final note, I want to take this opportunity thank our staff for their invaluable contributions over FY23. Their continued diligence will be critical to TPC's commitment to simultaneously deliver profitable growth for our shareholders and competitively priced energy services to our retail client base over the coming 12 months.

A handwritten signature in black ink, appearing to read "Chiao-Heng", written over a faint, light-colored signature line.

Chiao-Heng (Charles) Huang  
CEO and Managing Director

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**Greg McCann** B Bus, FCA, FAICD  
Non-Executive Chairman  
Appointed 2 April 2007

Greg holds a Bachelor of Business (Accounting) degree and is a Fellow of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.

He has had 24 years of financial consulting experience with Deloitte Touche Tohmatsu. During this time he held a variety of senior leadership positions including the roles of Managing Partner for Papua New Guinea (1987 to 1990), Managing Partner for Queensland (1990 to 1995), Managing Partner for New South Wales (1995 to 1997), Managing Director of Deloitte Consulting / ICS Australia (1979 to 2001) and most recently Associate Managing Director of Deloitte Consulting for Australia and New Zealand (1999 to 2004).

Greg has extensive experience with boards and senior executives at CEO level. He is currently the Executive Chairman of the Executor Group of Companies, an independent software and consulting services supplier to the Asia Pacific region, employing over 1200 professionals. Greg has also chaired other ASX and NASDAQ listed companies and was on the board of the law firm, Lander & Rogers for ten years. He was also Chairman of NBN Tasmania.

He has not held any other directorships in the last 3 years.

**Chiao-Heng (Charles) Huang** B Eng  
Managing Director and Chief Executive Officer  
Appointed 28 February 1996

Charles founded the Company in 1996 as an ISP whilst in his third year of studying towards a Bachelor of Mechanical Engineering degree at Sydney University. Following the deregulation of the telecommunications industry, Charles sought the opportunity to resell voice products in Australia and in 1999 he decided to transform the Company from a technology oriented ISP to a marketing and innovation-oriented player in the prepaid calling card sector.

He has successfully steered TPC Consolidated Limited (formerly Tel.Pacific Limited) from a start-up company to a public company which was listed on the Australian Securities Exchange in 2007.

He has not held any other directorships in the last 3 years.

**Jeffrey Ma** B A, FCA, F Fin  
Executive Director, Chief Financial Officer and Company Secretary  
Appointed 22 November 2004

Jeffrey joined the Company in 2000 with more than 15 years financial services experience. He holds a Bachelor of Arts (Accounting and Financial Management) degree from the University of Sheffield, England and is a Fellow of the Institute of Chartered Accountants in England and Wales. He is also a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Financial Services Institute of Australia.

He has over 11 years of financial services experience gained with Credit Lyonnais Australia Limited, a merchant bank, where he held the position of Company Secretary and Head of Finance and Administration in his last five years and was a Member of the Management Committee. Jeffrey also worked for two years in Westfield Holdings Limited; a listed property management and development company. He has an extensive professional background, having also worked for Coopers and Lybrand (now PricewaterhouseCoopers) in Hong Kong and with a chartered accounting firm in London.

He has not held any other directorships in the last 3 years.

**Steven Goodarzi** B A  
Executive Director and Chief Strategy Officer  
Appointed 30 November 2015

Steven joined the Company as Chief Strategy Officer in 2013.

Steven has extensive management and operational experience internationally in strategy, business development, sales and marketing across the telecommunications and IT industries. He has been involved in leading the development of strategy of the financial markets across the major financial centres of Asia, North America and Europe. Most recently, Steven was based in Tokyo with KVH, a Fidelity Investment company, as Director of Strategy and Business Development.

Steven's vision and leadership is the driver behind the establishment of the energy business.

He has not held any other directorships in the last 3 years.

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Your directors present the Group's report on the consolidated entity consisting of TPC Consolidated Limited (the Company) and the entities it controlled during the year ended 30 June 2023.

**Directors**

The names of the directors in office during the year and until the date of this report are as below. Other than as noted, directors were in office for this entire period.

|                            |  |
|----------------------------|--|
| Greg McCann                | Chairman (Non-executive)                             |
| Chiao-Heng (Charles) Huang | Managing Director, Chief Executive Officer           |
| Jeffrey Ma                 | Director, Chief Financial Officer, Company Secretary |
| Steven Goodarzi            | Director, Chief Strategy Officer                     |

**Principal Activities**

The principal activities of the consolidated entity during the year were the provision of retail electricity and gas services to residential and business customers and of the provision of pre-paid mobile and related services in Australia. These activities have not changed during the period.

**Review of Operations**

**Key Highlights:**

- In the year ended 30 June 2023 (FY23), TPC Group's consolidated operating revenue was \$137,330,547, marking an 11.7% increase from the previous corresponding period (PCP) of \$122,984,701.
- Earnings before interest expense, taxation, depreciation, amortisation, and impairment (EBITDA) from operations in FY23 stood at \$24,670,518, a substantial 172.5% rise from the PCP total of \$9,052,210.
- Net profit after tax (NPAT) from operations in FY23 was \$16,847,483, reflecting a notable 223.2% surge from the PCP result of \$5,212,706.

| \$000's               | Year ended<br>30 June 2023 | Year ended<br>30 June 2022 | % Change on<br>PCP |
|-----------------------|----------------------------|----------------------------|--------------------|
| Revenue               | 137,331                    | 122,985                    | 11.7%              |
| EBITDA <sup>(1)</sup> | 24,671                     | 9,052                      | 172.5%             |
| NPAT                  | 16,847                     | 5,213                      | 223.2%             |

<sup>(1)</sup> EBITDA is a non-IFRS measure and is used internally by management to assess the performance of the business. EBITDA has been extracted from the full financial report.

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**Revenue:**

Revenue from operations for the consolidated entity in FY23 reached \$137.3 million, reflecting a \$14.3 million increase (11.7%) from the previous corresponding period. This growth was driven by the expanding core energy business of TPC. The energy segment's revenue increased by \$13.2 million (10.8%) to \$135.5 million in FY23. This rise was attributed to a \$11.8 million (35.3%) surge in the gas service segment and a \$1.4 million (1.6%) gain in the electricity service segment. Telecommunication revenue increased by \$1.0 million (146.7%), reaching \$1.8 million in FY23, mainly due to additional revenue from the termination of a master software and services supply agreement.

**Gross Profit and Gain on Sale of Derivatives:**

The consolidated entity reported a gross profit and gain on the sale of derivatives amounting to \$47.3 million in FY23. This marked a significant increase of \$19.5 million (70.1%) from the PCP, which included the gains realised on the sale of future derivative instruments as part of the TPC Group's strategic hedging realignment. Energy gross profit increased by \$15.2 million (55.0%) compared to the PCP, with the gas service segment contributing a \$14.7 million (483.4%) increase.

**Operating Expenses and Employee Benefit Expense:**

Total operating expenses and employee benefit expenses for the consolidated entity increased to \$22.6 million in FY23, reflecting a 17.6% rise from the PCP figure of \$19.2 million. This increase primarily resulted from expected credit losses, debts collection costs, and other operating expenses. The consolidated entity's efficiency ratio (expenses divided by revenue) increased to 16.5% in FY23, up from 15.7% in the prior year.

**EBITDA and Profit Before Tax:**

EBITDA from operations in FY23 was \$24.7 million, marking a significant increase of \$15.6 million (172.5%) from the PCP total of \$9.1 million. Profit before tax totalled \$24.2 million in FY23, a notable rise of \$16.0 million (194.7%) from the PCP figure of \$8.2 million.

**Net Profit After Tax:**

Net profit after tax from operations in FY23 amounted to \$16.8 million. This represented a substantial increase of 223.2% from the PCP result of \$5.2 million.

**Net Assets and Liabilities:**

As at end-FY23, TPC Group's net assets totalled \$32.1 million, representing a decrease of \$20.2 million (38.9%) from the PCP. This decrease was attributed to the current year's profit after tax of \$16.8 million and the reported increase in negative fair value movement on derivatives of \$34.6 million.

**Current and Non-Current Assets and Liabilities:**

- Current assets for the consolidated entity amounted to \$53.2 million as at end-FY23, reflecting a decrease of \$27.2 million (33.9%) from the PCP. This decrease was largely due to a significant \$49.5 million decrease in derivatives held at fair value. However, this was partially offset by a \$22.5 million gain in cash and bank deposits.
- Non-current assets for end-FY23 totalled \$6.5 million, marking an increase of \$5.6 million (654.6%) from the PCP. The increase was mainly attributed to a \$3.1 million increase in right-of-use assets and a \$1.7 million increase in deferred tax asset.
- Current liabilities for the consolidated group amounted to \$24.6 million as at end-FY23, reflecting an increase of \$8.3 million (50.8%) from the PCP. This increase was driven by higher trade and other payables (up \$7.7 million) and tax liabilities (up \$1.3 million), partially offset by a \$1.5 million decrease in borrowings.
- Non-current liabilities decreased to \$2.9 million, marking a decrease of \$9.7 million (76.8%) from the PCP. This decrease was mainly due to a \$12.5 million decrease in deferred tax liabilities, partially offset by a \$2.8 million increase in lease liabilities.

**Cash and Bank Deposits:**

Cash and bank deposits as at end-FY23 totalled \$33.1 million, which included an amount of \$11.0 million held as security for bank facilities. This marked an increase of \$22.5 million (213.2%) from the year-earlier figure.

**Dividends**

A fully franked interim dividend of \$1,137,561, equivalent to 10 cents per share (11,375,613 shares), was declared on 24 February 2023. The record date was set as 8 March 2023, and the payment was made on 22 March 2023.

A fully franked final dividend of \$3,402,857, equivalent to 30 cents per share (11,342,857 shares), was declared on 25 August 2023. The record date for this dividend was set as 5 September 2023, with the payment date scheduled for 19 September 2023.

### Share Buy-back

In the year, a voluntary share buy-back initiative was undertaken. The directors felt this was an appropriate investment as it was thought the Company share price was undervalued. As at 30 June 2023, the Company bought back on market and subsequently cancelled a total of 32,756 ordinary shares at an average price of \$4.37 per share. The Board believes this added value to the Company. Future buy-back will be considered if the price aligns with the principle of optimising the Company's capital deployment for the advantage of its existing shareholders.

### Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year ended 30 June 2023.

### Events Subsequent to the End of the Financial Year

After careful consideration and evaluation of the Group's business activities, the directors have decided to cease the pre-paid mobile and related services with effect from 31 July 2023. This decision comes in light of a year-on-year decline in mobile revenue, which has been attributed to the ongoing intense competition within the pre-paid mobile market over the past few years. The Group's management believes that this strategic shift will allow the organisation to focus its resources on areas which greater growth potential and enhance overall operational efficiency.

On 25 August 2023, the directors declared a fully franked final dividend for the year ended 30 June 2023 of 30 cents per share. The dividend is set to be paid on 19 September 2023, with a total estimated distribution of \$3,402,857 based on the number of ordinary shares on issue as of 5 September 2023.

Apart from the above, The directors are not aware of any matter or circumstance, occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### Likely Developments and Expected Results

The Group, particularly the energy business, experienced minimal financial impacts from COVID-19 in the year ended 30 June 2023. The Group remains watchful of market influences and continues to identify, evaluate, and implement mechanisms to mitigate risks. The Group maintains a robust and resilient business position amidst these contextual factors.

The directors anticipate sustained growth in the energy business and expect the Group to maintain profitability and cash flow in the financial year ending 30 June 2024. The management is actively exploring strategies to foster growth through strategic partnerships, acquisitions, and organic means.

### Environmental Issues

As a reseller of electricity and gas services, the energy entity is obligated to purchase renewable energy certificates and comply with regulatory surrender requirements. The consolidated entity's operations are generally not subject to significant environmental regulations under any law of the Commonwealth or a State or Territory.

### Directors' Securities Holdings

As at the date of this report, the interests of the directors in the shares of the Company were:

| Director                   | Number of<br>Ordinary<br>Shares |
|----------------------------|---------------------------------|
| Greg McCann                | 85,000                          |
| Chiao-Heng (Charles) Huang | 4,463,393                       |
| Jeffrey Ma                 | 423,003                         |
| Steven Goodarzi            | 210,335                         |

See the Remuneration Report for further details.

**Directors' Meetings**

The number of directors' meetings (including meeting of committees of directors) held during the year and the number of meetings attended by each director were as follows:

|                            | <b>Board Meetings</b>      | <b>Audit and Risk Committee</b> |
|----------------------------|----------------------------|---------------------------------|
| <b>Number of Meetings</b>  | <b>Held <sup>(1)</sup></b> | <b>Held <sup>(1)</sup></b>      |
| Greg McCann                | 6/6                        | 2/2                             |
| Chiao-Heng (Charles) Huang | 6/6                        | 2/2                             |
| Jeffrey Ma                 | 6/6                        | n/a                             |
| Steven Goodarzi            | 6/6                        | n/a                             |

<sup>(1)</sup> Number of meetings held while a director or a member.

n/a denotes director is not and was not a member of the committee during the year.

Members acting on the committee of the Board were:

- Audit and Risk Committee**  
 Greg McCann (Chairman)  
 Chiao-Heng (Charles) Huang

As at the date of this report the Company had an Audit and Risk Committee and the functions of the previously established Remuneration and Nomination Committee were handled by the full Board.

**Indemnification and Insurance of Directors and Officers and Auditors**

The entity has entered into a directors' & officers' insurance contract on 31 January 2023 for the purpose of insuring against any liability that may arise from the directors carrying out their duties and responsibilities in their capacity as officers of the Company. The amount of the premium was \$146,755.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an auditor of the entity or of any related body corporate against a liability incurred as such an auditor.

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## Remuneration Report (Audited)

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

### **Details of Directors and Executives**

The names and positions of each director and executive in the Company who received the highest remuneration and having the greatest authority within the Company, along with the components of their remuneration are provided below.

#### **Directors**

|                            |  |
|----------------------------|--|
| Greg McCann                | Chairman (Non-executive)                             |
| Chiao-Heng (Charles) Huang | Managing Director, Chief Executive Officer           |
| Jeffrey Ma                 | Director, Chief Financial Officer, Company Secretary |
| Steven Goodarzi            | Director, Chief Strategy Officer                     |

#### **Executives**

|           |                             |
|-----------|-----------------------------|
| Bing Zhou | Chief Revenue Officer       |
| Gang Gu   | General Manager, Technology |

#### **Changes since the end of the reporting period**

Jeffrey Ma retires from the position of Chief Financial Officer effective 30 September 2023.  
Tony Marlin has been appointed Chief Financial Officer since 3 July 2023.

