Genex

Renewable Energy, On Tap

2022 Annual Report

GENEX POWER...

CLEAN ENERGY ON DEMAND...

Genex Power Limited is an Australian publicly listed company on the ASX (trading under the code '**GNX**'), focused on developing a portfolio of renewable energy generation and storage projects across Australia. Genex's flagship asset is a 300MW clean energy hub in north Queensland, integrating large-scale solar with pumped storage hydro, with plans to add a further 200MW in wind generation capacity. The 'Kidston Clean Energy Hub' is a world first, innovative integration of intermittent renewable energy with large-scale energy storage creating 'Renewable Energy On Tap'. Genex also owns and operates the 50MW Jemalong Solar Project, located near Forbes in NSW and is constructing the 50MW/100MWh Bouldercombe Battery Project in central Queensland. With the acquisition of the up to 2GW Bulli Creek Battery and Solar Project in south-east Queensland in August 2022, Genex has a development pipeline of up to 2,470MW of renewable energy and storage projects leaving it well placed in its strategy to become a leading renewable energy and storage company in Australia.

TABLE OF CONTENTS

1. CHAIRMAN'S LETTER....4
2. CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS....7
3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE STATEMENT....12
   3.1 Environment....12
   3.2 Climate change position....13
   3.3 Social....13
   3.4 Governance....14
4. DIRECTORS' REPORT....16
5. AUDITOR'S INDEPENDENCE DECLARATION....28
6. REMUNERATION REPORT....29
   6.1 Remuneration report overview....29
   6.2 Overview of KMP remuneration....29
   6.3 Executive Services Agreement....31
   6.4 Statutory and share-based reporting....32
7. CONSOLIDATED FINANCIAL STATEMENTS....35
   7.1 Consolidated Statement of Profit and Loss and Other Comprehensive Income....36
   7.2 Consolidated Statement of Financial Position....37
   7.3 Consolidated Statement of Changes in Equity....38
   7.4 Consolidated Statement of Cash Flows....39
   7.5 Notes to the Consolidated Financial Statements....40
8. DIRECTORS' DECLARATION....92
9. INDEPENDENT AUDITOR'S REPORT....93
10. CORPORATE GOVERNANCE STATEMENT....97
11. ASX ADDITIONAL INFORMATION....112

CORPORATE DIRECTORY....115

1. CHAIRMAN'S LETTER

Dear Shareholders,

On behalf of the Board of Directors of Genex Power Limited (**Genex** or **Company**), it is with great pleasure that I present to you the Annual Report for the 2022 Financial Year (**FY2022** or the **Period**), a year in which the Company continued construction on our flagship Kidston Pumped Storage Hydro Project (**K2H**) and began construction at our 50MW/100MWh Bouldercombe Battery Project (**BBP**) to further our strategy of building a leading, diversified renewable energy and storage company.

FY2022 – A year of significant construction progress

Over the Period, Genex has made significant progress on its two key storage assets – our flagship K2H project, and our first Battery Energy Storage System (**BESS**) development, BBP, both located in Queensland. As Australia's electricity generation mix continues to transition at an accelerating rate towards intermittent renewable energy, we see storage assets becoming of increased importance and value, playing an absolutely critical role in maintaining system stability and security.

The K2H project reached financial close late in FY2021 and the focus over the last 12 months has successfully shifted to the construction phase. I would like to thank all of our stakeholders and the Genex team for their efforts to ensure that our fully funded flagship project remains on schedule and within budget to achieve first generation during the first half of FY2025.

Genex is committed to further diversifying its asset base during the financial year as it achieved financial close for the BBP and began construction in Q1 FY2022. The BBP represents our first investment in BESS technology, an area where we see considerable upside for the Company over the near to long-term. We are very pleased to be partnering with Tesla at BBP, utilising their well-established battery and trading technologies.

Pleasingly, our existing solar assets, the 50MW Kidston Solar Project (**KS1**) and 50MW Jemalong Solar Project (**JSP**), performed strongly during the Period. Both assets were independently recognised as amongst the top performing solar assets in Australia during the Period. Additionally, our strategy to retain exposure to merchant power prices at JSP, coupled with the floor price structure of the KS1 power purchase agreement, has proven to be a sound one for shareholders in an environment of rising wholesale electricity prices.

By 2025, our portfolio of renewable power projects will generate enough clean energy to meet the needs of over 350,000 homes, removing almost two million tonnes per annum of carbon dioxide from our country's emission profile. We expect the portfolio will play an important role in assisting the Queensland Government to meet its 50% renewable energy target by 2030 and meeting the new Federal Government's zero emissions target by 2050.

Ongoing support from our key Stakeholders

I would like to acknowledge the ongoing strong support Genex has received from a number of Federal and State Government entities. The Australian Renewable Energy Agency continues to support Genex via the provision of grant funding toward our projects. In particular, we recognise the Northern Australia Infrastructure Facility and their support of the K2H project through a long-term fixed interest loan. I would also like to acknowledge the Queensland State Government for their commitment to a 20-year revenue support deed for KS1 and for funding of $147m towards the construction of the 275kV transmission line between Guybal Munjan (Mt Fox) and Kidston to support the establishment of the Kidston Clean Energy Hub. The significant and ongoing support from stakeholders reflects the growing focus on renewable energy generation and storage in Australia which, in turn, provides significant growth opportunities for Genex.

Our people, communities and the environment

On behalf of the Board, I would like to thank all of our employees and contractor workforce for their tremendous efforts during the Period. We are proud of the positive contribution that our team has made toward Australia's efforts to decarbonise and we remain deeply cognisant of the importance of our social licence to operate.

Here at Genex, we have a strong focus on local community support, diversity and indigenous engagement within our workforce. Across our K2H and BBP construction projects, over 950 new jobs will be created with local and Indigenous employment prioritised, as they have been on our KS1 and JSP projects. We always seek to work constructively and positively with the communities in which we operate.

Pictured above: K2H Wises Dam – Placement of embankment fill

Outlook for FY2023

As we move into FY2023, the immediate focus for Genex remains on the safe delivery of the K2H and BBP projects. The delivery of these two projects will increase the nameplate capacity of our portfolio by a factor of four to 400MW and importantly, will add 2,100MWh of energy storage in Queensland. This is an impressive achievement that would not have been made possible without the hard work and dedication of our team.

With an ever-increasing focus on the decarbonisation of Australia's economy in line with global ambitions, we will continue to pursue further growth opportunities. Our 200MW Kidston Stage 3 Wind Project (**K3W**) leads a strong pipeline of new projects to further position Genex as a leader in the Australian renewables and energy storage market. The team continues to build on this pipeline with further additions anticipated in FY2023, including the up to 2GW Bulli Creek Battery and Solar Project (**BCP**) which was announced in August 2022.

On Monday 25 July 2022, Genex announced that it had received a non-binding indicative offer from a Consortium comprising Skip Essential Infrastructure Fund and Stonepeak Partners LLC (the **Consortium**) to acquire 100% of the shares issued by Genex for a cash consideration of 23 cents per share by way of a Scheme of Arrangement (**NBIO**). The Board rejected the Consortium's NBIO but continued to engage constructively with the Consortium and on Wednesday 17 August 2022 Genex announced that it had received a revised non-binding indicative offer of 25 cents per share from the Consortium which was otherwise on substantially the same terms as the NBIO. As I write this letter to you today, the Consortium is working their way through a non-exclusive confirmatory due diligence period. I refer you to the Genex Board's announcement to the ASX made on Wednesday 17 August 2022 which outlines the next steps in Genex's engagement with the Consortium.

Finally, on behalf of the Board, I would like to thank all shareholders for their continued support over the last year, particularly those who participated in the capital raising to fund the development of the BBP. I also extend a warm welcome to all new shareholders that have joined us on our journey.