### **Remuneration Policy**

The Board of Directors of the Company is responsible for determining remuneration arrangements for the directors, the Managing Director and the senior management team. The Board assesses the appropriateness of the nature and amount of the remuneration of directors and senior executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

### **Employee Share Ownership Plan**

The 2009 Employee Share Ownership Plan, which was implemented on 30 November 2009, was amended and approved by shareholders at the Annual General Meeting on 30 November 2015 (2009 ESOP). This plan replaced the previously approved Employee Option Plan instituted on 23 May 2007, which the Board believed was no longer as effective following changes to the taxation of options in recipients hands.

The 2009 ESOP aims to motivate, retain and attract quality employees and directors of the Company to create a commonality of purpose between the employees and directors and the Company. The 2009 ESOP is operated by way of the Company issuing new shares to participants, with an amount equal to the subscription price for those shares being loaned to the participant by the Company. That loan is secured by the Company taking security over the shares which are subject to a holding lock period of five years, and is interest free with recourse only to the shares. The loan is to be repaid over time by the participant (whether through dividends, specific payments to reduce the loan, or on sale of the underlying shares).

Shares issued under the 2009 ESOP will rank from the date of issue equally with the other shares in the Company then on issue.



### Non-executive Director Remuneration

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided among the directors as agreed. The latest determination was at the Annual General Meeting held on 20 April 2007 when shareholders approved an aggregate remuneration of \$350,000 per year payable to non-executive directors for their services as directors, including their services on a committee of directors.

The Board determines payments to the non-executive directors and will review their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

Each non-executive director receives a fee for being a director of the Company. An additional fee may also be paid for each Board committee on which a director sits.

Non-executive directors are eligible to be granted shares under the Employee Share Ownership Plan.

### Executive Director and Executives Remuneration

Remuneration granted to the executive directors and other executives has regard to the Company's financial and operational performance.

The Board determines the base salary of the executive directors and will review their remuneration annually against the external market and individual contribution to the Company. Performance pay based on overall corporate performance may be made available to the executive team.

Each executive director and executive receives remuneration commensurate with their position and responsibilities within the Company.

Executive directors and executives are eligible to be granted shares under the Employee Share Ownership Plan.

### Voting and Comments made at the Company's 2022 Annual General Meeting ("AGM")

At the 2022 AGM, shareholders voted to approve the adoption of the remuneration report for the year ended 30 June 2022.

The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

### Remuneration of Directors and Executives

The following tables set out the remuneration received by the directors and executives of the Company during the financial years ended 30 June 2023 and 30 June 2022.

| 2023                                     | Short Term Benefits |                              |                   | Post Employment | Long Term Benefits        | Total            |
|--|---------------------|------------------------------|-------------------|-----------------|---------------------------|------------------|
|  | Salary and Fees     | Cash Benefits <sup>(1)</sup> | Non-Cash Benefits | Super-annuation | Accrued Leave Entitlement |                  |
|  | \$                  | \$                           | \$                | \$              | \$                        | \$               |
| <b>Chairman (Non-Executive Director)</b> |                     |                              |                   |                 |                           |                  |
| Greg McCann                              | 72,765              | -                            | -                 | 7,640           | -                         | 80,405           |
| <b>Executive Directors</b>               |                     |                              |                   |                 |                           |                  |
| Chiao-Heng (Charles) Huang               | 582,793             | 36,346                       | -                 | 27,500          | 54,772                    | 701,411          |
| Jeffrey Ma                               | 307,762             | -                            | -                 | 27,500          | 15,236                    | 350,498          |
| Steven Goodarzi                          | 371,274             | -                            | 3,304             | 25,262          | 54,405                    | 454,245          |
| <b>Executives</b>                        |                     |                              |                   |                 |                           |                  |
| Bing Zhou                                | 321,920             | -                            | 13,190            | 23,167          | 9,047                     | 367,324          |
| Gang Gu                                  | 169,881             | -                            | 6,497             | 18,025          | 8,984                     | 203,387          |
|  | <u>1,826,395</u>    | <u>36,346</u>                | <u>22,991</u>     | <u>129,094</u>  | <u>142,444</u>            | <u>2,157,270</u> |

| 2022                                     | Short Term Benefits |                              |                   | Post Employment | Long Term Benefits        | Total            |
|--|---------------------|------------------------------|-------------------|-----------------|---------------------------|------------------|
|  | Salary and Fees     | Cash Benefits <sup>(1)</sup> | Non-Cash Benefits | Super-annuation | Accrued Leave Entitlement |                  |
|  | \$                  | \$                           | \$                | \$              | \$                        | \$               |
| <b>Chairman (Non-Executive Director)</b> |                     |                              |                   |                 |                           |                  |
| Greg McCann                              | 72,765              | -                            | -                 | 7,277           | -                         | 80,042           |
| <b>Executive Directors</b>               |                     |                              |                   |                 |                           |                  |
| Chiao-Heng (Charles) Huang               | 476,068             | 48,000                       | -                 | 27,500          | 8,242                     | 559,810          |
| Jeffrey Ma                               | 236,068             | -                            | -                 | 27,500          | 5,254                     | 268,822          |
| Steven Goodarzi                          | 240,000             | 34,462                       | 2,253             | 23,568          | -                         | 300,283          |
| <b>Executives</b>                        |                     |                              |                   |                 |                           |                  |
| Bing Zhou                                | 213,000             | -                            | 8,826             | 20,000          | (22,231)                  | 219,595          |
| Gang Gu                                  | 160,138             | -                            | 4,401             | 15,500          | 3,417                     | 183,456          |
|  | <u>1,398,039</u>    | <u>82,462</u>                | <u>15,480</u>     | <u>121,345</u>  | <u>(5,318)</u>            | <u>1,612,008</u> |

The proportion of remuneration linked to performance and the fixed proportion are as follows:

|  | Fixed Remuneration |      | Performance |      |
|--|--------------------|------|-------------|------|
|  | 2023               | 2022 | 2023        | 2022 |
| <b>Chairman (Non-Executive Director)</b> |                    |      |             |      |
| Greg McCann                              | 100%               | 100% | 0%          | 0%   |
| <b>Executive Directors</b>               |                    |      |             |      |
| Chiao-Heng (Charles) Huang               | 79%                | 79%  | 21%         | 21%  |
| Jeffrey Ma                               | 86%                | 100% | 14%         | 0%   |
| Steven Goodarzi                          | 83%                | 100% | 17%         | 0%   |
| <b>Executives</b>                        |                    |      |             |      |
| Bing Zhou                                | 73%                | 99%  | 27%         | 1%   |
| Gang Gu                                  | 100%               | 100% | 0%          | 0%   |

<sup>(1)</sup> Cash benefits represented the payout of unused annual leave entitlements.

#### **Key Terms of Employment Agreements**

Apart from the non-executive directors, all key management personnel are employed under standard company employment agreements. With the exception of the executive directors (where either party may terminate the agreement by giving a three months notice to the other), the notice period of standard company employment agreements is one month.

None of these agreements provide for termination conditions or payments. The Board considers that the significant equity holding of executive directors mitigates any risk of not having formal termination clauses.

Any termination entitlements payable to the key management personnel would be considered in light of the relevant circumstances and would be determined after consideration of entitlements of common law rights.

### Directors and Executives Share Holdings

The number of ordinary shares in the Company held directly, indirectly or beneficially during the financial year by key management personnel and their related entities are as follows:

|                            | Total<br>Shares<br>Held at<br>Beginning<br>and End of<br>Year |
|----------------------------|---|
| Greg McCann                | 85,000  |
| Chiao-Heng (Charles) Huang | 4,463,393   |
| Jeffrey Ma                 | 423,003   |
| Steven Goodarzi            | 210,335   |
| Bing Zhou                  | 201,000   |
| Gang Gu                    | 83,826  |
|                            | <u>5,466,557</u>  |

Total shareholdings include shares held by key management personnel and their related entities. Unless related to the Employee Share Ownership Plan (2009 ESOP), shares acquired or disposed during the year were on an arm's length basis at market price.

No director or key management personnel were issued options to acquire shares during the year, held any options at the end of the year or had any options that expired during the year.

### Company Performance, Shareholder Wealth and Director and Executive Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. There have been two methods applied in achieving this aim, the first being a performance based bonus based on key performance indicators, and the second being the issue of equity to the majority of directors and executives to encourage the alignment of personal and shareholder interests. No bonus have been paid in the current year.

The following table shows gross revenue, profits and dividends over the last five years (including continuing and discontinued operations).

|                         | 2023       | 2022       | 2021      | 2020      | 2019      |
|-------------------------|------------|------------|-----------|-----------|-----------|
| Revenue                 | \$137.33 m | \$122.98 m | \$93.63 m | \$86.35 m | \$83.34 m |
| Profit after tax        | \$16.85 m  | \$5.27 m   | \$4.69 m  | \$3.36 m  | \$2.21 m  |
| Share price at year end | \$4.50     | \$1.51     | \$3.50    | \$0.95    | \$0.40    |
| Interim dividend        | 10 cents   | 3 cents    | 8 cents   | 0 cents   | 0 cents   |
| Final dividend          | 30 cents   | 10 cents   | 10 cents  | 8 cents   | 0 cents   |

This concludes the Remuneration Report which has been audited.

### Shares under Options

There were no ordinary shares of the company issued on exercise of options during the year (2022:Nil), nor are there any ordinary shares under option at the end of the financial year and the date of this report.

### Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity or intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or any part of those proceedings.

The consolidated entity was not a party to any such proceedings during the year.

### Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been provided to the directors and is set out immediately after this directors' report.

### Non-Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 7 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 7 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

### Corporate Governance Statement

The directors of the Company support and adhere to the principle of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. A review of the Company's corporate governance practices was undertaken during the year to ensure they remained optimal. Please refer to the corporate governance statement in this report.

### Rounding of Amounts

The Company is of a kind referred to in Legislative Instrument 2016/191, issued by the Australian Securities and Investment Commission, relating to "rounding-off". Amounts in this report have been rounded off in accordance with that Class Order to the nearest dollar. Amounts could have been rounded off to nearest thousand, but management has selected not to do so at this point in time.

This report is made in accordance with a resolution of Directors, pursuant to Section 298 (2) (a) of the Corporation Act

On behalf of the Directors,



Greg McCann  
Chairman



Chiao-Heng (Charles) Huang  
Managing Director

Dated this 25 August 2023

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The Company is committed to implementing standards of corporate governance consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition).

Where the Company's corporate governance practices do not correlate with the Recommendations, the Company does not currently regard it appropriate to meet that specific Recommendation, due to the nature and size of the Company's operations. The Board's reasoning for any departure to the Recommendations is explained in the Corporate Governance Statement which is available on the Company website [http://www.tpc.com.au/investor\\_reports.asp](http://www.tpc.com.au/investor_reports.asp).

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## Auditor's Independence Declaration

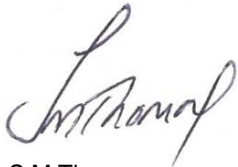
### To the Directors of TPC Consolidated Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of TPC Consolidated Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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



Grant Thornton Audit Pty Ltd  
Chartered Accountants



S M Thomas  
Partner – Audit & Assurance

Sydney, 25 August 2023

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023



|  | Note | 2023<br>\$   | 2022<br>\$    |
|--|------|--------------|---------------|
| <b>Revenue</b>   | 2    | 137,330,547  | 122,984,701   |
| Delivery of services   |      | (93,352,614) | (106,427,702) |
| <b>Gross profit</b>  |      | 43,977,933   | 16,556,999    |
| Gain on sale of derivatives  | 2    | 3,286,288    | 11,226,781    |
| <b>Gross profit and gain on sale of derivatives</b>  |      | 47,264,221   | 27,783,780    |
| Other income   | 2    | 18,608       | 534,902       |
|  |      | 47,282,829   | 28,318,682    |
| Operating expenses   | 3    | (13,425,911) | (10,188,362)  |
| Employee benefits expense  | 3    | (9,208,485)  | (9,059,516)   |
| Gain/(loss) on fair value of derivatives   |      | 22,085       | (18,594)      |
| <b>Earnings before interest, taxation, depreciation, amortisation and impairment (EBITDA)</b>  |      | 24,670,518   | 9,052,210     |
| Depreciation and amortisation  | 3    | (768,698)    | (794,630)     |
| <b>Earnings before interest and taxation (EBIT)</b>  |      | 23,901,820   | 8,257,580     |
| Finance revenue  |      | 321,923      | 7,969         |
| Finance costs  | 3    | (68,590)     | (70,360)      |
| <b>Profit before income tax</b>  | 3    | 24,155,153   | 8,195,189     |
| Income tax expense   | 4    | (7,307,670)  | (2,982,483)   |
| <b>Profit for the year</b>   |      | 16,847,483   | 5,212,706     |
| <b>Other comprehensive income for the year, net of tax</b>                                     |      |              |               |
| <i>Amounts that may subsequently be transferred to profit or loss</i>                          |      |              |               |
| Exchange differences on translating foreign operations   |      | 18,398       | (19,780)      |
| Fair value movement on derivatives designated for Hedge Accounting                             |      | (49,507,543) | 46,731,335    |
| Tax relating to gain in fair value of cash flow hedges   |      | 14,852,263   | (15,130,348)  |
| <b>Other comprehensive income for the year, net of tax</b>                                     |      | (34,636,882) | 31,581,207    |
| <b>Total comprehensive income for the year</b>   |      | (17,789,399) | 36,793,913    |
| Profit attributable to Members of TPC Consolidated Limited                                     |      | 16,847,483   | 5,212,706     |
| Total comprehensive income attributable to Members of TPC Consolidated Limited                 |      | (17,789,399) | 36,793,913    |
| <b>Earnings per share for the year attributable to the members of TPC Consolidated Limited</b> |      | Cents        | Cents         |
| <b>Earnings per share</b>  |      |              |               |
| - Basic earnings per share   | 5    | 148.13       | 45.82         |
| - Diluted earnings per share   | 5    | 148.13       | 45.82         |

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

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**Consolidated Statement of Financial Position**  
As at 30 June 2023



|                                      | Note | 2023<br>\$        | 2022<br>\$        |
|--------------------------------------|------|-------------------|-------------------|
| <b>ASSETS</b>                        |      |                   |                   |
| <b>Current Assets</b>                |      |                   |                   |
| Cash and cash equivalents            | 8    | 22,071,358        | 5,264,938         |
| Trade and other receivables          | 9    | 18,372,142        | 18,154,730        |
| Inventories                          |      | -                 | 45,376            |
| Derivatives held at fair value       | 23   | 938,546           | 50,434,492        |
| Bank deposits                        | 10   | 11,011,297        | 5,296,676         |
| Other assets                         | 11   | 765,196           | 1,183,541         |
| <b>Total Current Assets</b>          |      | <u>53,158,539</u> | <u>80,379,753</u> |
| <b>Non-Current Assets</b>            |      |                   |                   |
| Property, plant and equipment        | 13   | 1,290,084         | 482,363           |
| Right of use assets                  | 14   | 3,437,721         | 374,992           |
| Deferred tax assets                  | 4    | 1,742,173         | -                 |
| <b>Total Non-Current Assets</b>      |      | <u>6,469,978</u>  | <u>857,355</u>    |
| <b>TOTAL ASSETS</b>                  |      | <u>59,628,517</u> | <u>81,237,108</u> |
| <b>LIABILITIES</b>                   |      |                   |                   |
| <b>Current Liabilities</b>           |      |                   |                   |
| Trade and other payables             | 15   | 14,451,746        | 6,732,985         |
| Borrowings                           | 16   | -                 | 1,455,481         |
| Derivatives held at fair value       | 23   | -                 | 10,488            |
| Lease liabilities                    | 14   | 617,845           | 385,818           |
| Current tax liabilities              | 4    | 4,433,544         | 3,135,339         |
| Short term provisions                | 17   | 2,170,373         | 1,995,564         |
| Contract liabilities                 | 18   | 2,909,136         | 2,587,726         |
| <b>Total Current Liabilities</b>     |      | <u>24,582,644</u> | <u>16,303,401</u> |
| <b>Non-Current Liabilities</b>       |      |                   |                   |
| Long term provisions                 | 17   | 113,947           | 99,592            |
| Lease liabilities                    | 14   | 2,808,799         | 26,399            |
| Deferred tax liabilities             | 4    | -                 | 12,493,619        |
| <b>Total Non-Current Liabilities</b> |      | <u>2,922,746</u>  | <u>12,619,610</u> |
| <b>TOTAL LIABILITIES</b>             |      | <u>27,505,390</u> | <u>28,923,011</u> |
| <b>NET ASSETS</b>                    |      | <u>32,123,127</u> | <u>52,314,097</u> |
| <b>EQUITY</b>                        |      |                   |                   |
| Issued capital                       | 19   | 10,372,860        | 10,499,308        |
| Reserves                             | 20   | 661,857           | 35,298,739        |
| Retained earnings                    |      | 21,088,410        | 6,516,050         |
| <b>TOTAL EQUITY</b>                  |      | <u>32,123,127</u> | <u>52,314,097</u> |

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

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# Consolidated Statement of Changes in Equity

For the year ended 30 June 2023



|   | Note | Issued<br>Capital<br>\$ | Reserves<br>\$    | Retained<br>Earnings<br>\$ | Total<br>\$       |
|---|------|-------------------------|-------------------|----------------------------|-------------------|
| <b>Balance at 1 July 2021</b>             |      | 10,488,388              | 3,717,532         | 2,782,175                  | 16,988,095        |
| Profit for the year                       |      | -                       | -                 | 5,212,706                  | 5,212,706         |
| Other comprehensive income                |      | -                       | 31,581,207        | -                          | 31,581,207        |
| Total comprehensive income for the year   |      | -                       | 31,581,207        | 5,212,706                  | 36,793,913        |
| <i>Transactions with Shareholders</i>     |      |                         |                   |                            |                   |
| Received related to partially paid shares | 19   | 10,920                  | -                 | -                          | 10,920            |
| Dividend paid                             |      | -                       | -                 | (1,478,831)                | (1,478,831)       |
| <b>Balance at 30 June 2022</b>            |      | <u>10,499,308</u>       | <u>35,298,739</u> | <u>6,516,050</u>           | <u>52,314,097</u> |
| <b>Balance at 1 July 2022</b>             |      | 10,499,308              | 35,298,739        | 6,516,050                  | 52,314,097        |
| Profit for the year                       |      | -                       | -                 | 16,847,483                 | 16,847,483        |
| Other comprehensive income                |      | -                       | (34,636,882)      | -                          | (34,636,882)      |
| Total comprehensive income for the year   |      | -                       | (34,636,882)      | 16,847,483                 | (17,789,399)      |
| <i>Transactions with Shareholders</i>     |      |                         |                   |                            |                   |
| Received related to partially paid shares | 19   | 16,800                  | -                 | -                          | 16,800            |
| Dividend paid                             |      | -                       | -                 | (2,275,123)                | (2,275,123)       |
| Share buy back on market                  |      | (143,248)               | -                 | -                          | (143,248)         |
| <b>Balance at 30 June 2023</b>            |      | <u>10,372,860</u>       | <u>661,857</u>    | <u>21,088,410</u>          | <u>32,123,127</u> |

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

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**Consolidated Statement of Cash Flows**  
For the year ended 30 June 2023



|  | 2023                   | 2022               |
|--|------------------------|--------------------|
| Note   | \$                     | \$                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>            |                        |                    |
| Receipts from customers (inclusive of GST)             | 150,379,395            | 130,959,691        |
| Payments to suppliers and employees (inclusive of GST) | (117,220,438)          | (128,296,120)      |
| Interest received                                      | 320,973                | 7,991              |
| Interest and other financial costs paid                | (87,683)               | (51,267)           |
| Income tax paid  | (5,392,993)            | (1,505,480)        |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>       | 8(b) <u>27,999,254</u> | <u>1,114,815</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>            |                        |                    |
| Purchase of property, plant & equipment                | (1,077,943)            | (142,225)          |
| Payment to bank deposits                               | (5,714,621)            | (2,100,000)        |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>           | <u>(6,792,564)</u>     | <u>(2,242,225)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>            |                        |                    |
| Proceeds from partially paid share capital             | 16,800                 | 10,920             |
| Payment for share buy back on market                   | (143,248)              | -                  |
| Proceeds from borrowings                               | -                      | 5,333,439          |
| Repayment of borrowings                                | (1,455,481)            | (3,877,958)        |
| Repayment of lease liabilities                         | (543,218)              | (621,331)          |
| Dividends paid   | (2,275,123)            | (1,478,832)        |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>           | <u>(4,400,270)</u>     | <u>(633,762)</u>   |
| Net increase in cash held                              | 16,806,420             | (1,761,172)        |
| Cash held at the beginning of the financial year       | 5,264,938              | 7,026,110          |
| <b>CASH AT THE END OF FINANCIAL YEAR</b>               | 8(a) <u>22,071,358</u> | <u>5,264,938</u>   |

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

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## **Note 1: Statement of Significant Accounting Policies**

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001 as applicable to for-profit entities.

The consolidated financial report of the Group also complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated, with all balances being presented in Australian dollars.

This financial report includes the consolidated financial statements and notes of TPC Consolidated Limited and the controlled entities (consolidated group or group).

TPC Consolidated Limited is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange, under the ticker TPC.

### **Basis of Preparation**

The financial report has been prepared on an accruals basis and is based on historical costs except where applicable as modified by the revaluation of financial assets and financial liabilities for which the fair value basis of accounting has been applied.

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 to which they apply. Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report of TPC Consolidated Limited and its controlled entities for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the TPC Board of Directors on 25 August 2023.

### **Parent Entity Information**

In accordance with Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 28.

### **Accounting Policies**

#### **New, Revised or Amended Accounting Standards and Interpretations Adopted**

The Company has applied the required amendments to the Standards that are relevant to its operations and effective for the current reporting period.

The application of the amendments to Standards do not have a material impact on disclosure or amounts recognised in these financial statements.

#### **(a) Principles of Consolidation**

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2023. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

**Note 1: Statement of Significant Accounting Policies (continued)**

**Accounting Policies (continued)**

**(a) Principles of Consolidation (continued)**

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

**(b) Income Tax**

The income tax expense or benefit represents the sum of current tax and deferred tax. Current tax is calculated on accounting profit after adjustment for any non-taxable and non-deductible items. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. It is calculated using the tax rates that have been enacted or are substantially enacted at reporting date.

The current tax and deferred tax is recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, except when it relates to items directly charged or credited to equity, in which case the current and deferred tax is also recognised directly in equity.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences, except to the extent that the deferred tax liabilities arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither the accounting profit or taxable income at the time of the transaction.

Deferred tax assets are recognised for all deductible temporary differences and for carrying forward of unused tax losses and tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carrying forward of unused tax losses and tax credits can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will be occurring in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Effective 1 July 2003, for the purposes of income taxation, TPC Consolidated Limited and its 100% owned Australian subsidiaries formed a tax consolidated group. As part of the election to enter tax consolidation, the tax consolidated group is treated as a single entity for income tax purposes. Gotalk Pty Limited and its wholly owned subsidiaries joined the tax consolidated group upon acquisition on 23 December 2011.

TPC Consolidated Limited, as the head entity in the tax consolidated group, recognises, in addition to its own, the current tax liabilities and the deferred tax assets arising from unused tax losses and tax credits of all entities in the group.

**(c) Inventories**

Inventories are initially measured and recorded at cost and are valued at the lower of cost and net realisable value.

## Note 1: Statement of Significant Accounting Policies (continued)

### Accounting Policies (continued)

#### (d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and any provision for impairment loss.

##### Plant and Equipment

Plant and Equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of 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 which 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.

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 benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

##### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

|                             |           |
|-----------------------------|-----------|
| Plant & Equipment           | 10%       |
| Office Fittings & Furniture | 13%       |
| Office Equipment            | 20% - 33% |
| Network Equipment           | 20% - 33% |

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains or losses between the carrying amount and the disposal proceeds are taken to profit or loss.

#### (e) Leases

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

##### Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

## Note 1: Statement of Significant Accounting Policies (continued)

### Accounting Policies (continued)

#### (e) Leases (continued)

##### Measurement and recognition of leases as a lessee (continued)

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

#### (f) Financial Instruments

##### Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable)

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

**Note 1: Statement of Significant Accounting Policies (continued)**

**Accounting Policies (continued)**

**(f) Financial Instruments (continued)**

**Subsequent measurement of financial assets**

*Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

*Financial assets at fair value through profit or loss (FVTPL)*

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

*Financial assets at fair value through other comprehensive income (FVOCI)*

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

**Impairment of financial assets**

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

**Note 1: Statement of Significant Accounting Policies (continued)**

**Accounting Policies (continued)**

**(f) Financial Instruments (continued)**

*Trade and other receivables and contract assets*

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

**Classification and measurement of financial liabilities**

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

**Derivative financial instruments and hedge accounting**

Derivative financial instruments are accounted for at fair value through profit and loss (FVTPL) except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

For the reporting periods under review, the Group has designated certain forward currency contracts as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate foreign currency exchange risk arising from certain highly probable sales transactions denominated in foreign currency.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

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**Note 1: Statement of Significant Accounting Policies (continued)**

**Accounting Policies (continued)**

**(g) Impairment of Assets**

At each reporting date, the group reviews the carrying values of assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is charged to the consolidated statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

**(h) Foreign Currency Transactions and Balances**

**Functional and Presentational Currency**

The functional currency of each group entity is measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentational currency.

**Transactions and Balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the consolidated statement of profit or loss and other comprehensive income.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the consolidated statement of profit or loss and other comprehensive income.

**Group Companies**

The financial results and position of foreign operations whose functional currency is different from the group's presentational currency are translated as follows:

- Assets and liabilities are translated at year end exchange rates prevailing at the reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

**(i) Employee Benefits**

**Annual Leave/Long Service Leave**

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the future cash outflows to be made for those benefits.

**Superannuation**

Contributions are made by the consolidated entity to employee superannuation funds and are charged as expenses when incurred.

**Note 1: Statement of Significant Accounting Policies (continued)**

**Accounting Policies (continued)**

**(i) Employee Benefits (continued)**

**Share-based Payments**

The group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and is recognised as an expense over the vesting period, with a corresponding increase in equity. The fair value of shares is ascertained as the market bid price. The fair value of options (and ESOP awards accounted for as options) is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

**(j) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

**(k) Trade Receivables**

Trade and other receivables are stated at amortised cost less any provision for impairment loss.

**Expected Credit Loss**

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The loss allowance methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses an allowance matrix to measure expected credit losses of trade receivables and contract assets from its customers. Trade receivable amounts are disaggregated into customer segments. Loss rates are estimated in each age category and are based on the probability of a receivable progressing through to write-off. Factors to estimate the loss rate are based on risk assessment performed per customer segment and economic factors such as wholesale electricity forward curves.

The amount of the expected credit loss is recognised in profit or loss within other expenses. When a trade receivable for which an expected credit loss had been recognised becomes uncollectible in a subsequent period, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

**Expected credit loss on trade receivables and contract assets**

The Group uses an allowance matrix to measure expected credit losses of trade receivables and contract assets from its customers.

**(l) Trade and Other Payables**

Trade and other payables are stated at amortised cost.

**(m) Provisions**

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**(n) Contract Liabilities**

Contract liabilities represents the unused component of prepaid mobile products as at the reporting date and relates to cards that have been activated.

Contract liabilities also represents receipts in advance from customers of the energy business as at the reporting date.

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**Note 1: Statement of Significant Accounting Policies (continued)**

**Accounting Policies (continued)**

**(o) Revenue Recognition**

The Group's primary revenue streams relate to the retail sale of electricity and gas to residential and business customers in Australia. Revenue from contracts with customers is recognised when control of the goods or services is transferred to a customer at an amount that reflects the consideration to which the Group expects to be entitled to receive in exchange for those goods or services.

The majority of contractual energy supply arrangements with customers have no fixed duration, generally require no minimum consumption by the customer and are able to be terminated by either party at any time without incurring significant penalty. Given this, the enforceable contracts are considered short term (less than 12 months) in nature.

The Group has generally concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer. The Group's primary performance obligations are the supply of energy (gas or electricity) over the contractual term. There are either individual contracts representing separate purchasing decisions of customers, or the units of supply of energy represent a series of distinct goods that are substantially the same and have the same pattern of transfer to the customer and hence is considered one performance obligation satisfied over time. For the shorter term contracts, the performance obligations are considered to be satisfied, and revenue is recognised, as and when the units of energy are delivered.

*Residential electricity and gas sales*

Residential energy sales relate to the sales of energy (gas and electricity) to retail customers. Residential sales are classified as individual, short term, day-by-day contracts and are recognised as revenue on a day-by-day basis upon delivery of energy to customers. The Group recognises revenue from contracts with its residential customers at the electricity and gas portfolio levels.