Yours faithfully,

Dr Ralph Craven
Independent Non-Executive Chairman

2. CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS

As Chief Executive Officer of Genex Power Limited (**Genex** or the **Company**), I am pleased to present the Review of Operations for FY2022, a year in which Genex continued to make significant progress towards our goal of becoming a leading renewable energy and storage company in Australia.

Following financial close of the Kidston Pumped Storage Hydro Project (**K2H**) late in FY2021, we have successfully completed mobilisation and preliminaries and commenced the key underground and surface construction activities. I am very pleased to report that we are making good progress across all areas and remain on schedule and within budget to achieve first generation during the first half of FY2025.

K2H is Genex's flagship project, and lies at the heart of our Kidston Clean Energy Hub. The 250MW/2,000MWh pumped storage hydro project will be the first to be developed in Australia in over 40 years and the first developed by the private sector. When completed, it will join the operating 50MW Kidston Solar Project (**KS1**) creating 300MW of renewable energy and storage capacity at the Kidston Clean Energy Hub, with further expansion potential through the 200MW Kidston Stage 3 Wind Project (**K3W**) which is now under development, and the up to 270MW Kidston Stage 2 Solar Project (**K2S**), which is currently in the feasibility stage.

However, as we grow the Company our focus extends well beyond the Kidston Clean Energy Hub. Following the first full year of operations for our 50MW Jemalong Solar Project (**JSP**) in NSW, we also achieved the significant milestone of financial close at the 50MW/100MWh Bouldercombe Battery Project (**BBP**) during the year, in Central Queensland.

BBP represents the Company's first large scale Battery Energy Storage System (**BESS**) project, a technology we see as eminently scalable and therefore in high demand in Australia's National Electricity Market (**NEM**). With our supply partner Tesla, we are on track to achieve first generation by mid-CY2023, with on-site construction works underway. The project is fully funded by a $35m loan from Infradebt Pty Ltd (**Infradebt**) and proceeds from our recent $47m capital raising.

FY2022 has been an extremely busy and productive year for Genex. I would like to pay tribute to all of our staff in Sydney, Brisbane and Kidston for their dedication and unrelenting efforts to help continue to deliver on the Company's strategy.

250MW Kidston Pumped Storage Hydro Project (K2H)

FY2022 represented a year of significant construction progress at the Company's flagship K2H project. K2H is fully funded to commercial operations with construction under a fixed-price lump sum contract with engineering, procurement and construction contractor joint venture partners, McConnell Dowell and John Holland.

Several key construction milestones were achieved during the year, including:

- Completion of site establishment activities, including:
  - Completion of the airstrip upgrades to facilitate fly-in-fly-out operations for construction personnel;
  - Completion of refurbishment works for the Oaks Rush Accommodation Village, including new facility buildings and a 450-bed camp expansion; and
  - Completion of site infrastructure upgrades including communications, power and water supply;
- Successful completion of hydraulic model tests for the 2 x 125MW turbines to be used for the project;
- Completion of the 22kV distribution line for construction power supply with the line fully energised;
- Commencement of underground works, with drilling of the Main Access Tunnel (**MAT**) significantly progressed to 45% completion at year-end. The MAT is a 1.5km long decline tunnel which will be utilised as a construction and permanent access to the underground powerhouse cavern;
- Commencement of construction of the Wises Dam with approximately 15% of the 6km embankment placed at Period-end;
- Commencement of surface blasting for excavation of the Wises Dam Intake Canal;
- Commencement of manufacture of the main inlet valve and draft tube gates for the pump-turbines by Andritz Hydro GmbH;
- Preparation works for the construction of the 250m deep ventilation and cable shafts for the pre-sink works on upper sections of the shafts;
- Successful completion of the full-scale prototype testing for tower one of the suite of 275kV transmission towers by Powerlink Queensland; and
- Geotechnical works for the 186km long 275kV transmission line from Kidston to Guybal Munjan (Mt Fox) under construction by Powerlink Queensland.

As at the date of this report, the K2H project remains within budget and on schedule for energisation in H2 CY2024.

Solar portfolio – 50MW Kidston Solar Project (KS1) and 50MW Jemalong Solar Project (JSP)

Despite reduced irradiance owing to La Nina weather patterns, KS1 continued to perform well throughout the year as one of Australia’s leading solar assets, generating clean renewable energy into the grid. Specifically, the Project delivered $13.04m in total revenue, from net generation of 115,957MWh over the course of the year. The structure of the Queensland Government financial support deed has allowed the project to benefit from markedly increased electricity prices this year.

Similarly, JSP also continued to perform well throughout the Period, generating renewable energy which is sold into the NEM on a merchant basis. Net generation for the year was 107,561MWh, resulting in total revenue for the year of $13.06m. Revenue was comprised of $7.61m from electricity sales, $4.38m from large-scale generation certificates for an average bundled price of $111.53/MWh; and $1.06m of other revenue for the Period. Jemalong's exposure to wholesale electricity prices has ensured the asset has captured recent price rises.

On 30 June 2022 a new $16m subordinated debt facility for the solar portfolio was agreed with Infradebt, with the proceeds to be applied toward a refinancing of the existing subordinated debt facility with the Clean Energy Finance Corporation. This refinancing was subsequently completed in August 2022.

50MW/100MWh Bouldercombe Battery Project (BBP)

The BBP is the first large scale BESS project which is being developed as part of the Company's strategy to broaden our footprint in energy storage beyond K2H. The project achieved the significant milestone of financial close during FY2022 and is now in the construction phase ahead of first generation expected by mid CY2023.

During FY2022, the Company signed two important agreements with Tesla. The Supply Agreement will see Tesla provide 40 of its patented BESS technology, the Megapack, to support the 50MW/100MWh project. The Megapacks are an all-in-one utility-scale energy storage system manufactured in Nevada, USA and shipped to Australia fully factory assembled and tested. The other material agreement, the Autobidder Offtake Agreement, provides the Company access to Tesla's proprietary bidding system and a guaranteed minimum level of revenue to support the debt financing for the project. Importantly, the Autobidder Offtake Agreement will allow Genex to obtain exposure to the merchant revenue streams of the battery, which we see as a highly attractive addition to our portfolio of largely contracted revenues.

200MW Kidston Stage 3 Wind Project (K3W)

Genex signed a Joint Development Agreement with its joint venture partner, Electric Power Development Co. Ltd (**J-POWER**), to continue advancing feasibility works associated with the K3W project, which forms the key next stage of the Kidston Clean Energy Hub.

A 150m Met Mast was installed at the site during the year to collect data to help support modelling of the wind resource. Additionally, grid connection discussions with Powerlink Queensland commenced for the connection into the new 275kV transmission line being constructed for the K2H project. At the end of the Period, the project remained on schedule for a final investment decision by the end of CY2023.

Funding

During the year the Company undertook a $47m equity raising to enable the BBP to achieve financial close. Approximately $40m was raised via a placement to sophisticated, professional and institutional investors, while a further $7m was raised via a Share Purchase Plan for existing shareholders.

In addition, Genex secured a $35m debt facility from Infradebt during FY2022 as part of the BBP project financing. The loan provides for a fixed interest rate over a tenor extending 12 years from the commencement of operations at the BBP. As noted above, on 30 June 2022 the Company secured a new $16m subordinated debt facility with Infradebt for the solar portfolio to support a refinancing of the existing subordinated facility, which was completed in August 2022.

As a result of these debt and equity raisings, as at 30 June 2022 Genex is fully funded to completion of construction of the BBP and the K2H projects, while having sufficient working capital to continue to advance its portfolio development activities.

Acquisition of up to 2GW Bulli Creek Battery and Solar Project (BCP)

Subsequent to Period-end, Genex announced that it had completed the acquisition of 100% of the development rights for the BCP, which represents an up to 2GW, multi-stage battery and solar photovoltaic development in south-east Queensland. The project was selected based upon its proximity to the Queensland-NSW Interconnector, strong marginal loss factors and significant scalable development potential. The first stage of the BCP development is intended to be a BESS project, currently anticipated to be up to 400MW/1,600MWh.