*Business electricity and gas sales*

Business sales represent the sale of energy to business customers. The nature and accounting treatment of this revenue stream is consistent with residential sales.

*Revenue from the rendering of telecommunication service*

Revenue from the rendering of telecommunication service is recognised upon the delivery of the service to customers. A sales incentive provided to a customer in the form of non-cash consideration, for example bonus time, is considered to be a separate deliverable in a multiple deliverable arrangement. Sales revenue is allocated proportionally to the aggregate of the service paid for and the incentive, and is recognised when the customer utilises the incentive i.e. when TPC provides the service.

Customer contract liabilities are recognised for cash received in advance and services not used yet.

*Costs to obtain and fulfil a contract*

Costs that are incurred regardless of whether an energy contract is obtained are expensed as incurred, unless those costs are explicitly chargeable to the customer.

*Variable consideration and constraints*

The Group includes variable consideration in the transaction price as estimated at the inception of a contract. However, if it is considered 'highly probable' that a significant reversal of revenue recognised will occur in the future, the variable consideration is constrained and not included in the transaction price. The Group's contractual arrangements contain a number of variable pricing elements including discounts. Some of these variable elements are resolved during the reporting periods. Where they are not, management estimates the likelihood of the variable pricing element eventuating and recognises the variable pricing element to the extent it is not highly probable that it will reverse.

**Note 1: Statement of Significant Accounting Policies (continued)**

**Accounting Policies (continued)**

**(o) Revenue Recognition (continued)**

*MRTM service license fee revenue*

Revenue from MRTM service license fee is recognized when the client has the ability to use and obtain substantially all the benefits from the license or service.

Interest revenue is recognised using the effective interest method.

**(p) Goods and Services Tax**

Revenues and expenses 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 expense.

Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST due, but not paid, to the Australian Taxation Office is included under payables.

Cash flows are presented in the cash flow statements on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(q) Earnings per Share**

Basic earnings per share is calculated as net profit or loss attributable to ordinary equity holders of TPC Consolidated Limited divided by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated as adjusted net profit or loss attributable to ordinary equity holders of TPC Consolidated Limited divided by the weighted average number of shares outstanding adjusted for the effects of all dilutive potential ordinary shares during the period.

**(r) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

**(s) Comparatives**

Where required by accounting standards, comparative figures have been adjusted to conform to changes in the current year.

**(t) Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and consolidated data, obtained both externally and within the group.

**Expected Credit Loss of Receivables**

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses an allowance matrix to measure expected credit losses of trade receivables from its customers. Trade receivable amounts are disaggregated into customer segments. Loss rates are estimated in each age category and are based on the probability of a receivable progressing through to write-off. Factors to estimate the loss rate are based on risk assessment performed per customer segment and economic factors such as wholesale electricity forward curves.

**Note 1: Statement of Significant Accounting Policies (continued)**

**Accounting Policies (continued)**

**(t) Critical Accounting Estimates and Judgments (continued)**

**Contract Assets**

The Group recognises revenue from gas and electricity sales once the gas and/or electricity has been consumed by the customer. Management estimates customer consumption between the last invoice date and the end of the reporting period when determining gas and electricity revenue for the financial period. Various assumptions and financial models are used to determine the estimated unbilled consumption.

Some of the assumptions and estimates include:

- Volume and timing of energy consumed by the customers
- Various pricing plans and allocation of the estimated volume to such pricing plans
- Loss factors
- Behavioural discounts

The Group makes use of simplified approach in accounting for contract assets and records the loss allowance as life expected credit losses.

**Fair Value of Financial Instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, the fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 26 for further discussion.

**Accrued Network Costs**

Management estimates energy consumption between the date of the last invoice from the energy distributor to the Group, and the end of the reporting period when estimating network expenses.

Detailed calculations utilising estimates of the electricity and gas consumption of customers are used to determine the estimate of unbilled network expenses.

Some of the assumptions and estimates include:

- Average network cost of energy for past 3 months
- Loss factors
- Volume and timing of energy consumed by customers

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**Note 2: Revenue**

|  | 2023<br>\$         | 2022<br>\$         |
|--|--------------------|--------------------|
| Disaggregated Revenue                        |                    |                    |
| Services transferred over time               |                    |                    |
| - Electricity Service                        | 90,054,510         | 88,653,094         |
| - Gas Service                                | 45,428,003         | 33,582,362         |
| - Telecommunication Services                 | 1,848,034          | 749,245            |
|  | <u>137,330,547</u> | <u>122,984,701</u> |
| Gain on sale of derivatives <sup>(1)</sup>   | <u>3,286,288</u>   | <u>11,226,781</u>  |
| Other Income                                 |                    |                    |
| - Foreign Exchange Gain                      | -                  | 12,133             |
| - Government Grant Income - Jobsaver Payment | -                  | 332,192            |
| - Sundry Income                              | 18,608             | 190,577            |
|  | <u>18,608</u>      | <u>534,902</u>     |

<sup>(1)</sup> This represents the gains recognised on the sale of energy derivatives to third parties. As detailed in note 26 (a) the group is exposed to energy price risks and manages these through entering into derivative instruments. The group strategically enters into these arrangements to manage this risk and the intention is not to trade their position to make a profit, however, from time to time there is a commercial rationale to exit the hedged position. Any material surplus / (loss) is recognised separately on the face of the profit and loss.

AASB 15 requires entities to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group has determined that a disaggregation of revenue using existing segments and the nature of revenue best depicts the Group's revenue.

For 2023, revenue includes \$2,113,579 (2022: \$1,789,763) included in contract liability balance at the beginning of the period.

**Note 3: Profit Before Income Tax**

|                                     | 2023<br>\$        | 2022<br>\$        |
|-------------------------------------|-------------------|-------------------|
| Short Term Lease Expense            | 253,745           | 518,418           |
| Advertising and Promotion Expense   | 538,608           | 836,074           |
| Communication Expense               | 95,214            | 90,624            |
| Professional Fees                   | 1,934,005         | 1,275,543         |
| Bank and Merchant Fees              | 699,086           | 519,335           |
| Travel Expense                      | 471,840           | 185,293           |
| Expected Credit Losses              | 4,574,095         | 3,207,592         |
| Foreign Exchange Losses             | 8,475             | -                 |
| Other Expenses                      | 4,850,843         | 3,555,483         |
| Total Operating Expenses            | <u>13,425,911</u> | <u>10,188,362</u> |
| Employee Benefits Expenses          | 8,563,056         | 8,383,922         |
| Superannuation                      | 645,429           | 675,593           |
| Total Employee Benefits Expenses    | <u>9,208,485</u>  | <u>9,059,515</u>  |
| Depreciation of Non-current Assets  | 768,698           | 794,630           |
| Total Depreciation and Amortisation | <u>768,698</u>    | <u>794,630</u>    |
| Finance Costs                       | <u>68,590</u>     | <u>70,360</u>     |

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**Note 4: Income Tax Expense**

|   | 2023<br>\$       | 2022<br>\$       |
|---|------------------|------------------|
| <b>(a) Income Tax Expense</b>                   |                  |                  |
| The major components of income tax expense are: |                  |                  |
| Income tax payable for the year                 | 6,615,830        | 3,355,439        |
| Underprovision in respect of prior years        | 75,369           | 407,701          |
| Movement in deferred tax                        | 616,471          | (780,657)        |
| Income tax expense                              | <u>7,307,670</u> | <u>2,982,483</u> |

|   | 2023<br>\$        | 2022<br>\$       |
|---|-------------------|------------------|
| <b>(b) The prima facie income tax expense on profit from ordinary activities differs from the income tax expense provided in the financial statements and is reconciled as follows:</b> |                   |                  |
| Profit before income tax expense  | <u>24,155,153</u> | <u>8,195,189</u> |
| Prima facie tax expense on profit from ordinary activities at 30% (2022: 30%)   | 7,246,546         | 2,458,557        |
| Non-assessable items  | (14,245)          | 116,225          |
| Underprovision in respect of prior years  | 75,369            | 407,701          |
| Income tax expense attributable to profit from ordinary activities  | <u>7,307,670</u>  | <u>2,982,483</u> |

|                                 | 2023<br>\$       | 2022<br>\$       |
|---------------------------------|------------------|------------------|
| <b>(c) Current Tax Balances</b> |                  |                  |
| <b>Current tax liabilities</b>  |                  |                  |
| Income tax payable              | <u>4,433,544</u> | <u>3,135,339</u> |

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Note 4: Income Tax Expense (continued)

(d) Deferred Tax Balances

|                                       | Opening<br>Balance<br>\$ | Charged to<br>Income<br>\$ | Charged to<br>Other<br>Comprehensive<br>Income<br>\$ | Closing<br>Balance<br>\$ |
|---------------------------------------|--------------------------|----------------------------|--|--------------------------|
| <b>Deferred tax liabilities</b>       |                          |                            |  |                          |
| Derivatives held at fair value        | -                        | -                          | 15,130,348   | 15,130,348               |
| Property, plant and equipment         | 13,823                   | 29,106                     | -  | 42,929                   |
| Right of use assets                   | 149,965                  | (99,977)                   | -  | 49,988                   |
| Accrued Income                        | 587,820                  | (587,820)                  | -  | -                        |
| Others                                | 9                        | 7,115                      | -  | 7,124                    |
| Balance as at 30 June 2022            | <u>751,617</u>           | <u>(651,576)</u>           | <u>15,130,348</u>                                    | <u>15,230,389</u>        |
| Derivatives held at fair value        | 15,130,348               | -                          | (14,852,263)   | 278,085                  |
| Property, plant and equipment         | 42,929                   | 5,368                      | -  | 48,297                   |
| Right of use assets                   | 49,988                   | 962,384                    | -  | 1,012,372                |
| Accrued Income                        | -                        | 1,596,220                  | -  | 1,596,220                |
| Others                                | 7,124                    | (6,849)                    | -  | 275                      |
| Balance as at 30 June 2023            | <u>15,230,389</u>        | <u>2,557,123</u>           | <u>(14,852,263)</u>                                  | <u>2,935,249</u>         |
| <b>Deferred tax assets</b>            |                          |                            |  |                          |
| Provisions                            | 543,715                  | 87,002                     | -  | 630,717                  |
| Allowance of expected credit loss     | 1,280,461                | -                          | -  | 1,280,461                |
| Accrued Income                        | -                        | 330,170                    | -  | 330,170                  |
| Trade and other payables              | 583,520                  | (174,431)                  | -  | 409,089                  |
| Others                                | 199,993                  | (113,660)                  | -  | 86,333                   |
| Balance as at 30 June 2022            | <u>2,607,689</u>         | <u>129,081</u>             | <u>-</u>   | <u>2,736,770</u>         |
| Provisions                            | 630,717                  | 55,964                     | -  | 686,681                  |
| Derivatives held at fair value        | -                        | 3,147                      | -  | 3,147                    |
| Allowance of expected credit loss     | 1,280,461                | 299,447                    | -  | 1,579,908                |
| Accrued Income                        | 330,170                  | (330,170)                  | -  | -                        |
| Trade and other payables              | 409,089                  | 961,774                    | -  | 1,370,863                |
| Others                                | 86,333                   | 950,490                    | -  | 1,036,823                |
| Balance as at 30 June 2023            | <u>2,736,770</u>         | <u>1,940,652</u>           | <u>-</u>   | <u>4,677,422</u>         |
|                                       |                          |                            | <b>2023</b><br>\$                                    | <b>2022</b><br>\$        |
| Deferred tax assets                   |                          |                            | 4,677,422  | 2,736,770                |
| Deferred tax liability                |                          |                            | (2,935,249)  | (15,230,389)             |
| Net deferred tax assets/(liabilities) |                          |                            | <u>1,742,173</u>                                     | <u>(12,493,619)</u>      |



**Note 4: Income Tax Expense (continued)**

**(e) Tax Consolidation**

Effective 1 July 2003, for the purposes of income taxation, TPC Consolidated Limited and its 100% owned Australian subsidiaries formed a tax consolidated group. As part of the election to enter tax consolidation, the tax consolidated group is treated as a single entity for income tax purposes. Gotalk Pty Limited and its wholly owned subsidiaries joined the tax consolidated group upon acquisition on 23 December 2011.

TPC Consolidated Limited, as the head entity in the tax consolidated group, recognises, in addition to its own transactions, the current tax liabilities and the deferred tax assets arising from unused tax losses and tax credits of all entities in the group.

**Note 5: Earnings Per Share**

|  | <b>2023</b><br>Cents        | <b>2022</b><br>Cents        |
|--|-----------------------------|-----------------------------|
| Basic earnings per share   | <u>148.13</u>               | <u>45.82</u>                |
| Diluted earnings per share   | <u>148.13</u>               | <u>45.82</u>                |
| Net earnings used in the calculation of basic and diluted EPS  | 16,847,483                  | 5,212,706                   |
| Weighted average number of ordinary shares outstanding during the year in the calculation of basic EPS | <b>Number</b><br>11,373,707 | <b>Number</b><br>11,375,613 |
| in the calculation of diluted EPS  | 11,373,707                  | 11,375,613                  |

**Note 6: Dividends Paid and Proposed**

**(a) Recognised Amounts**

|  | <b>2023</b>     |                  | <b>2022</b>     |                  |
|--|-----------------|------------------|-----------------|------------------|
|  | Cents per Share | Total<br>\$      | Cents per Share | Total<br>\$      |
| (i) Dividends paid during the year:                        |                 |                  |                 |                  |
| Final dividend (prior year) - fully franked                | 10.0            | 1,137,561        | 10.0            | 1,137,561        |
| Interim dividend - fully franked                           | 10.0            | 1,137,561        | 3.0             | 341,268          |
| Total  | <u>20.0</u>     | <u>2,275,122</u> | <u>13.0</u>     | <u>1,478,829</u> |
| (ii) Dividends declared and not recognised as a liability: |                 |                  |                 |                  |
| Final dividends - fully franked <sup>(1)</sup>             | <u>30.0</u>     | <u>3,402,857</u> | <u>10.0</u>     | <u>1,137,561</u> |

<sup>(1)</sup> The final dividend was proposed on 25 August 2023. This amount has not been recognised as a liability in the 2023 financial year but will be brought into account in the 2024 financial year.