Summary and Outlook

In summary, FY2022 has been a pivotal year for the Company as we ramped up construction of our flagship project and sanctioned our first battery storage project. As we move in to FY2023, we continue to focus on:

- The continued and safe progression of construction activity at the K2H project;
- Delivery of the construction of our BBP project, with energisation expected by early FY2024;
- Progression of our K3W project as the next stage of the Kidston Clean Energy Hub, with activities centred on continuation of land and environmental approvals, construction procurement and commencement of project financing workstreams, ahead of a final investment decision targeted by the end of CY2023;
- The development of the BCP, including conclusion of joint development partnership arrangements for the first stage BESS project at the site; and
- New business and project opportunities that are consistent with the Genex development strategy.

I would again like to acknowledge the support from the Federal Government, through the Northern Australia Infrastructure Facility and Australian Renewable Energy Agency. I would also like to recognise the Queensland State Government for providing a 20-year revenue support deed for KS1 and for supporting the Kidston Clean Energy Hub through its $147m co-funding of the new 275kV transmission line from Kidston to Guybal Munjan (Mt Fox).

Finally, I would like to express my thanks to the Genex Board and to all Genex staff, who have been central to our outstanding achievements in FY2022. I would also like to thank our shareholders for their ongoing support, and I look forward to Genex building on our achievements and delivering another successful year in FY2023.

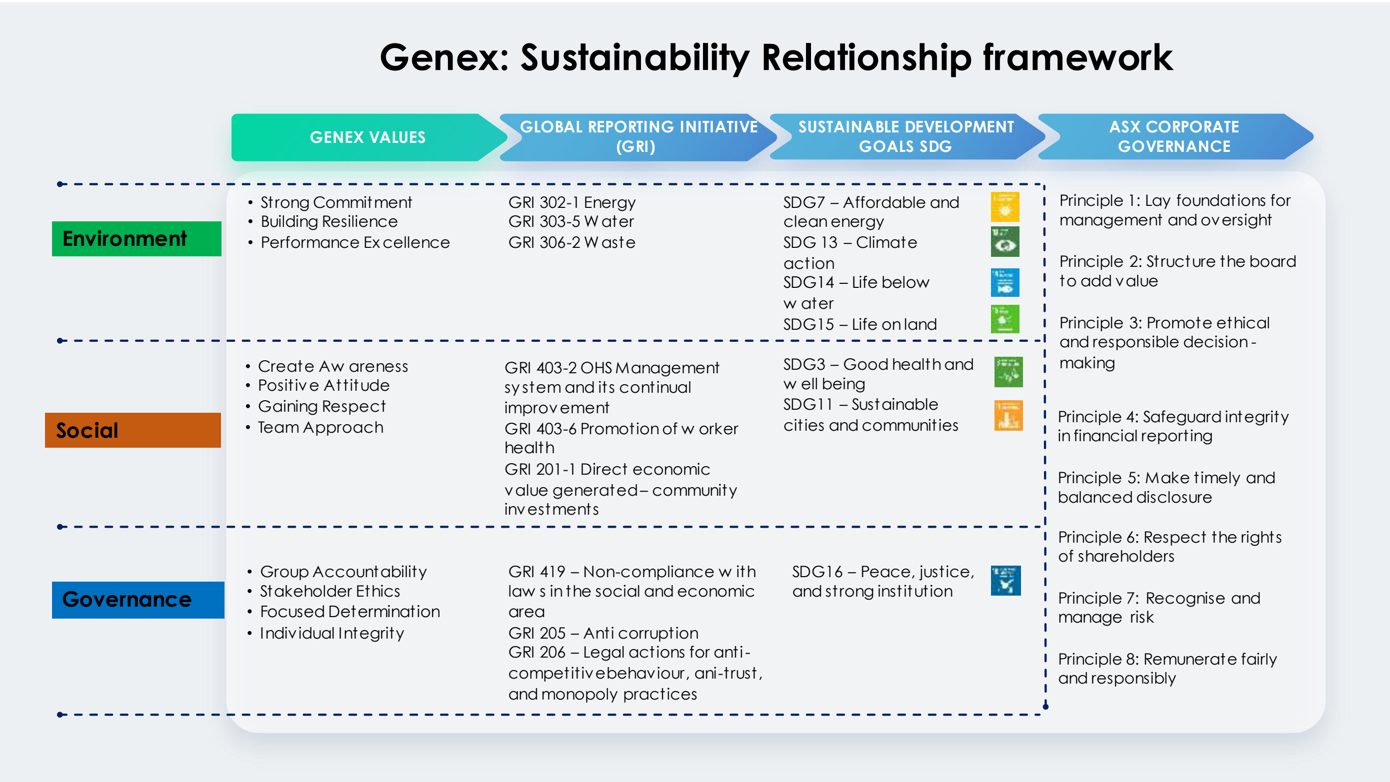
Yours faithfully,

James Harding
Chief Executive Officer

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE STATEMENT

As a leading developer and operator of renewable energy generation and storage projects, Genex Power Limited (**Genex** or the **Company**) is committed to the highest standards of Environmental care, Social responsibility, and good Governance (**ESG**). Genex is pleased to present the Company's ESG Statement to our shareholders, summarising our commitment to maintaining the high standards of sustainability we have set and further improving how our business decisions and policies address opportunities to enhance sound ESG practises.

The Company has developed a 'Genex sustainability relationship framework' which outlines its ESG values, the relationship with the adopted Global Reporting Initiatives and Sustainable Development Goals as well as the relevant ASX Corporate Governance Principles.



3.1 Environment

We are a proud developer of sustainable renewable energy generation and storage projects. By 2025 our portfolio is expected to provide clean energy to over 350,000 homes while also removing almost 2 million tonnes of CO_2 per annum that would otherwise be emitted from the burning of fossil fuels.

We are deeply cognisant of the unique local environments in which we operate. We have a strong focus on minimising the disturbance we create in our operations by:

- Committing to conserving and protecting the environments in which we operate, as illustrated by the 'Recycling and Reuse Programme' which is being implemented at the Kidston Clean Energy Hub;
- Rehabilitating a disused mine site to develop the sustainable and productive Kidston Clean Energy Hub; and
- Increasing our focus on responsible sourcing of raw materials used in the construction of our assets.

3.2 Climate change position

The Company supports the Paris Agreement's central aim to keep a global temperature rise this century well below 2 degrees celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees celsius.

The Company is supportive of the Paris Agreement's objectives and overall global efforts to achieve the aims set out thereunder. Genex is in the early stages of developing a Sustainability Management Plan (**SMP**) which will be used to guide the company in achieving its sustainability goals which will align with those in the Paris Agreement. In Genex's 2023 Annual Report, the Company expects to be in a position to provide a detailed summary of the SMP, the objectives set out therein and the Company's performance against those objectives and how its performance measures up against the Paris Agreement objectives.

3.3 Social

We understand the fundamental importance of our social license to operate as an essential service provider in the transition to a carbon free energy future. Providing a safe working environment for our employees and contractors to work in, respecting the traditional owners of the land on which we operate, and helping to develop regional Australia, principally far north Queensland, are high priorities.

Job creation in our local communities

We are an equal opportunity employer in accordance with our Diversity Policy and as such, the Company does not discriminate based on racial origin, gender, age, ethnicity, marital status, disability, religious or philosophical beliefs, sexual preference or political affiliation.

We have a strong focus on job creation in the local communities in which we operate, by way of:

- Our Indigenous Engagement Strategy at the Kidston Clean Energy Hub, which is promoting Indigenous employment and procurement at the 250MW Kidston Pumped Storage Hydro Project (**K2H**);
- 900 jobs which have been created around the Kidston Clean Energy Hub and along the transmission route to Guybal Munjan (Mt Fox);

- The estimated 42 jobs which will be created at the 50MW Bouldercombe Battery Project;
- 151 jobs which were created at the 50MW Jemalong Solar Project, comprising 68% local, 22% female and 11% Indigenous personnel; and
- 170 jobs which were created during construction at the 50MW Kidston Stage 1 Solar Project, comprising 35% female and 15% Indigenous personnel.

The Indigenous population in the Kidston region is defined as the Ewamian People #3 and is represented by the Ewamian Aboriginal Corporation (**EAC**). Genex has maintained strong engagement with EAC through the development of its projects at Kidston to date. As part of the development of the K2H project, Genex and EAC developed an Indigenous Engagement Strategy to drive Indigenous employment and general engagement in the project. In accordance with this strategy a Sponsorship Agreement was developed between EAC and Genex which provided for a contribution of $536,500 by the Company towards funding the Talaroo Hot Springs Tourism Development. Genex continues its close relationship with EAC through its development of the 200MW Kidston Stage 3 Wind Project.

3.4 Governance

Genex is committed to high standards of corporate governance. The Genex Board is responsible for Genex corporate governance and compliance. The Board's guiding principle in meeting this responsibility is to act honestly, conscientiously and fairly, in accordance with the law, in the interests of shareholders, employees and other stakeholders.

Genex has adopted a Board Charter to give formal recognition of the Board's role and responsibilities and to specify how the Company is governed to promote Genex and protect the interests of shareholders, employees and the broader community. Genex has developed and implemented a suite of policies and codes of conduct to support our drive towards a culture of ethical business behaviour and responsible corporate activity. A select number of these policies provides as follows:

- An Audit and Risk Management Committee Charter to assist the Board of Directors of the Company in fulfilling its financial, risk and general oversight responsibilities;
- A Code of Conduct relating to the Company's obligations to stakeholders where we endeavour to be recognised as an organisation committed to the highest ethical standards in business. This incorporates our responsibilities to shareholders and the financial community, employment practices, fair trading and dealing, responsibilities to the individual, the community and compliance with all provisions of its Constitution, the *Corporations Act 2001*, the ASX Listing Rules and all other applicable rules and legislation;
- A Securities Trading Policy which imposes constraints on key management personnel, as that term is defined in the Remuneration Report, in relation to dealing in the Company's shares or options, warrants, futures or other derivative financial products issued over or in respect of the Company's shares or options;

- A Continuous Disclosure Policy placing obligations and procedures on all Directors, employees and consultants of the Company to ensure the timely and balanced disclosure of all material matters concerning the Company in accordance with the ASX Listing Rules; and
- A Sustainability and Climate Change Policy which ensures the actions of the Company supports its ability to demonstrate sustainability leadership and create long-term value for its shareholders and other stakeholders and is committed to taking actions to assess and reduce its climate change impact.

4. DIRECTORS' REPORT

The Directors present their report, together with the consolidated financial statements, of Genex Power Limited consisting of Genex Power Limited (referred to hereafter as '**Genex**', the '**Company**' or '**Parent Entity**') and the entities it controlled at the end of, or during, the twelve-month period ended 30 June 2022 (the '**Period**') (referred to hereafter as the '**Consolidated Entity**').

Directors

The following persons were Directors of Genex during the whole Period and up to the date of this report, unless otherwise stated:

Dr. Ralph Craven
Mr. Michael Addison (retired 18 October 2021)
Ms. Teresa Dyson
Mr. Simon Kidston
Mr. Ben Guo
Mr. Kenichi Seshimo
Mr. Yongqing Yu

Biographies of each of the Directors are detailed below.

Name: Dr. Ralph Craven
Title: Independent Non-executive Chairman
Qualifications: BE PhD, FIEAust, FIPENZ, FAICD
Special Responsibilities: Member of the Audit and Risk Management Committee and Chair of the People and Remuneration Committee
Other Current Directorships:
None
Former Directorships (last 3 years):
AusNet Services Limited (from 2014 to February 2022)
Senex Energy Limited (from 2011 to April 2022)

Experience and expertise:

Dr. Craven has been a full time non-executive director for over 15 years. He has broad experience in energy, resources, infrastructure and agribusiness. He has served on the boards of many companies, both listed and unlisted. His professional background encompasses electricity and gas businesses, mining, commodities trading, the management of large-scale system operations at the national level and the delivery of major infrastructure projects.

Dr. Craven is currently a Non-executive Director and Chairman of Genex Power Limited (ASX: GNX). He was a Non-executive Director of Senex Energy Limited (ASX: SXY) for over 10 years and AusNet Services Limited (ASX: AST) for over 8 years. Both these companies were taken over via Schemes of Arrangement in early 2022. Some of his previous roles include being a Non-executive Director and Chairman of Ergon Energy Corporation Limited and Stanwell Corporation Limited, Non-executive Director and Deputy Chairman of Arrow Energy Limited, Non-executive Director of Windlab Limited, Mitchell Services Limited and for six years a Non-executive Director on the Council Board of the International Electrotechnical Commission.

Dr. Craven has international experience from roles in Switzerland, Canada and as Chief Executive Officer of Transpower New Zealand Limited. Other senior executive roles include being General Manager of Shell Coal Pty Ltd and Executive Director of NRG Asia Pacific Limited.

Name: Teresa Dyson
Title: Non-executive Director
Qualifications: (LLB (Hons), BA, MTax, MAppFin, GAICD)
Special Responsibilities: Chair of the Audit and Risk Management Committee and Member of the People and Remuneration Committee
Other Current Directorships:
Seven West Media Limited (from 2017)
Shine Justice Limited (from 2020)
Former Directorships (last 3 years):
Consolidated Tin Mines Limited (2019-2020)

Experience and expertise:

Teresa is a Director and Audit and Risk Committee Chair of ASX-listed Seven West Media Ltd (2017 – present) and a Non-executive Director of Shine Justice Ltd (ASX: SJL) from February 2020 to present. Teresa is also a Director of Energy Qld Ltd, Brighter Super, National Housing Finance and Investment Corporation and the Gold Coast Hospital and Health Board. She is a member of the Foreign Investment Review Board and the Takeovers Panel. Teresa has broad legal experience across infrastructure, financial structuring, social infrastructure and taxation law. Teresa has previously been Chair of the Board of Taxation and a Partner of Ashurst and Deloitte and was named Woman Lawyer of the Year in 2011 by the Women Lawyers Association of Queensland.

Name: Simon Kidston
Title: Non-executive Director
Qualifications: BCom, GradDipAppFin, MAICD
Special Responsibilities: Member of the People and Remuneration Committee
Other Current Directorships:
Lithium Plus Minerals Limited (from November 2021)
QC Copper and Gold Inc. (from February 2022)
Former Directorships (last 3 years):
None

Experience and expertise:

Simon is a founding Director and shareholder of Genex. Prior to Genex, Simon successfully established three ASX-listed companies: Endocoal Limited, Carabella Resources Limited and Estrella Resources Limited.

In addition, Simon has almost 30 years' investment banking experience in Australia and overseas with groups such as Macquarie Bank Limited, HSBC and Helmsec Global Capital Limited. During this period, he assisted companies to grow by accessing capital, negotiating strategic relationships and undertaking acquisitions. He has a Bachelor of Commerce degree and is a Member of the Australian Institute of Company Directors.

Name: Ben Guo
Title: Non-executive Director
Qualifications: BCom, Finance (Hons 1st) and Accounting
Special Responsibilities: None
Other Current Directorships:
None
Former Directorships (last 3 years):
None

Experience and expertise:

Ben has over 10 years' management experience in Australia including over 7 years as Finance Director of Genex. Prior to joining Genex, he held senior financial roles at Helmsec Global Capital Limited and Estrella Resources Limited. Ben has also worked at PwC Corporate Finance and Ernst & Young.