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**Note 6: Dividends Paid and Proposed (continued)**

**Franking Credit Balance**

|   | <b>2023</b>      | <b>2022</b>      |
|---|------------------|------------------|
|   | \$               | \$               |
| The amount of franking credits available for the subsequent financial year are:     |                  |                  |
| - Franking account balance as at the end of the financial year at 30% (2022: 30%)   | 6,275,648        | 1,637,892        |
| The amount of franking credits available for future reporting periods:              | 6,275,648        | 1,637,892        |
| - Impact on franking account balance of dividends proposed after the reporting date | (1,458,367)      | (487,526)        |
|   | <u>4,817,281</u> | <u>1,150,366</u> |

**Note 7: Auditor's Remuneration**

|  | <b>2023</b>    | <b>2022</b>    |
|--|----------------|----------------|
|  | \$             | \$             |
| During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Limited, the auditor of the Company: |                |                |
| Audit services - Grant Thornton Audit Pty Limited  |                |                |
| Audit or Review of the Financial Reports   | 138,500        | 120,750        |
| Other services - Related entity of Grant Thornton Audit Pty Limited  |                |                |
| Taxation Services  | 31,200         | 16,850         |
| Total Remuneration of Grant Thornton Audit Pty Limited and related entities  | <u>169,700</u> | <u>137,600</u> |

**Note 8: Cash and Cash Equivalents**

|                          | <b>2023</b>       | <b>2022</b>      |
|--------------------------|-------------------|------------------|
|                          | \$                | \$               |
| <b>(a) Cash Balance</b>  |                   |                  |
| Cash at bank and in hand | 22,071,358        | 5,264,938        |
|                          | <u>22,071,358</u> | <u>5,264,938</u> |

**(b) Reconciliation of Net Cash Flow from Operations with Profit after Income Tax**

|  | <b>2023</b>       | <b>2022</b>      |
|--|-------------------|------------------|
|  | \$                | \$               |
| Profit after income tax                        | 16,847,483        | 5,212,706        |
| Non-cash flows in profit                       |                   |                  |
| Depreciation and amortisation                  | 768,698           | 794,630          |
| (Gain)/loss on fair value of derivatives       | (22,085)          | 18,594           |
| Expected credit loss of receivable recognised  | 562,283           | -                |
| Changes in assets and liabilities              |                   |                  |
| Decrease in prepayments                        | 226,919           | 238,151          |
| Increase in trade & other receivables          | (779,696)         | (5,200,548)      |
| Decrease in inventories                        | 45,376            | -                |
| Increase in trade & other payables             | 9,223,231         | 549,165          |
| Increase in contract liabilities               | 321,410           | -                |
| Increase in other provisions                   | 189,164           | 282,774          |
| Decrease/(increase) in net deferred tax assets | 616,471           | (780,657)        |
|  | <u>27,999,254</u> | <u>1,114,815</u> |

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**Note 9: Trade and Other Receivables**

|                                       | 2023<br>\$        | 2022<br>\$        |
|---------------------------------------|-------------------|-------------------|
| <b>Current</b>                        |                   |                   |
| Trade Receivables                     | 14,548,191        | 14,918,635        |
| Expected Credit Losses of Receivables | (5,266,112)       | (4,703,829)       |
| Contract Assets (a)                   | 8,970,004         | 6,514,256         |
| Goods and Services Tax Receivable     | 89,973            | 1,392,156         |
| Other Receivables                     | 30,086            | 33,511            |
|                                       | <u>18,372,142</u> | <u>18,154,729</u> |

(a) Contract Assets comprises of:

|                        |                  |                  |
|------------------------|------------------|------------------|
| - Contract Assets      | 8,969,044        | 6,514,246        |
| - Other Accrued Income | 960              | 10               |
|                        | <u>8,970,004</u> | <u>6,514,256</u> |

|  |                  |                  |
|--|------------------|------------------|
| Opening contract assets                | 6,514,246        | 5,424,210        |
| Contract assets billed during the year | (35,633,663)     | (74,823,770)     |
| Contract assets accrued for the year   | 38,088,461       | 75,913,806       |
| Closing contract assets                | <u>8,969,044</u> | <u>6,514,246</u> |

The movement in the expected credit losses in respect of trade receivables and other receivables are detailed below:

|  |                    |                    |
|--|--------------------|--------------------|
| Opening balance  | (4,703,829)        | (4,264,534)        |
| - Expected credit losses recognised during the year        | (5,214,428)        | (4,143,545)        |
| - Expected credit losses reversed during the year          | 763,554            | 935,953            |
| - Receivables written off during the year as uncollectible | 3,888,591          | 2,768,297          |
| Closing balance  | <u>(5,266,112)</u> | <u>(4,703,829)</u> |

**Credit Policy**

The Group requires customers to pay in accordance with agreed terms. Trade receivables are non-interest bearing and are generally on 20-90 days terms. A provision for impairment is recognised based on expected credit loss model. All credit and recovery risk associated with trade receivables has been provided for in the consolidated statement of financial position.

**Ageing of trade receivables at the reporting date was:**

|   |                    |                    |
|---|--------------------|--------------------|
| Not past due                                    | 5,915,110          | 8,577,308          |
| Past due 0 - 30 days                            | 1,315,304          | 1,751,336          |
| Past due 31 - 60 days                           | 898,091            | 758,139            |
| Past due 61 - 90 days                           | 593,497            | 635,088            |
| Past due 90 days over                           | 5,826,189          | 3,196,764          |
| Total   | <u>14,548,191</u>  | <u>14,918,635</u>  |
| Expected credit losses                          | <u>(5,266,112)</u> | <u>(4,703,829)</u> |
| Trade receivables net of expected credit losses | <u>9,282,079</u>   | <u>10,214,806</u>  |

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

The expected credit loss for trade receivables as at 30 June 2023 and 30 June 2022 was determined as follows:

**At 30 June 2023**

|                       | Expected<br>Credit Loss<br>Rate<br>% | Gross Carrying<br>Amount<br>\$ | Expected Credit<br>Loss<br>\$ |
|-----------------------|--------------------------------------|--------------------------------|-------------------------------|
| Not past due          | 6.97%                                | 5,915,110                      | 412,018                       |
| Past due 0 - 30 days  | 26.66%                               | 1,315,304                      | 350,716                       |
| Past due 31 - 60 days | 43.73%                               | 898,091                        | 392,730                       |
| Past due 61 - 90 days | 79.47%                               | 593,497                        | 471,625                       |
| Past due 90 days over | 62.46%                               | 5,826,189                      | 3,639,023                     |
| Total                 |                                      | <u>14,548,191</u>              | <u>5,266,112</u>              |

**At 30 June 2022**

|                       | Expected<br>Credit Loss<br>Rate<br>% | Gross Carrying<br>Amount<br>\$ | Expected Credit<br>Loss<br>\$ |
|-----------------------|--------------------------------------|--------------------------------|-------------------------------|
| Not past due          | 6.24%                                | 8,577,308                      | 535,170                       |
| Past due 0 - 30 days  | 23.94%                               | 1,751,336                      | 419,211                       |
| Past due 31 - 60 days | 44.87%                               | 758,139                        | 340,209                       |
| Past due 61 - 90 days | 76.66%                               | 635,088                        | 486,884                       |
| Past due 90 days over | 91.42%                               | 3,196,764                      | 2,922,355                     |
| Total                 |                                      | <u>14,918,635</u>              | <u>4,703,829</u>              |

**Note 10: Bank Deposits**

|                | 2023<br>\$        | 2022<br>\$       |
|----------------|-------------------|------------------|
| <b>Current</b> |                   |                  |
| Bank Deposits  | <u>11,011,297</u> | <u>5,296,676</u> |

Bank deposits include term deposits which are held as security for bank guarantee amounting to \$11,011,297 (2022: \$5,296,676).

**Note 11: Other Assets**

|                           | 2023<br>\$     | 2022<br>\$       |
|---------------------------|----------------|------------------|
| <b>Current</b>            |                |                  |
| Deferred Commission Costs | -              | 3,358            |
| Prepayments               | 397,253        | 624,172          |
| Security Deposit          | 367,943        | 556,011          |
|                           | <u>765,196</u> | <u>1,183,541</u> |

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**Notes to the Consolidated Financial Statements**  
For the year ended 30 June 2023



**Note 12: Controlled Entities**

|   | Country of Incorporation | Effective Interest |           | Company's recorded amount of Investment |            |
|---|--------------------------|--------------------|-----------|---|------------|
|   |                          | 2023<br>%          | 2022<br>% | 2023<br>\$                              | 2022<br>\$ |
| Parent Entity                           |                          |                    |           |   |            |
| TPC Consolidated Limited                | Australia                |                    |           |   |            |
| Controlled Entities Interest at Cost    |                          |                    |           |   |            |
| CovaU Pty Limited                       | Australia                | 100%               | 100%      | 12                                      | 12         |
| iGENO Pty Limited                       | Australia                | 100%               | 100%      | 100                                     | 100        |
| Tel.Pacific ESOP Pty Limited            | Australia                | 100%               | 100%      | 1                                       | 1          |
| Gen Earth Pty Limited                   | Australia                | 100%               | 100%      | 200                                     | 200        |
| Kinect Inc.                             | Philippines              | 100%               | 100%      | 115,693                                 | 115,693    |
| Investment in controlled entities       |                          |                    |           | 116,006                                 | 116,006    |
| Impairment losses                       |                          |                    |           | -                                       | -          |
| Total investment in controlled entities |                          |                    |           | 116,006                                 | 116,006    |

**Note 13: Property, Plant and Equipment**

|                                | 2023<br>\$  | 2022<br>\$  |
|--------------------------------|-------------|-------------|
| Plant & Equipment              | 57,264      | 57,264      |
| Less: Accumulated Depreciation | (17,179)    | (11,452)    |
|                                | 40,085      | 45,812      |
| Network Equipment & Software   | 826,271     | 826,271     |
| Less: Accumulated Depreciation | (787,958)   | (763,698)   |
|                                | 38,313      | 62,573      |
| Office Equipment               | 1,715,214   | 1,626,608   |
| Less: Accumulated Depreciation | (1,501,695) | (1,397,913) |
|                                | 213,519     | 228,695     |
| Office Fittings & Furniture    | 1,668,137   | 1,953,409   |
| Less: Accumulated Depreciation | (669,970)   | (1,808,126) |
|                                | 998,167     | 145,283     |
|                                | 1,290,084   | 482,363     |

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**Note 13: Property, Plant and Equipment (continued)**

**Movement in Carrying Amount**

|                                      | <b>Plant &amp;<br/>Equipment</b> | <b>Network<br/>Equipment<br/>&amp; Software</b> | <b>Office<br/>Equipment<br/>&amp; Software</b> | <b>Office<br/>Fittings &amp;<br/>Furniture</b> | <b>Total</b>     |
|--------------------------------------|----------------------------------|---|--|--|------------------|
|                                      | \$                               | \$  | \$   | \$   | \$               |
| <b>2023</b>                          |                                  |   |  |  |                  |
| Balance at the beginning of the year | 45,812                           | 62,573  | 228,695  | 145,283  | 482,363          |
| Additions                            | -                                | -   | 80,135   | 997,808  | 1,077,943        |
| Depreciation expense                 | (5,727)                          | (24,260)  | (97,912)                                       | (145,012)                                      | (272,911)        |
| Foreign currency exchange difference | -                                | -   | 2,601  | 88   | 2,689            |
| Balance at the end of the year       | <u>40,085</u>                    | <u>38,313</u>                                   | <u>213,519</u>                                 | <u>998,167</u>                                 | <u>1,290,084</u> |
| <b>2022</b>                          |                                  |   |  |  |                  |
| Balance at the beginning of the year | 51,538                           | 66,257  | 241,191  | 300,106  | 659,092          |
| Additions                            | -                                | 24,571  | 90,752   | 26,902   | 142,225          |
| Disposal                             | -                                | -   | (577)  | -  | (577)            |
| Depreciation expense                 | (5,726)                          | (28,255)  | (98,889)                                       | (181,423)                                      | (314,293)        |
| Foreign currency exchange difference | -                                | -   | (3,782)  | (302)  | (4,084)          |
| Balance at the end of the year       | <u>45,812</u>                    | <u>62,573</u>                                   | <u>228,695</u>                                 | <u>145,283</u>                                 | <u>482,363</u>   |

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**Note 14: Leases**

**(a) Amounts recognised in the balance sheet**

|   | 2023             | 2022               |
|---|------------------|--------------------|
|   | \$               | \$                 |
| The balance sheet shows the following amounts relating to leases: |                  |                    |
| <b>Right-of-use asset</b>   |                  |                    |
| - Properties  |                  |                    |
| At cost   | 4,006,841        | 2,107,520          |
| Less: Accumulated depreciation                                    | <u>(569,120)</u> | <u>(1,732,528)</u> |
|   | <u>3,437,721</u> | <u>374,992</u>     |
| Balance at 1 July 2021  |                  | 851,736            |
| Depreciation  |                  | (480,336)          |
| Foreign currency exchange difference                              |                  | 3,592              |
| Balance at 30 June 2022   |                  | <u>374,992</u>     |
| Balance at 1 July 2022  |                  | 374,992            |
| Addition  |                  | 3,552,183          |
| Depreciation  |                  | (495,787)          |
| Foreign currency exchange difference                              |                  | 6,333              |
| Balance at 30 June 2023   |                  | <u>3,437,721</u>   |

|                          | 2023             | 2022           |
|--------------------------|------------------|----------------|
|                          | \$               | \$             |
| <b>Lease liabilities</b> |                  |                |
| Current                  | 617,845          | 385,818        |
| Non-current              | <u>2,808,799</u> | <u>26,399</u>  |
|                          | <u>3,426,644</u> | <u>412,217</u> |

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2022 were as follows:

|                        | Within 1 year    | 1-2 year        | 2-3 year        | 3-5 year         | Total            |
|------------------------|------------------|-----------------|-----------------|------------------|------------------|
|                        | \$               | \$              | \$              | \$               | \$               |
| <b>At 30 June 2023</b> |                  |                 |                 |                  |                  |
| Lease payments         | 733,838          | 747,176         | 789,260         | 1,482,859        | 3,753,133        |
| Finance charges        | <u>(115,993)</u> | <u>(93,051)</u> | <u>(67,718)</u> | <u>(49,727)</u>  | <u>(326,489)</u> |
| Net present value      | <u>617,845</u>   | <u>654,125</u>  | <u>721,542</u>  | <u>1,433,132</u> | <u>3,426,644</u> |
| <b>At 30 June 2022</b> |                  |                 |                 |                  |                  |
| Lease payments         | 392,137          | 26,423          | -               | -                | 418,560          |
| Finance charges        | <u>(6,319)</u>   | <u>(24)</u>     | -               | -                | <u>(6,343)</u>   |
| Net present value      | <u>385,818</u>   | <u>26,399</u>   | -               | -                | <u>412,217</u>   |

**(b) Amounts recognised in the statement of profit or loss**

|   | 2023           | 2022           |
|---|----------------|----------------|
|   | \$             | \$             |
| The statement of profit or loss shows the following amounts relating to leases: |                |                |
| <b>Depreciation charge of right-of-use asset</b>                                |                |                |
| Right-of-use asset  | <u>495,787</u> | <u>480,336</u> |
| Interest expense (included in finance cost)                                     | 27,785         | 34,385         |
| Expense relating to short-term leases   | <u>117,216</u> | <u>152,689</u> |

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**Note 15: Trade and Other Payables**

|                  | 2023<br>\$        | 2022<br>\$       |
|------------------|-------------------|------------------|
| <b>Current</b>   |                   |                  |
| Trade Payables   | 4,075,994         | 2,998,165        |
| Accrued Expenses | 10,032,312        | 3,345,751        |
| Sundry Payables  | 343,440           | 389,068          |
|                  | <u>14,451,746</u> | <u>6,732,984</u> |

**Note 16: Borrowings**

|  | 2023<br>\$ | 2022<br>\$       |
|--|------------|------------------|
| <b>Current</b>                           |            |                  |
| Bank borrowings - Trade finance facility | -          | 1,455,481        |
|  | <u>-</u>   | <u>1,455,481</u> |

**Note 17: Provisions**

|                                  | 2023<br>\$       | 2022<br>\$       |
|----------------------------------|------------------|------------------|
| <b>Short Term Provisions</b>     |                  |                  |
| Leave Entitlement <sup>(1)</sup> | 2,170,373        | 1,745,564        |
| Make Good                        | -                | 250,000          |
|                                  | <u>2,170,373</u> | <u>1,995,564</u> |
| <b>Long Term Provisions</b>      |                  |                  |
| Leave Entitlement <sup>(1)</sup> | 113,947          | 99,592           |
|                                  | <u>113,947</u>   | <u>99,592</u>    |

<sup>(1)</sup> Leave Entitlement Provision represents provision for employee entitlements relating to annual leave and long service leave. 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. The measurement and recognition criteria relating to employee benefits have been included in Note 1.