Name: Kenichi Seshimo
Title: Non-executive Director
Qualifications: BSc, Electrical Engineering (KEIO University)
Special Responsibilities: Member of the Audit and Risk Management Committee
Other Current Directorships:
None
Former Directorships (last 3 years):
None

Experience and expertise:

Kenichi has worked in the electric power development and energy industry, in different countries, for more than 30 years. He commenced his career with a leading Japanese trading company where he was involved in various international electric power projects. This included a period in which he was based in Ho Chi Minh City, Vietnam where he was project manager for a gas combined cycle development.

Kenichi has been working at Electric Power Development Co., Ltd (**J-POWER**) since 2004. During his time at J-POWER, Kenichi has been involved in a number of project development and management roles including as a Non-executive Director with CBK (750MW), a pumped storage hydro power project company based in the Philippines, a Non-executive Director of the Chia Hui gas fired power project company (450MW) in Taiwan, Chief Executive Officer of PT Bhimansena Power Indonesia for 2 x 1,000MW ultra super critical coal thermal power projects (project cost US$4 billion) in Indonesia and more recently as Chief Operating Officer of J-POWER Australia Pty Limited.

Name: Yongqing Yu
Title: Non-executive Director
Special Responsibilities: None
Other Current Directorships:
Zhefu Holding Group (from 2013)
Former Directorships (last 3 years):
None

Experience and expertise:

Yongqing is the Vice Chairman of Shenzhen-listed Zhefu Holding Group (**Zhefu**). Zhefu is the largest private hydroelectric electrical and mechanical equipment manufacturer in China and it is the holding company of Asia Ecoernergy Development Limited. Yongqing has been a key member of Zhefu since the company's inception. He is a senior engineer and has extensive experience in hydro projects. Yongqing has been involved in many significant projects including the Shuangling Hydropower Project in Liaoning Province, the Wanmipo Hydropower Project in Hunan Province and the Changzhou Hydropower Project in the Guangxi Zhuang Autonomous Region of China.

Name: Justin Clyne
Title: Company secretary
Qualifications: LLM (UNSW) ACIS, AGIA, MAICD

Experience and expertise:

Justin was admitted as a Solicitor of the Supreme Court of New South Wales and High Court of Australia in 1996 before gaining admission as a Barrister in 1998. He has 15 years of experience in the legal profession, acting for a number of the country's largest corporations, initially in the areas of corporate and commercial law before dedicating himself full-time to the provision of corporate advisory and company secretarial services.

Justin is a Director and/or Secretary of a number of public listed and unlisted companies. He has significant experience and knowledge in international law, the Corporations Act, the ASX Listing Rules and corporate regulatory requirements generally. Justin holds a Master of Laws in International Law from the University of New South Wales and is a qualified Chartered Company Secretary and a Member of the Australian Institute of Company Directors.

Dividends

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

Principal activities

The Consolidated Entity's principal activities during the Period comprised the operation of the 50MW Kidston Stage 1 Solar Farm (**KS1**) in Queensland and the 50MW Jemalong Solar Project (**JSP**) in NSW, the construction of the 250MW/2,000MWh Kidston Pumped Storage Hydro Project (**K2H**) and the 50MW/100MWh Bouldercombe Battery Project (**BBP**), with both projects located in Queensland, and the development of the 200MW Kidston Stage 3 Wind Project (**K3W**).

Operating and financial review

Financial review

The Consolidated Entity's net loss after taxation attributable to the members of Genex was $4,063,429 and the total comprehensive gain attributable to the members of Genex was $19,734,428 for the period ended 30 June 2022. The Directors of Genex have resolved not to recommend a dividend for the period ended 30 June 2022.

The loss per share for the Consolidated Entity for the Period was 0.35 cents per share (for the period ended 30 June 2021: loss of 3.08 cents).

A summary of the financial performance and position of the Consolidated Entity during the Period is as follows:

- Revenue and other income of $27.19m, an increase of 26% versus the prior corresponding period, was driven by the JSP completing construction and operating at full capacity for the entire Period and elevated pricing in wholesale electricity markets particularly during 2H FY2022 (and absence of one-off grant funding items as received in the prior corresponding period);
- Net loss before tax of $4.06m, driven by the depreciation of the enlarged portfolio of completed construction assets (FY2021: net loss of $18.73m); and
- Cash and cash equivalents as at 30 June 2022 of $62.85m, excluding term deposits or bank guarantees, leaves the Consolidated Entity well positioned to continue to progress the construction of K2H and BBP, and the advancement of the K3W project at the Kidston Clean Energy Hub.

Solar portfolio review (KS1 and JSP)

The Period saw continued operation of KS1 and the first full year contribution from JSP, with both projects operating well despite persisting La Nina weather patterns. Generation performance for the Period is summarised as follows:

- KS1 generated 115,957MWh, a 4% decrease on the prior corresponding period (FY2021: 120,955MWh); and
- JSP commenced full operations from 1 July 2022 generating 107,561MWh (FY2021: 11,898MWh).

K2H review

During the Period, the Company made significant progress on the construction of the flagship K2H project. Major construction milestones reached during the Period included:

- Completion of site establishment activities:
- Successful completion of hydraulic model tests for the 2 x 125MW turbines to be used for the project;

- Completion of the 22kV distribution line for construction power supply with the line fully energised;
- Commencement of underground works, with drilling of the Main Access Tunnel significantly progressed to 45% completion at year-end;
- Commencement of construction of the Wises Dam with approximately 15% of the 6km embankment placed at year-end;
- Commencement of surface blasting for excavation of Wises Dam Intake Canal;
- Commencement of manufacture of the main inlet valve and draft tube gates for the pump-turbines by Andritz Hydro GmbH;
- Preparation works for the construction of the 250m deep ventilation and cable shafts for the pre-sink works on upper sections of the shafts;
- Successful completion of the full-scale prototype testing for tower one of the suite of 275kV transmission towers by Powerlink Queensland; and
- Geotechnical works for the 186km long 275kV transmission line from Kidston to Guybal Munjan (Mt Fox) under construction by Powerlink Queensland.

As at the date of this report, the K2H project remains within budget and on schedule for energisation in H2 CY2024.

BBP review

During the Period Genex also significantly advanced the development of the BBP, the first standalone large-scale battery project in the Company's portfolio, with the following major milestones achieved:

- Execution of a Supply Agreement with Tesla Motors Australia Pty Ltd (**Tesla**) for the supply of its Megapack 2.0 battery modules (**Supply Agreement**);
- Execution of an Autobidder Offtake Agreement with Tesla, under which Tesla will operate the BBP with its Autobidder algorithm-based technology and guarantee a minimum level of revenues, with upside sharing;
- Execution of a Bi-directional Service Provider Connection and Access Agreement for the BBP with Powerlink Queensland;
- Execution of a Loan Note Subscription Agreement with Infradebt Pty Ltd (**Infradebt**) for a $35m senior debt facility for the project; and
- On 28 February 2022, reached financial close for the BBP.

As at the date of this report, the BBP remains on schedule for energisation in mid-CY2023 and within budget.

Other material events during the Period

Other material events which occurred during the Period included:

- On 23 February 2022, Genex announced completion of a capital raising by way of a $40m placement to institutional and sophisticated investors (**Capital Raising**);
- Concurrent with the Capital Raising, Genex announced the launch of a $10m share purchase plan to allow shareholders to participate in the Capital Raising, which closed on 21 March 2022 raising a total of $7m at a price of $0.1441 per share; and
- On 30 June 2022 a new $16m subordinated debt facility was agreed with Infradebt, with the proceeds to be applied toward a refinancing of the existing subordinated debt facility with the Clean Energy Finance Corporation.

Significant changes in the state of affairs

In the 12 months to 30 June 2022, Genex made significant progress in the construction of K2H and BBP, the latter of which reached financial close and commenced construction in February 2022, and continued to advance the development of the K3W project.

Significant events after the balance date

The following material events have occurred since Period end:

- Completion of the acquisition of the up to 2GW Bulli Creek Battery and Solar Project in south-east Queensland (**BCP**) (refer *ASX Announcement dated 10 and 11 August 2022*);
- Completion of the drawdown of the new subordinated loan facility with Infradebt and the refinancing of the existing subordinated loan facility with Clean Energy Finance Corporation (refer *ASX Announcement dated 16 August 2022*); and
- On 25 July 2022, the Company received a non-binding indicative proposal from a consortium of Skip Essential Infrastructure Fund and Stonepeak Partners LLC (the **Consortium**) for the acquisition of 100% of Genex shares at a price of $0.23 per share. Since the proposal was received:
    - On 1 August 2022, the Company announced that its Board had rejected the proposal on the basis that it undervalued Genex and therefore was not in the best interest of shareholders, but that it was willing to engage constructively with the Consortium to explore whether the Consortium can submit a revised proposal that is capable of being recommended to Genex shareholders by the Board; and

- On 17 August 2022, the Company announced that it had received a revised non-binding indicative proposal from the Consortium for the acquisition of 100% of Genex shares at a price of $0.25 per share and otherwise on similar terms to the initial proposal. The announcement noted that after careful consideration of the revised proposal (including consultation with Genex's advisers), the Board considered that it is in the interests of Genex shareholders as a whole to engage further with the Consortium. Accordingly, the Board decided to provide the Consortium with the opportunity to conduct confirmatory due diligence in order to assist the Consortium to provide a binding proposal to the Board. The provision of due diligence was to be on a non-exclusive basis and subject to the terms of a confidentiality agreement between the Consortium and Genex.

Other than as disclosed above, there have been no other material events or circumstances which have arisen since 30 June 2022 that have significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Likely developments and expected results

Genex is currently focussed on the continued delivery of the construction of the K2H and BBP projects, while rapidly progressing the development of the K3W project and the first stage of the BCP, being a large-scale battery energy storage system.

Environmental regulation

Australia is experiencing the impacts of climate change, which vary across the country. Australia's climate is projected to continue to change into the future as outlined in the State of the Climate report produced by the Bureau of Meteorology and CSIRO. Some of the impacts sighted in the report include:

- Australia's climate has warmed by about 1.4 degrees celsius since 1910, leading to an increase in the frequency of extreme heat events;
- Warming has occurred across Australia in all months, with both day and night-time temperatures increasing;
- This long-term warming trend means that most years are now warmer than almost any observed during the 20th century; and
- Australia's warmest year on record was 2019, and the seven years from 2013 to 2019 all rank among the nine warmest years.

Genex supports Australia's updated Nationally Determined Contribution (**NDC**) commitment made under the Paris Agreement to the Executive Secretary of the United Nations Framework Convention on Climate Change (**UNFCCC**) to reduce greenhouse gas emissions by 43 percent below 2005 levels by 2030 which will put Australia on track to achieve net zero emissions by 2050. Genex will contribute by aiming to achieve 2 million tonnes of CO_2 abatement by 2025 through the development of its committed project portfolio.

Genex supports the Paris Agreement's central aim to keep a global temperature rise this century well below 2 degrees celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees celsius. Genex is supportive of the Paris Agreement's objectives and overall global efforts to achieve the aims set out thereunder. Genex is in the early stages of developing a Sustainability Management Plan (**SMP**) which will be used to guide the company in achieving its sustainability goals which will align with those in the Paris Agreement. In Genex's 2023 Annual Report, the Company expects to be in a position to provide a detailed summary of the SMP, the objectives set out therein and the Company's performance against those objectives and how its performance measures up against the Paris Agreement objectives.

The Kidston Clean Energy Hub site is covered by Mining Lease No. 3347 and Environmental Authority (**EA**) No. EPML00817013 which were originally granted to Kidston Gold Mines Limited (**KGML**) under the *Environmental Protection Act (1994) (QLD)* (**EP Act**) at a time when KGML was a subsidiary of Barrick Gold Corporation and the site was operated as a gold mine. The EA has operative provisions relating to:

- General;
- Air;
- Water;
- Noise and vibration;
- Regulated dams; and
- Land and rehabilitation.

The K2H project also operates within Appendix 1 Imposed Conditions stipulated in the Coordinator-General's Office (**CGO**) evaluation report on the impact assessment. The report was prepared pursuant to section 34L of the *State Development and Public Works Organisation Act 1971 (Qld)* (**SDPWO Act**). Appendix 1 outlines the conditions imposed by the Coordinator-General under section 54B of the SDPWO Act and includes:

- Schedule 1 – Water Releases;
- Schedule 2 – Community and stakeholder engagement; and
- Schedule 3 – Third Party Audit.

In accordance with section 54B(3) of the SDPWO Act, the CGO has nominated the Department of Environment and Science (**DES**) (the administering authority for the EP Act) as the entity with jurisdiction for the conditions listed in Appendix 1, Schedule 1 – Water Releases of the evaluation report.

Some of the provisions of the EA are inconsistent with Genex's current use of the site as an operator and developer of diverse renewable energy and storage projects. Genex, in agreement with DES, has entered into an Environmental Evaluation process with a view to amending certain provisions of the EA to be consistent with Genex's current site use.

Genex has also agreed to, as the holder of environmental authority EPML00817013, submit a proposed Progressive Rehabilitation and Closure Plan (**PRCP**) that meets the requirements in sections 126C and 126D of the EP Act pursuant to section 754 of the EP Act. Genex is required to submit the proposed PRCP and associate PRCP schedule to the administering authority, by 16 September 2024. The process will commence in August of 2022.

Share options

Unissued shares

As at the date of this report, there were 19,350,000 unissued ordinary shares under option. Refer to the Remuneration Report for further details of the options outstanding for Key Management Personnel (**KMP**).

Option holders do not have any right, by virtue of the option, to participate in any share issuance of the Company or any related body corporate.

Shares issued as a result of the exercise of options

During the financial year, no Directors, employees or executives have exercised any options to acquire fully paid ordinary shares in Genex.

Indemnification and insurance of directors and officers

The Company has agreed to indemnify all the Directors and executive officers of the Company for costs incurred, in their capacity as a Director or an executive, for which they may be held personally liable, except where there is a lack of good faith.

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the Directors and executives of Genex against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement (for an unspecified amount) against claims by third parties arising from the audit, to the extent that the relevant claim has not been finally determined to have resulted from the auditors' negligent, wrongful or wilful acts or omissions. No payment has been made to indemnify Ernst & Young Australia during or since the financial year.

Non-audit services

Certain non-audit services were provided by the Company's auditor, Ernst & Young Australia during the Period, for which Ernst & Young Australia received or are due to receive the amounts detailed in the table below:

SERVICES	$
Advisory	150,008
Tax services	98,400
Assurance related	17,160
Total	**265,568**

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Directors' meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	BOARD		AUDIT AND RISK MANAGEMENT COMMITTEE		PEOPLE AND REMUNERATION COMMITTEE	
	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended
Dr. Ralph Craven	19	19	7	7	3	3
Mr. Michael Addison	4	4	2	2	2	2
Ms. Teresa Dyson	19	18	7	7	3	3
Mr. Simon Kidston	19	19	N/A	N/A	3	3
Mr. Ben Guo	19	19	N/A	N/A	N/A	N/A
Mr. Kenichi Seshimo	19	19	5	5	N/A	N/A
Mr. Yongqing Yu	19	-	N/A	N/A	N/A	N/A

[1] 'Held' represents the number of meetings held during the time the director was in office or was a member of the relevant committee

Committee membership

As at the date of this report, the Company had an Audit and Risk Management Committee and a People and Remuneration Committee of the Board of Directors.