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**Note 18: Contract Liabilities**

|   | 2023             | 2022             |
|---|------------------|------------------|
|   | \$               | \$               |
| Unearned revenue relating to energy services            | 2,647,160        | 2,255,381        |
| Unearned revenue relating to telecommunication services | 261,976          | 332,345          |
|   | <u>2,909,136</u> | <u>2,587,726</u> |

The amounts recognised as a contract liability will generally be utilised within the next reporting period.

|   |                  |                  |
|---|------------------|------------------|
| Opening contract liabilities                      | 2,587,726        | 2,137,110        |
| Contract liabilities extinguished during the year | (28,981,947)     | (24,311,177)     |
| Contract liabilities accrued for the year         | 29,303,357       | 24,761,793       |
| Closing contract liabilities                      | <u>2,909,136</u> | <u>2,587,726</u> |

**Note 19: Issued Capital**

|  | 2023              |                   | 2022              |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | Number            | \$                | Number            | \$                |
| <b>(a) Ordinary Shares</b>               |                   |                   |                   |                   |
| Issued and Fully Paid                    | 11,202,857        | 10,338,420        | 11,235,613        | 10,481,668        |
| Issued and Partially Paid <sup>(1)</sup> | 140,000           | 34,440            | 140,000           | 17,640            |
|  | <u>11,342,857</u> | <u>10,372,860</u> | <u>11,375,613</u> | <u>10,499,308</u> |

**(b) Movements in Ordinary Shares on Issue**

|                                      |                   |                   |                   |                   |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Balance at the beginning of the year | 11,375,613        | 10,499,308        | 11,375,613        | 10,488,388        |
| Received related to ESOP shares      | -                 | 16,800            | -                 | 10,920            |
| Share buy back on market             | (32,756)          | (143,248)         | -                 | -                 |
| Balance at the end of the year       | <u>11,342,857</u> | <u>10,372,860</u> | <u>11,375,613</u> | <u>10,499,308</u> |

<sup>(1)</sup> The issue of shares under the 2009 Employee Shares Ownership Plan (2009 ESOP) has been treated as issue of share options in accordance with the pronouncement of the International Financial Reporting Interpretations Committee. Where the company funds the acquisition of its own shares via a loan to employees with recourse only to the shares, it is treated as an option grant and accounted for under AASB 2 Share-based Payment. No loan or equity is booked initially. The Company has effectively given the employee an option exercisable sometime in the future to buy a share at a set price. For information relating to shares issued under the 2009 ESOP during the financial year, refer to Note 25(a).

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the company does not have authorised capital nor par value in respect of its issued shares.

Ordinary shares carry one vote per share and carry the right to dividends.

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**Note 19: Issued Capital (continued)**

**(c) Capital Management**

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's capital includes ordinary shares supported by financial assets, and structured debt facilities.

Management 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. These responses include the management of debt levels, distributions to shareholders, buy-back shares and share issues.

In the year, a voluntary share buy-back initiative was undertaken. The directors felt this was an appropriate investment as it was thought the Company share price was undervalued. As at 30 June 2023, the Company bought back on market and subsequently cancelled a total of 32,756 ordinary shares at an average price of \$4.37 per share. The Board believes this added value to the Company. Future buy-back will be considered if the price aligns with the principle of optimising the Company's capital deployment for the advantage of its existing shareholders.

There are no externally imposed capital requirements for the group.

Apart from the above, there have been no changes in the strategy adopted by management to control the capital of the group since the prior year.

**Note 20: Reserves**

|  | 2023           | 2022              |
|--|----------------|-------------------|
|  | \$             | \$                |
| <b>Foreign Currency Translation Reserve</b>  |                |                   |
| The foreign currency translation reserve records exchange differences arising on translation of foreign controlled entities.                 |                |                   |
| Balance at the beginning of the year   | (22,640)       | (2,860)           |
| Gain/(loss) on translation of overseas controlled entities   | 18,398         | (19,780)          |
| Balance at the end of the year   | <u>(4,242)</u> | <u>(22,640)</u>   |
| <b>Employee Equity Benefits Reserve</b>  |                |                   |
| The employee equity benefits reserve records the value of equity benefits provided to employees and directors as part of their remuneration. |                |                   |
| Balance at the beginning of the year   | 17,234         | 17,234            |
| Balance at the end of the year   | <u>17,234</u>  | <u>17,234</u>     |
| <b>Cash flow Hedge Reserve</b>   |                |                   |
| Balance at the beginning of the year   | 35,304,145     | 3,703,158         |
| Cash flow hedge (loss)/gain recognised in equity (net of tax)  | (34,655,280)   | 31,600,987        |
| Balance at the end of the year   | <u>648,865</u> | <u>35,304,145</u> |
| <b>Total Reserves</b>  | <u>661,857</u> | <u>35,298,739</u> |

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**Note 21: Contingent Liabilities**

As at 30 June 2023 the consolidated entity has issued bank guarantees totalling \$11,011,297 (2022: 5,296,676) for which term deposits are held to secure this amount.

Apart from the bank guarantees, there are no contingent liabilities as at the date of signing of this report.

**Note 22: Related Party Transactions**

Information relating to controlled entities is set out in Note 12. Transactions occurred between certain of these entities during the period, all of which are eliminated from the consolidated accounts.

During the year, the Company has paid loan standby fee totalling \$16,027 (2022: \$6,164) on normal commercial terms and conditions no more favourable than those available to other parties, to Chiao-Heng (Charles) Huang.

During the year, the Company has paid loan standby fee totalling \$247 (2022: \$822) on normal commercial terms and conditions no more favourable than those available to other parties, to Jeffrey Ma.

During the year, the Company has paid loan standby fee totalling \$247 (2022: \$96) on normal commercial terms and conditions no more favourable than those available to other parties, to Steven Goodarzi.

During the year, the Company has paid loan standby fee totalling \$986 (2022: \$384) on normal commercial terms and conditions no more favourable than those available to other parties, to Bing Zhou.

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**Note 23: Fair Value of Financial Instruments**

|                                  | 2023<br>\$     | 2022<br>\$        |
|----------------------------------|----------------|-------------------|
| <b>Current Assets</b>            |                |                   |
| Derivative financial instruments | 938,546        | 50,434,492        |
|                                  | <u>938,546</u> | <u>50,434,492</u> |
| <b>Current Liabilities</b>       |                |                   |
| Derivative financial instruments | -              | 10,488            |
|                                  | <u>-</u>       | <u>10,488</u>     |

At balance date, the Company has a number of derivative financial instruments which are recorded at fair value in the Statement of Financial Position.

|  | Fair Value<br>\$    | Carrying<br>Amount<br>\$ |
|--|---------------------|--------------------------|
| <b>Current Assets</b>  |                     |                          |
| Derivative financial instruments   |                     |                          |
| Opening Balance  |                     |                          |
| - Designated   | 50,434,492          | 50,434,492               |
|  | <u>50,434,492</u>   | <u>50,434,492</u>        |
| Acquired   | 11,597              | 11,597                   |
| Recognised in the statement of profit or loss and other comprehensive income | <u>(49,507,543)</u> | <u>(49,507,543)</u>      |
| Closing Balance  |                     |                          |
| - Designated   | 926,949             | 926,949                  |
| - Non designated   | 11,597              | 11,597                   |
|  | <u>938,546</u>      | <u>938,546</u>           |
| <b>Current Liabilities</b>   |                     |                          |
| Derivative financial instruments   |                     |                          |
| Opening Balance  |                     |                          |
| - Non designated   | 10,488              | 10,488                   |
|  | <u>10,488</u>       | <u>10,488</u>            |
| Recognised in the statement of profit or loss and other comprehensive income | <u>(10,488)</u>     | <u>(10,488)</u>          |
| Closing Balance  |                     |                          |
| - Designated   | -                   | -                        |
| - Non designated   | -                   | -                        |
|  | <u>-</u>            | <u>-</u>                 |

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**Note 23: Fair Value of Financial Instruments**

These financial instruments are classified as "Level 2" instruments per the fair value hierarchy in AASB 13. Level 2 refers to instruments where the fair value is determined using inputs other than quoted prices other than those traded on an active market.

|   | Carrying<br>Amount<br>\$ | Level 2<br>\$  | Total<br>\$    |
|---|--------------------------|----------------|----------------|
| <b>Financial assets</b>                           |                          |                |                |
| Derivative financial instrument                   |                          |                |                |
| - Energy derivatives - cash flow hedges           | 926,949                  | 926,949        | 926,949        |
| - Foreign currency derivatives - cash flow hedges | 11,597                   | 11,597         | 11,597         |
|   | <u>938,546</u>           | <u>938,546</u> | <u>938,546</u> |
| <b>Financial liabilities</b>                      |                          |                |                |
| Derivative financial instrument                   |                          |                |                |
| - Energy derivatives - cash flow hedges           | -                        | -              | -              |
| - Foreign currency derivatives - cash flow hedges | -                        | -              | -              |
|   | <u>-</u>                 | <u>-</u>       | <u>-</u>       |

The fair value of the instruments has been determined by reference to comparable similar instrument prices as at the balance sheet date.

The instruments include Cap and Swap agreements mitigating exposure to significant increases in energy prices over the next twelve months.

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**Note 24: Directors and Executives Disclosures**

**(a) Remuneration of Key Management Personnel**

|                              | 2023             | 2022             |
|------------------------------|------------------|------------------|
|                              | \$               | \$               |
| Short-term Employee Benefits | 1,885,732        | 1,495,981        |
| Long-term Employee Benefits  | 142,444          | (5,318)          |
| Post-employment Benefits     | 129,094          | 121,345          |
|                              | <u>2,157,270</u> | <u>1,612,008</u> |

The remuneration paid to the key management personnel is detailed in the Directors' Report.

**Note 25: Employee Benefits**

**(a) Employee Share Ownership Plan**

The 2009 Employee Share Ownership Plan, which was implemented on 30 November 2009, was amended and approved by shareholders at the Annual General Meeting on 30 November 2015 (2009 ESOP).

The 2009 ESOP aims to motivate, retain and attract quality employees and directors of the company to create commonality of purpose between the employees and directors and the company. The ESOP is operated by way of the company issuing new shares to participants, with an amount equal to the subscription price for those shares being loaned to the participant by the company. That loan secured by the company taking security over the shares which are subject to a holding lock period of five years, is interest free with recourse only to the shares. The loan is to be repaid over time by the participant (whether through dividends, specific payments to reduce the loan, or on sale of the underlying shares).

Shares issued under the 2009 ESOP will rank from the date of issue equally with the other shares in the company then on issue.

All shares issued pursuant to the 2009 ESOP are held by a trustee appointed by the company in trust for the participant until such time as the loan is repaid. The loan becomes immediately repayable in the event of dismissal, resignation, death or retirement of the participant. 60% of all dividends and distributions made in respect of the shares must be applied towards repayment of the loan. Voting rights attached to the shares may only be exercised by the trustee holder in the best interest of the participant.

On 15 December 2020, a total of 140,000 shares were granted to an employee of the company under the 2009 ESOP.

For accounting purposes, the share issue under the 2009 ESOP has been treated as option grant and the value of the options vested has been accounted for and included in the result of the period. Any repayment of the loan will be treated as partial payment to be applied towards the payment of shares issued under the 2009 ESOP.

The fair value of the option grant relating to the 2009 ESOP is estimated at the date of grant using a Black-Scholes Options Pricing Model applying the following inputs:

|                                 |         |
|---------------------------------|---------|
| Number of Options on Issue      | 140,000 |
| Exercise Price                  | \$1.350 |
| Time to Maturity                | 3 years |
| Underlying Share Price          | \$1.340 |
| Expected Share Price Volatility | 24.73%  |
| Risk-free Interest Rate         | 0.87%   |
| Dividend Yield                  | 5.97%   |

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**Note 25: Employee Benefits (continued)**

**(a) Employee Share Ownership Plan (continued)**

|                      | Number of<br>shares | Exercise Price<br>\$ |
|----------------------|---------------------|----------------------|
| ESOP shares in issue |                     |                      |
| - At started of year | 140,000             | 1.350                |
| - At year ended      | <u>140,000</u>      | <u>1.350</u>         |

The number of ESOP shares on issue represents the number of shares issued under the 2009 ESOP on 15 December 2020. The expected life of the shares is based on historical data, which may not eventuate in the future. The expected share price volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the Remuneration Report on pages 12-15.

**(b) Superannuation Plan**

The company contributes to employee superannuation plans in accordance with contractual and statutory requirements.

|   | 2023<br>\$     | 2022<br>\$     |
|---|----------------|----------------|
| Defined contribution superannuation expense | <u>645,429</u> | <u>675,593</u> |

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## Note 26: Financial Instruments and Financial Risk Management Objectives and Policies

The group undertakes transactions in a range of financial instruments including:

- Cash assets;
- Trade and other receivables;
- Trade and other payables;
- Investments; and
- Derivative financial instruments.

The main risks arising from the group's financial instruments are energy price risk, interest rate risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks.

### (a) Energy Price Risk

The group is exposed to energy price risk associated with the purchase and/or sale of electricity, gas and environmental products. The group manages energy risk through an established risk management framework consisting of policies to place appropriate risk limits on overall energy market exposures and transaction limits for approved energy commodities, requirements for delegations of authority on trading, regular reporting of exposures and segregation of duties.

It is the group's policy to actively manage the energy price exposure arising from both forecast energy supply and retail customer energy load. The Group's risk management policy for energy price risk is to hedge forecast future positions for up to 12 months into the future.

Exposures to fluctuations in the wholesale market energy prices are managed through the use of various types of hedge contracts including derivative financial instruments, such as energy swaps, caps and options.

The Group uses the following types of derivative instruments to mitigate energy price risk.

- Forwards: A contract documenting the underlying reference rate (such as benchmark price or exchange rate) to be paid or received on a notional principal obligation at a future date.
- Futures: An exchange-traded contract to buy or sell an asset for an agreed price at a future date. Futures are net-settled in cash without physical delivery of the underlying asset.
- Swaps: A contract in which two parties exchange a series of cash flows for another.
- Options: A contract in which the buyer has the right, but not the obligation, to buy (a call option) or sell (a put option) an instrument at a fixed price in the future. The seller has the corresponding obligation to fulfil the transaction if the buyer exercises the option.

Derivatives are carried on the balance sheet at fair value. Movements in the price of the underlying variables, which cause the value of the contract to fluctuate, are reflected in the fair value of the derivative.

The Group currently uses Cashflow hedge accounting relationships as detailed below:

#### *Objective of hedging arrangement*

To hedge our exposure to variability in the cash flows of a recognised asset or liability, or a highly probable forecast transaction caused by commodity price movements.

#### *Effective hedge portion*

The effective portion of changes in the fair value of derivatives designated as cash flow hedges are recognised in the hedge reserve.

#### *Hedge ineffectiveness*

Certain determinants of fair value, such as credit charges included in derivatives, or mismatches between the timing of the instrument and the underlying item in the hedge relationship, can cause hedge ineffectiveness. Any ineffectiveness is recognised immediately in profit or loss as a change in the fair value of derivatives.

#### *Hedged item sold or repaid*

Amounts accumulated in the hedge reserve are transferred immediately to profit or loss.



**Note 26: Financial Instruments and Financial Risk Management Objectives and Policies**  
(continued)

(a) Energy Price Risk (continued)

*Hedging instrument expires, is sold, is terminated or no longer qualifies for hedge accounting*

The amount previously deferred in the hedge reserve is only transferred to profit or loss when the hedged item is also recognised in profit or loss.

Set out below are the fair values of derivatives designated in hedge accounting relationships at reporting date.

|                | Current<br>Assets<br>\$ | Current<br>Liabilities<br>\$ |
|----------------|-------------------------|------------------------------|
| Cashflow Hedge | 938,546                 | -                            |
|                | <u>938,546</u>          | <u>-</u>                     |

A number of derivative contracts have been designated as cash flow hedges of the Group's exposure to foreign exchange, interest rate and commodity price fluctuations. Designated derivatives include swaps, options, futures and forwards.

|  | Electricity              | Gas                  | RECs               | FX               |                     |
|--|--------------------------|----------------------|--------------------|------------------|---------------------|
| Nominal hedge volume                                   | 169,008 MWh              | 298,640 GJ           | -                  | PHP 12M          |                     |
| Hedge rates  | \$93.50 -<br>\$145.00    | \$14.20 -<br>\$23.58 | -                  | 38.20 -<br>38.20 |                     |
| <b>Carry amounts</b>                                   | <b>Electricity</b><br>\$ | <b>Gas</b><br>\$     | <b>RECs</b><br>\$  | <b>FX</b><br>\$  | <b>Total</b><br>\$  |
| Hedging instrument - assets                            | 668,575                  | 258,374              | -                  | 11,597           | 938,546             |
| Hedge reserve  | 468,002                  | 180,862              | -                  | -                | 648,864             |
| <b>Fair value increase/(decrease)</b>                  |                          |                      |                    |                  |                     |
| Hedging instrument                                     | (36,149,467)             | (11,686,326)         | (1,671,750)        | 22,085           | (49,485,458)        |
| Hedged item  | 36,149,467               | 11,686,326           | 1,671,750          | -                | 49,507,543          |
| Hedge ineffectiveness                                  | <u>-</u>                 | <u>-</u>             | <u>-</u>           | <u>22,085</u>    | <u>22,085</u>       |
| <b>Reconciliation of hedge reserve</b>                 |                          |                      |                    |                  |                     |
| Effective portion of hedge gains                       | (36,149,467)             | (11,686,326)         | (1,671,750)        | -                | (49,507,543)        |
| Tax relating to gain in fair value of cash flow hedges | 10,844,841               | 3,505,898            | 501,525            | -                | 14,852,264          |
| Change in hedge reserve                                | <u>(25,304,626)</u>      | <u>(8,180,428)</u>   | <u>(1,170,225)</u> | <u>-</u>         | <u>(34,655,279)</u> |

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**Note 26: Financial Instruments and Financial Risk Management Objectives and Policies**  
(continued)

**(b) Interest Rate Risk**

The group's exposure to interest rate risk is the risk that the financial instrument's value will fluctuate as a result of changes in market interest rates. The effective weighted average interest rates on those financial assets is as follows:

|  | Note | Total<br>\$       | Average<br>Effective<br>Interest Rate |
|--|------|-------------------|---------------------------------------|
| <b>2023</b>                                |      |                   |                                       |
| Financial Assets                           |      |                   |                                       |
| Cash                                       | 8    | 22,071,358        | 1.48%                                 |
| Trade and other receivables <sup>(1)</sup> | 9    | 18,372,142        | 0.00%                                 |
| Bank deposit <sup>(1)</sup>                | 10   | 11,011,297        | 3.71%                                 |
|  |      | <u>51,454,797</u> |                                       |
| Financial Liabilities                      |      |                   |                                       |
| Trade and other payables <sup>(2)</sup>    | 15   | 14,451,746        | 0.00%                                 |
| Borrowing <sup>(2)</sup>                   | 16   | -                 | 11.40%                                |
|  |      | <u>14,451,746</u> |                                       |
| <b>2022</b>                                |      |                   |                                       |
| Financial Assets                           |      |                   |                                       |
| Cash                                       | 8    | 5,264,938         | 0.00%                                 |
| Trade and other receivables (1)            | 9    | 18,154,730        | 0.00%                                 |
| Bank deposit (1)                           | 10   | 5,296,676         | 0.35%                                 |
|  |      | <u>28,716,344</u> |                                       |
| Financial Liabilities                      |      |                   |                                       |
| Trade and other payables (2)               | 15   | 6,732,985         | 0.00%                                 |
| Borrowing (2)                              | 16   | 1,455,481         | 11.40%                                |
|  |      | <u>8,188,466</u>  |                                       |

<sup>(1)</sup> Loans and receivables category

<sup>(2)</sup> Financial liabilities at amortised cost category, excluding GST payable

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**Note 26: Financial Instruments and Financial Risk Management Objectives and Policies**  
(continued)

**(c) Foreign Currency Risk**

The group operates internationally and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the US dollar, NZ dollar and Philippine Peso.

Foreign exchange risk arises from future commercial transactions and net investments in foreign operations.

The transactional currency exposure will be minimised by seeking economically favourable local suppliers. When it is required, the group will enter into forward exchange contracts to reduce and minimise its currency exposures.

Foreign currency risk also arises on translation of the net assets of our non Australian controlled entities which have different functional currency. The foreign currency gains or losses arising from this risk are recorded through the foreign currency translation reserve. The group does not seek to hedge this exposure taking consideration of current net investment position.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

|                     | Assets         |                | Liabilities    |               |
|---------------------|----------------|----------------|----------------|---------------|
|                     | 2023           | 2022           | 2023           | 2022          |
| <b>Consolidated</b> |                |                |                |               |
| US dollars          | 19,273         | 18,432         | 117,494        | 18,920        |
| New Zealand dollars | 17,790         | 17,461         | -              | -             |
| Philippine Peso     | 238,547        | 153,530        | 43,100         | 3,622         |
|                     | <u>275,610</u> | <u>189,423</u> | <u>160,594</u> | <u>22,542</u> |

**(d) Credit Risk**

The group's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the consolidated statement of financial position.

Trade receivables consist of residential and business customers. Prior to contracting, customers must agree to and successfully pass a credit check and all results are individually assessed for approval by our credit team under the credit risk management policy. In the event that a credit check result is declined by our credit team all offers of supply and sale are withdrawn from the customers.

The group does not have any significant credit risk exposure to any single counter-party or any group of counter-parties having similar characteristics. In addition, receivable balances are monitored on an ongoing basis.

There are no significant concentrations of credit risk within the group.

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**Note 26: Financial Instruments and Financial Risk Management Objectives and Policies**  
(continued)

**(e) Liquidity Risk**

The group's objective is to be self-funding by the generation of positive cash flow. The group manages liquidity risk by monitoring cash flow requirements on a continuing basis.

**Remaining contractual maturities**

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. Both interest and principal cash flows are disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

|  | 1 year or less<br>\$ | Between 1<br>and 2 years<br>\$ | Between 2<br>and 5 years<br>\$ | Total<br>\$  |
|--|----------------------|--------------------------------|--------------------------------|--------------|
| <b>2023</b>                                  |                      |                                |                                |              |
| <b>Non-derivatives financial assets</b>      |                      |                                |                                |              |
| <i>Non-interest bearing</i>                  |                      |                                |                                |              |
| Trade and other receivables                  | 18,372,142           | -                              | -                              | 18,372,142   |
| <i>Interest-bearing</i>                      |                      |                                |                                |              |
| Cash and cash equivalents                    | 22,071,358           | -                              | -                              | 22,071,358   |
| Bank Deposits                                | 11,011,297           | -                              | -                              | 11,011,297   |
| <b>Non-derivatives financial liabilities</b> |                      |                                |                                |              |
| <i>Non-interest bearing</i>                  |                      |                                |                                |              |
| Trade and other payables                     | (14,451,746)         | -                              | -                              | (14,451,746) |
| <i>Interest-bearing</i>                      |                      |                                |                                |              |
| Borrowing                                    | -                    | -                              | -                              | -            |
| Total non-derivatives                        | 37,003,051           | -                              | -                              | 37,003,051   |
| <b>Derivatives financial assets</b>          |                      |                                |                                |              |
| <i>Non-interest bearing</i>                  |                      |                                |                                |              |
| Derivatives held at fair value               | 938,546              | -                              | -                              | 938,546      |
| <b>Derivatives financial liabilities</b>     |                      |                                |                                |              |
| <i>Non-interest bearing</i>                  |                      |                                |                                |              |
| Derivatives held at fair value               | -                    | -                              | -                              | -            |
| Total derivatives                            | 938,546              | -                              | -                              | 938,546      |

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**Note 26: Financial Instruments and Financial Risk Management Objectives and Policies**  
(continued)

(e) Liquidity Risk (continued)

|  | 1 year or less<br>\$ | Between 1<br>and 2 years<br>\$ | Between 2<br>and 5 years<br>\$ | Total<br>\$       |
|--|----------------------|--------------------------------|--------------------------------|-------------------|
| <b>2022</b>                                  |                      |                                |                                |                   |
| <b>Non-derivatives financial assets</b>      |                      |                                |                                |                   |
| <i>Non-interest bearing</i>                  |                      |                                |                                |                   |
| Trade and other receivables                  | 18,154,730           | -                              | -                              | 18,154,730        |
| <i>Interest-bearing</i>                      |                      |                                |                                |                   |
| Cash and cash equivalents                    | 5,264,938            | -                              | -                              | 5,264,938         |
| Bank Deposits                                | 5,296,676            | -                              | -                              | 5,296,676         |
| <b>Non-derivatives financial liabilities</b> |                      |                                |                                |                   |
| <i>Non-interest bearing</i>                  |                      |                                |                                |                   |
| Trade and other payables                     | (6,732,985)          | -                              | -                              | (6,732,985)       |
| <i>Interest-bearing</i>                      |                      |                                |                                |                   |
| Borrowing                                    | 11.40% (1,455,481)   | -                              | -                              | (1,455,481)       |
| Total non-derivatives                        | <u>20,527,878</u>    | <u>-</u>                       | <u>-</u>                       | <u>20,527,878</u> |
| <b>Derivatives financial assets</b>          |                      |                                |                                |                   |
| <i>Non-interest bearing</i>                  |                      |                                |                                |                   |
| Derivatives held at fair value               | 50,434,492           | -                              | -                              | 50,434,492        |
| <b>Derivatives financial liabilities</b>     |                      |                                |                                |                   |
| <i>Non-interest bearing</i>                  |                      |                                |                                |                   |
| Derivatives held at fair value               | (10,488)             | -                              | -                              | (10,488)          |
| Total derivatives                            | <u>50,424,004</u>    | <u>-</u>                       | <u>-</u>                       | <u>50,424,004</u> |

As at 30 June 2023, the group maintained a total \$33,082,655 in cash balance and bank deposits.

**Note 26: Financial Instruments and Financial Risk Management Objectives and Policies**  
(continued)

(f) Summarised Sensitivity Analysis

**Energy Price Risk**

The sensitivity analysis is based on energy price risk exposures arising from the electricity and gas prices from 10 per cent movement in the wholesale market with all other variables remaining constant.