Members acting on the committees of the Board during the year were:

AUDIT AND RISK MANAGEMENT COMMITTEE	PEOPLE AND REMUNERATION COMMITTEE
Ms. Teresa Dyson (Chair)	Dr. Ralph Craven (Chair)
Dr. Ralph Craven	Ms. Teresa Dyson
Mr. Michael Addison (retired 18 October 2021)	Mr. Michael Addison (retired 18 October 2021)
Mr. Kenichi Seshimo	Mr. Simon Kidston

Auditor's independence declaration

A copy of the auditor's independence declaration is set out on the following page.

On behalf of the Directors,

Dr Ralph Craven
Independent Non-executive Chairman
29 August 2022
Sydney, Australia

200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

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Auditor's Independence Declaration to the Directors of Genex Power Limited

As lead auditor for the audit of the financial report of Genex Power Limited for the financial year ended 30 June 2022, I declare 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

b) no contraventions of any applicable code of professional conduct in relation to the audit; and

c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Genex Power Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Ryan Fisk

Ryan Fisk
Partner
29 August 2022

6. REMUNERATION REPORT

6.1 Remuneration report overview

The Directors of Genex present the Remuneration Report (the **Report**) for the Company and its controlled entities for the year ended 30 June 2022. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001*. The Report details the remuneration arrangements for Genex's KMP comprising:

- Non-executive Directors (**NEDs**); and
- Executive Directors and senior executives (collectively the **executives**).

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Consolidated Entity.

The table below outlines the KMP of Genex during the Period:

	POSITION	TERM AS KMP
NEDs		
R Craven	Non-executive Chair	Full financial year
M Addison	Non-executive Director	Ceased 18 October 2021
T Dyson	Non-executive Director	Full financial year
S Kidston	Non-executive Director	From 1 January 2022
B Guo	Non-executive Director	From 1 October 2021
K Seshimo	Non-executive Director	Full financial year
Y Yu	Non-executive Director	Full financial year
Executives		
J Harding	Chief Executive Officer	Full financial year
A McGhie	Chief Operating Officer	Full financial year
C Francis	Chief Financial Officer	From 1 October 2021
S Kidston	Executive Director	Ceased 31 December 2021
B Guo	Finance Director	Ceased 30 September 2021

6.2 Overview of KMP remuneration

The Board is responsible for determining and reviewing remuneration arrangements for the Directors and executives.

Executives

The following principles guide the Board's decisions about executive remuneration at Genex:

- Fairness: provide a fair level of reward to all employees;
- Transparency: build a culture of achievement by transparent links between reward and performance; and
- Alignment: promote mutually beneficial outcomes by aligning employee, customer and shareholder interests.

The People and Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of KMP on an annual basis with reference to the remuneration guiding principles and market movements.

In determining the nature and amount of executive remuneration, the People and Remuneration Committee takes into consideration the Genex's financial and operational performance along with industry and market conditions. Genex's remuneration policy aims to align the corporate goals and strategic objectives of the Company with the remuneration paid to executives and considers both short-term and long-term compensation. The Company also recognises that much is required of our small team of executives to accomplish the goals the Company has set for itself.

Remuneration packages for the executives include a mix of fixed remuneration that is appropriate to their position and responsibilities; and performance-based remuneration, in a way that aligns with the business strategy. The fixed component consists of base salary and superannuation. The variable remuneration consists of short-term and long-term incentive opportunities.

Non-executive Directors

The Company's director fee policy is designed to attract and retain high calibre directors who can discharge the roles and responsibilities required in terms of good governance, strong oversight, independence and objectivity. Director fees reflect the demands and responsibilities of the directors. Director fees consist of base fees and committee fees. The payment of a fee as the chair of a committee recognises the additional time commitment required by the Committee Chair who serves on that committee. Dr Craven does not, nor has at anytime, received a fee in respect of chairing the People and Remuneration Committee. NEDs receive fees only and do not participate in any performance-related incentive awards.

Director fees are determined within an aggregate fee pool limit, which is periodically approved by shareholders at the Company's Annual General Meeting (**AGM**). The current maximum aggregate amount that may be paid to Directors for their services is $600,000 per annum. This approved amount is to be divided as agreed amongst the Directors and if in default of agreement, then in equal shares.

Directors may be paid additional fees or other amounts as the People and Remuneration Committee determines where they render or are called upon to perform extra services or to make any special exertions in connection with the affairs of Genex as occurred in the relevant financial year. Directors may also be reimbursed for any disbursements or any other out of pocket expenses properly incurred as a result of their directorship or any special duties.

6.3 Executive Services Agreement

Chief Executive Officer

On 23 June 2016, the Company entered into an Executive Services Agreement (**ESA**) with James Harding in his capacity as Executive General Manager. On 7 May 2018, that Agreement was varied with respect to the remuneration and duties to be performed following Mr. Harding's appointment as Chief Executive Officer (**CEO**), which was varied again effective on 1 May 2021 as part of Mr. Harding's periodic remuneration review. The key terms and conditions of the agreement and variation are summarised below.

- Term: The appointment as CEO commenced on 7 May 2018 and is ongoing subject to the termination provisions;
- Services: Mr. Harding will provide the duties and responsibilities associated with the role of CEO and report to the Board regarding the overall responsibility for the day-to-day management of the business of the Company and with responsibility for overall reporting requirements and regularly reporting to the Board concerning the business and financial position of the Company;
- Remuneration: Mr. Harding receives a gross salary of $420,000 (excluding superannuation) plus a short-term incentive (**STI**) payment of up to 40% of gross salary (inclusive of superannuation) for FY2022 which is reviewed annually. In addition, Mr. Harding may be granted, subject to any necessary shareholder approval, longer-term incentives to provide ongoing service and commitment to the Company;
- Entitlements: Mr. Harding is entitled to 5 weeks of annual leave per annum in addition to other employee entitlements that are customary to an agreement of this nature; and
- Termination: Both Mr. Harding and the Company may terminate the agreement at any time and for any reason by giving 3 months' written notice to the other party. Mr. Harding's employment may otherwise be terminated at any time for cause by notice to J Harding from the Company.

Chief Operating Officer

On 16 July 2015, the Company entered into an ESA with Arran McGhie in his capacity as Chief Operating Officer (**COO**) which was varied effective 1 May 2021 as part of Mr. McGhie's periodic remuneration review. The ESA is substantially on the same terms and conditions as the ESA with the CEO, the material provisions of which are summarised above. Pursuant to his agreement, Mr. McGhie receives a gross salary of $400,000 (excluding superannuation) plus an STI payment of up to 40% of gross salary (inclusive of superannuation) for FY2022 which is reviewed annually.

Chief Financial Officer

On 4 July 2017, the Company entered into an ESA with Craig Francis in his capacity as Commercial Finance Manager. On 1 June 2018, that Agreement was varied with respect to the remuneration and duties to be performed following Mr. Francis' appointment as General Manager - Commercial Finance and was varied again effective on 1 October 2021 upon his appointment as Chief Financial Officer (**CFO**). The ESA is substantially on the same terms and conditions as the ESA with the CEO, the material provisions of which are summarised above. Pursuant to his agreement, Mr. Francis receives a gross salary of $360,000 (excluding superannuation) plus an STI payment of up to 40% of gross salary (inclusive of superannuation) for FY2022 which is reviewed annually.

Executive Directors (Ben Guo and Simon Kidston)

Aside from the differences in remuneration, the former ESAs with Ben Guo and Simon Kidston were substantially on the same terms and conditions as the ESA with the CEO, the material provisions of which are summarised above. During their previous tenure as executives, both Mr. Kidston and Mr. Guo received a gross salary of $360,000 (excluding superannuation) plus an STI payment of up to 40% of gross salary (inclusive of superannuation) for FY2022, on a pro-rata basis for the period upon which they remained as executives.