A sensitivity of 10 per cent has been selected as this is considered reasonable given the current level of market contract price and the volatility observed both on an historical basis and market expectations for future movements.

|                     | Year Ended 30 June 2023 |                    |                  |                    | Year Ended 30 June 2022 |                    |                  |                    |
|---------------------|-------------------------|--------------------|------------------|--------------------|-------------------------|--------------------|------------------|--------------------|
|                     | Profit/Loss             |                    | Equity           |                    | Profit/Loss             |                    | Equity           |                    |
|                     | +10%                    | -10%               | +10%             | -10%               | +10%                    | -10%               | +10%             | -10%               |
|                     | \$                      | \$                 | \$               | \$                 | \$                      | \$                 | \$               | \$                 |
| (Decrease)/increase |                         |                    |                  |                    |                         |                    |                  |                    |
| - Electricity       | 4,858,029               | (4,858,029)        | 4,858,029        | (4,858,029)        | 2,606,716               | (2,606,716)        | 2,606,716        | (2,606,716)        |
| - Gas               | (470,982)               | 470,982            | (470,982)        | 470,982            | (1,284,665)             | 1,284,665          | (1,284,665)      | 1,284,665          |
|                     | <u>4,387,047</u>        | <u>(4,387,047)</u> | <u>4,387,047</u> | <u>(4,387,047)</u> | <u>1,322,051</u>        | <u>(1,322,051)</u> | <u>1,322,051</u> | <u>(1,322,051)</u> |

**Interest Rate Risk**

The following sensitivity analysis is based on interest rate exposures arising from the effect on interest income on net average balance of cash and cash equivalents and term deposits from 50 basis point (0.5%) movement in interest rates during the year.

A sensitivity of plus or minus 50 basis point (0.5%) has been selected as this is considered reasonable given the current level of both short term and long term Australian interest rates.

|                              | Year Ended 30 June 2023 |                 |               |                 | Year Ended 30 June 2022 |                 |               |                 |
|------------------------------|-------------------------|-----------------|---------------|-----------------|-------------------------|-----------------|---------------|-----------------|
|                              | Profit/Loss             |                 | Equity        |                 | Profit/Loss             |                 | Equity        |                 |
|                              | +0.5%                   | -0.5%           | +0.5%         | -0.5%           | +0.5%                   | -0.5%           | +0.5%         | -0.5%           |
|                              | \$                      | \$              | \$            | \$              | \$                      | \$              | \$            | \$              |
| <i>Financial Assets</i>      |                         |                 |               |                 |                         |                 |               |                 |
| Cash and cash equivalents    | 47,841                  | (47,841)        | 47,841        | (47,841)        | 21,512                  | (21,512)        | 21,512        | (21,512)        |
| Other assets - term deposit  | 28,539                  | (28,539)        | 28,539        | (28,539)        | 14,863                  | (14,863)        | 14,863        | (14,863)        |
| <i>Financial Liabilities</i> |                         |                 |               |                 |                         |                 |               |                 |
| Borrowings                   | (2,547)                 | 2,547           | (2,547)       | 2,547           | (2,547)                 | 2,547           | (2,547)       | 2,547           |
| Increase/(decrease)          | <u>73,833</u>           | <u>(73,833)</u> | <u>73,833</u> | <u>(73,833)</u> | <u>33,828</u>           | <u>(33,828)</u> | <u>33,828</u> | <u>(33,828)</u> |

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**Note 26: Financial Instruments and Financial Risk Management Objectives and Policies  
(continued)**

**(f) Summarised Sensitivity Analysis (Continued)**

**Foreign Exchange Risk**

The sensitivity analysis is based on foreign currency risk exposures on financial instruments and net foreign investment balances as at reporting date. Foreign currency risk arising from financial instruments represents a financial risk.

A sensitivity of 10 per cent has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on an historical basis and market expectations for future movements.

|                     | Year Ended 30 June 2023 |       |         |       | Year Ended 30 June 2022 |        |          |        |
|---------------------|-------------------------|-------|---------|-------|-------------------------|--------|----------|--------|
|                     | Profit/Loss             |       | Equity  |       | Profit/Loss             |        | Equity   |        |
|                     | +10%                    | -10%  | +10%    | -10%  | +10%                    | -10%   | +10%     | -10%   |
|                     | \$                      | \$    | \$      | \$    | \$                      | \$     | \$       | \$     |
| (Decrease)/increase | (7,319)                 | 8,946 | (7,319) | 8,946 | (10,620)                | 12,980 | (10,620) | 12,980 |
|                     | (7,319)                 | 8,946 | (7,319) | 8,946 | (10,620)                | 12,980 | (10,620) | 12,980 |

**Note 27: Segment Reporting**

The consolidated entity has identified its operating segments based on the internal reports and that are reviewed and used by the chief operating decision makers in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on revenue stream. Discrete financial information about each of those operating business is reported on a monthly basis.

The consolidated entity operates in the provision of retail electricity and gas services to residential and businesses and of the of pre-paid mobile and related services in Australia. However, the revenue contributed by pre-paid mobile and related services is minimal. Therefore, management has concluded that the consolidated entity has one reportable segment, being the provision of retail electricity and gas services.

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**Note 28: Parent Entity Disclosures**

|                                   | Company           |                  |
|-----------------------------------|-------------------|------------------|
|                                   | 2023<br>\$        | 2022<br>\$       |
| Current assets                    | 24,226,505        | 6,169,687        |
| <b>Total assets</b>               | <u>29,580,147</u> | <u>7,338,553</u> |
| Current liabilities               | 5,652,489         | 4,269,131        |
| <b>Total liabilities</b>          | <u>8,483,133</u>  | <u>4,351,167</u> |
| Issued capital                    | 10,372,860        | 10,499,308       |
| Employee equity benefits reserve  | 17,234            | 17,234           |
| Retained earnings                 | 10,706,920        | (7,529,156)      |
| <b>Shareholders' equity</b>       | <u>21,097,014</u> | <u>2,987,386</u> |
| <b>Profit for the year</b>        | <u>20,511,199</u> | <u>9,457,574</u> |
| <b>Total comprehensive income</b> | <u>20,511,199</u> | <u>9,457,574</u> |

**Parent entity contingencies**

The details of all contingent liabilities in respect to TPC Consolidated Limited are disclosed in Note 21.

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1.

**Note 29: Events Subsequent to the End of the Financial Year**

After careful consideration and evaluation of the Group's business activities, the directors have decided to cease the pre-paid mobile and related services with effect from 31 July 2023. This decision comes in light of a year-on-year decline in mobile revenue, which has been attributed to the ongoing intense competition within the pre-paid mobile market over the past few years. The Group's management believes that this strategic shift will allow the organisation to focus its resources on areas which greater growth potential and enhance overall operational efficiency.

On 25 August 2023, the directors declared a fully franked final dividend for the year ended 30 June 2023 of 30 cents per share to be paid on 19 September 2023, a total estimated distribution of \$3,402,857 based on the number of ordinary shares on issue as at 5 September 2023.

Apart from the above, The directors are not aware of any matter or circumstance, occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**Note 30: Company Details**

The Company is incorporated and domiciled in Australia.

The registered office and principal place of business of the Company is:  
Suite 2905, Level 29, 225 George Street, Sydney NSW 2000, Australia

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## Directors' Declaration



The directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, accompanying notes, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date.
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

A handwritten signature in black ink, appearing to read "G. McCann".

Greg McCann  
Chairman

A handwritten signature in black ink, appearing to read "Chiao-Heng Huang".

Chiao-Heng (Charles) Huang  
Managing Director

Sydney, 25 August 2023

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## Independent Auditor's Report

### To the Members of TPC Consolidated Limited

#### Report on the audit of the financial report

##### Opinion

We have audited the financial report of TPC Consolidated Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

##### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

## Key audit matters

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

| Key audit matter  | How our audit addressed the key audit matter  |
|---|---|
| <b>Contract asset recognition – Note 9</b>  |   |
| <p>Contract Assets of \$8,969,044 disclosed in Note 9 of the financial statements represents the value of electricity and gas supplied to customers between the date of the last meter reading and the reporting date, where no bill has been issued by TPC's subsidiary CovaU to the customer at the reporting date.</p> <p>Detailed calculations utilising estimates of the electricity and gas consumption of CovaU's customers and applicable pricing plans are used to estimate contract assets.</p> <p>This area is a key audit matter due to the significant estimation uncertainty involved in determining the estimated customer consumption between the last invoice date and the end of the reporting period to determine the gas and electricity contract assets at the reporting date and the application of pricing assumptions to the calculation including energy losses.</p> | <p>For contract assets, our procedures included, amongst others:</p> <ul style="list-style-type: none"><li>• Obtained an understanding of the key controls management has in place to determine and review the estimate of contract assets;</li><li>• Compared the Group's previous estimates against subsequent billings to evaluate the historical accuracy of the Group's calculations and estimates;</li><li>• Agreed management's reconciliation of purchase volumes to revenue volumes recognised;</li><li>• Challenged management's calculations and assumptions and comparing:<ul style="list-style-type: none"><li>- average pricing rates used in the accrual calculation to historical and current rates;</li><li>- internally generated estimates of physical energy loss levels through the distribution process to published industry averages; and</li></ul></li><li>• Assessed the adequacy of the Group's disclosures in respect of contract assets.</li></ul> |
| <b>Accrued Expenses – Note 15</b>   |   |
| <p>Management estimates energy consumption between the date of the last invoice from the energy distributor to the Group, and the end of the reporting period when estimating accrued network expenses.</p> <p>Detailed calculations utilising estimates of the electricity and gas consumption of CovaU's customers are used to determine the estimate of accrued network expenses.</p> <p>This area is a key audit matter due to the significant estimation uncertainty involved in determining the estimated customer consumption between the last invoice date and the end of the reporting period to determine distribution costs payable at the reporting date.</p>   | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"><li>• Obtained an understanding of the process flows and key controls management has in place to determine the estimate of the accrued network expenses;</li><li>• Tested the volume of wholesale energy purchased by the Group to AEMO and network invoices on a sample basis;</li><li>• Reconciled purchase volumes to consumption volumes recognised;</li><li>• Compared post period-end invoices to management's estimate of accrued expenses; and</li><li>• Assessed the appropriateness and adequacy of the disclosures in the financial report.</li></ul>  |

### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1\\_2020.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf). This description forms part of our auditor's report.

### Report on the remuneration report

#### Opinion on the remuneration report

We have audited the Remuneration Report included in pages 12 to 15 of the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of TPC Consolidated Limited, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

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**Responsibilities**

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

Grant Thornton Audit Pty Ltd  
Chartered Accountants

S M Thomas  
Partner – Audit & Assurance

Sydney, 25 August 2023

## Shareholder Information



Shareholder information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows.

### (a) Shares and Options as at 21 August 2023

| Equity Security | Number     |
|-----------------|------------|
| Shares on issue | 11,342,857 |

### (b) Distribution of Equity Securities as at 21 August 2023

| Range            | Class of Equity Securities |                       |                     |
|------------------|----------------------------|-----------------------|---------------------|
|                  | Ordinary Shares Holders    | Ordinary Shares Units | % of Issued Capital |
| 1 - 1,000        | 276                        | 204,813               | 1.81                |
| 1,001 - 5,000    | 88                         | 220,738               | 1.95                |
| 5,001 - 10,000   | 19                         | 146,861               | 1.29                |
| 10,001 - 100,000 | 39                         | 1,315,049             | 11.59               |
| 100,001 and over | 17                         | 9,455,396             | 83.36               |
| Total            | 439                        | 11,342,857            | 100.00              |

There were 26 holders of less than a marketable parcel of 848 ordinary shares.

### (c) Substantial Shareholders as at 21 August 2023

| Rank | Shareholder                   | Number of Shares | % of Issued Capital |
|------|-------------------------------|------------------|---------------------|
| 1    | Mr Chiao Heng Huang           | 4,163,393        | 36.70               |
| 2    | Mr Barry Christopher Chan     | 700,000          | 6.17                |
| 3    | Focus Capital Finance Limited | 544,500          | 4.80                |
| 4    | Megaway Group Limited         | 544,500          | 4.80                |
| 5    | Mr Guonan Guan                | 440,809          | 3.89                |

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## Shareholder Information



### (d) Twenty Largest Shareholders as at 21 August 2023

| Rank | Shareholder   | Number of Shares | % of Issued Capital |
|------|---|------------------|---------------------|
| 1    | Mr Chiao Heng Huang   | 4,163,393        | 36.70               |
| 2    | Mr Barry Christopher Chan   | 700,000          | 6.17                |
| 3    | Focus Capital Finance Limited                                     | 544,500          | 4.80                |
| 4    | Megaway Group Limited   | 544,500          | 4.80                |
| 5    | Mr Guonan Guan  | 440,809          | 3.89                |
| 6    | Fortune Giant International Limited                               | 424,924          | 3.75                |
| 7    | Mr Bob Cheng  | 379,488          | 3.35                |
| 8    | Mr Jeffrey Wu Kin Ma  | 340,000          | 3.00                |
| 9    | Ms Wei Chun Wu  | 320,000          | 2.82                |
| 10   | CTC Supa Pty Ltd (CTC Superfund A/C)                              | 300,000          | 2.64                |
| 11   | Mr Maobin Guan  | 228,888          | 2.02                |
| 12   | Mrs Xiaohong Xue  | 228,888          | 2.02                |
| 13   | CX & J Pty Ltd (CXJ Superannuation Fund A/C)                      | 227,600          | 2.01                |
| 14   | Mr Steven Goodarzi  | 210,335          | 1.85                |
| 15   | Tel.Pacific ESOP Pty Limited                                      | 140,000          | 1.23                |
| 16   | Global Property Services Pty Limited (Global Property SPL SF A/C) | 137,112          | 1.21                |
| 17   | Mr Chiao Ting Huang   | 124,959          | 1.10                |
| 18   | Mr Gang Gu  | 83,826           | 0.74                |
| 19   | JMM Wealth Management Pty Ltd (Ma Superfund A/C)                  | 83,003           | 0.73                |
| 20   | Dr David George M Welsh   | 80,000           | 0.71                |
|      | Total   | <u>9,702,225</u> | <u>85.54</u>        |

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### Directors

Greg McCann  
Chiao-Heng (Charles) Huang  
Jeffrey Ma  
Steven Goodarzi

### Company Secretary

Jeffrey Ma

### Registered Office

Suite 2905, Level 29, 225 George Street  
Sydney NSW 2000  
Australia  
Telephone (02) 8448 0633  
Facsimile 1300 369 222  
Web Site [www.tpc.com.au](http://www.tpc.com.au)

### Share Registry

Computershare Investor Services Pty Limited  
Level 3, 60 Carrington Street  
Sydney NSW 2000

### Stock Exchange Listing

Australian Securities Exchange Limited  
ASX Code: TPC

### Auditor

Grant Thornton Audit Pty Ltd  
Level 17, 383 Kent Street  
Sydney NSW 2000

### Solicitor

Baker & McKenzie  
Level 46, 100 Barangaroo Avenue  
Sydney NSW 2000

### Banker

Commonwealth Bank  
48 Martin Place  
Sydney NSW 2000

Westpac Banking Corporation  
425 Victoria Avenue  
Chatswood NSW 2067

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