Consultancy Agreement (Simon Kidston)

In December 2021, the Company entered into a Consultancy Services Contract with Simon Kidston on an arm's length basis to provide consulting services in the fields of investor relations, equity capital markets, media, stakeholder liaison and strategy, in addition to his role as a NED, for a term of six months commencing 1 January 2022 and expiring on 30 June 2022. The contract provides for an hourly rate of $250 plus GST and an overall cap of $48,000 plus GST, unless varied by mutual agreement.

6.4 Statutory and share-based reporting

KMP remuneration for the years ended 30 June 2022 and 30 June 2021

KMP remuneration is summarised in the tables below for FY2022 and FY2021. The additional payments relate to exertion fees to Directors and STI payments to executives. The share-based payments relate to the valuation of options issued to Directors and executives. The employee entitlements relate to annual leave and long service leave entitlements.

FY2022	SHORT-TERM BENEFITS			POST-EMPLOYMENT	LONG-TERM BENEFITS	SHARE-BASED PAYMENTS	TOTAL REMUNERATION
$	SALARY & FEES	ADDITIONAL PAYMENTS	EMPLOYEE ENTITLEMENTS	SUPER-ANNUATION	EMPLOYEE ENTITLEMENTS	SHARE OPTIONS	
NEDs							
R Craven	160,000	-	-	16,000	-	-	176,000
M Addison	26,667	-	-	2,667	-	-	29,334
T Dyson	95,000	-	-	9,500	-	-	104,500
S Kidston	40,000	-	-	4,000	-	-	44,000
B Guo	60,000	-	-	6,000	-	-	66,000
K Seshimo	-	-	-	-	-	-	-
Y Yu	-	-	-	-	-	-	-
Executive Directors							
S Kidston	547,505[2]	67,320	-	27,499	-	-	642,324
B Guo	454,566[3]	191,680[4]	-	40,875	-	-	687,121
Subtotal	**1,383,738**	**259,000**	**-**	**106,541**	**-**	**-**	**1,749,279**
Executives							
J Harding	438,667	147,520	16,448	23,333	22,829	-	648,797
A McGhie	416,667	158,400	21,342	23,333	17,577	-	637,319
C Francis	372,001	150,480	14,668	23,999	8,698	-	569,846
Subtotal	**1,227,335**	**456,400**	**52,458**	**70,665**	**49,104**	**-**	**1,855,962**
Total	**2,611,073**	**715,400**	**52,457**	**177,206**	**49,104**	**-**	**3,605,241**

FY2021	SHORT-TERM BENEFITS			POST-EMPLOYMENT	LONG-TERM BENEFITS	SHARE-BASED PAYMENTS	TOTAL REMUNERATION
$	SALARY & FEES	ADDITIONAL PAYMENTS[5]	EMPLOYEE ENTITLEMENTS	SUPER-ANNUATION	EMPLOYEE ENTITLEMENTS	SHARE OPTIONS	
NEDs							
R Craven	143,333	122,500	-	25,254	-	-	291,087
M Addison	73,333	175,000	-	23,592	-	-	271,925
T Dyson	75,833	52,500	-	12,192	-	-	140,525
K Seshimo	-	-	-	-	-	-	-
Y Yu	-	-	-	-	-	-	-
Executive Directors							
S Kidston	377,550	280,000	18,621	25,000	-	-	701,171
B Guo	362,350	120,000	51,852	25,000	-	-	559,202
Subtotal	**1,032,399**	**750,000**	**70,473**	**111,038**	**-**	**-**	**1,963,910**
Executives							
J Harding	371,912	297,500	59,487	25,000	-	77,026	830,925
A McGhie	375,725	280,000	25,095	25,000	-	-	705,820
Subtotal	**747,637**	**577,500**	**84,582**	**50,000**	**-**	**77,026**	**1,536,745**
Total	**1,780,036**	**1,327,500**	**155,055**	**161,038**	**-**	**77,026**	**3,500,655**

[2] Includes executive salary, a termination payment when Mr. Kidston retired as an executive and consultancy fees
[3] Includes executive salary and a termination payment when Mr. Guo retired as an executive
[4] Includes STI payments paid in FY2022 relating to services performed in FY2021
[5] The exertion fees paid to NEDs in FY2021, were fees paid in respect of actual services provided by the NEDs and are summarised in the Company's 2021 Annual Report

Shareholdings[6] of KMP for the year ended 30 June 2022

	BALANCE AS AT 1 JULY 2021	GRANTED AS REMUNERATION	ON EXERCISE OF OPTIONS	PURCHASES	SOLD	BALANCE AS AT 30 JUNE 2022
R Craven	600,000	-	-	448,188	-	1,048,188
T Dyson	239,737	-	-	346,119	-	585,856
K Seshimo	-	-	-	-	-	-
Y Yu	-	-	-	-	-	-
S Kidston	18,594,431	-	-	69,396	(10,000,000)	8,663,827
B Guo	2,170,681	-	-	-	-	2,170,681
J Harding	-	-	-	-	-	-
A McGhie	-	-	-	-	-	-
C Francis	42,553	-	-	-	-	42,553
Total	**21,647,402**	**-**	**-**	**863,703**	**(10,000,000)**	**12,511,105**
M Addison	24,650,000	-	-	-	-	24,650,000[7]

Option holdings of KMP for the year ended 30 June 2022

	BALANCE AS AT 1 JULY 2021	GRANTED AS REMUNERATION	OPTIONS EXERCISED	EXPIRED	BALANCE AS AT 30 JUNE 2022
R Craven	6,000,000	-	-	(2,000,000)	4,000,000
T Dyson	1,500,000	-	-	-	1,500,000
K Seshimo	-	-	-	-	-
Y Yu	-	-	-	-	-
S Kidston	7,000,000	-	-	(4,000,000)	3,000,000
B Guo	7,000,000	-	-	(4,000,000)	3,000,000
J Harding	5,000,000	-	-	(2,400,000)	2,600,000
A McGhie	-	-	-	-	-
C Francis	2,000,000	-	-	-	2,000,000
Total	**28,500,000**	**-**	**-**	**(12,400,000)**	**16,100,000**
M Addison	7,000,000	-	-	(4,000,000)	3,000,000[8]

[6] Includes shares held directly, indirectly and beneficially by KMP
[7] Includes share movements during the time the director was in office
[8] Includes option movements during the time the director was in office

7. CONSOLIDATED FINANCIAL STATEMENTS

The financial statements cover Genex Power Limited as a Consolidated Entity consisting of Genex Power Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Genex Power Limited's functional and presentation currency.

Genex Power Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered Office
Suite 12.03, Level 12
35 Clarence St
Sydney NSW 2000

A description of the nature of the Consolidated Entity's operations and its principal activities is included in the Directors' Report, which is not part of the financial statements. Defined terms in the Directors' Report have the same meaning as used in the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 August 2022. The Directors have the power to amend and reissue the financial statements.

7.1 Consolidated Statement of Profit and Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE	NOTES	2022	2021
		$	$
Revenue			
Sale of electricity and environmental products and lease income	7	24,800,511	10,630,240
Other income	7	2,392,329	11,020,056
Total revenue		**27,192,840**	**21,650,296**
Expenses			
Project site costs		4,399,842	1,231,197
Project consulting costs		385,089	350,915
Employment expenses	8	5,570,769	5,138,743
Share-based payments	9	-	79,605
Administrative expenses		3,018,018	4,912,392
Depreciation	16	10,145,774	6,253,296
Impairment charges	16	-	16,500,000
Net loss on financial instruments at fair value through profit or loss		-	253,095
Total expenses		**23,519,492**	**34,719,243**
Operating gain/(loss)		**3,673,348**	**(13,068,947)**
Finance costs	10	(7,826,287)	(5,710,628)
Finance income		89,510	53,702
Loss before tax		**(4,063,429)**	**(18,725,873)**
Income tax expense	11	-	-
Loss after income tax expense attributable to the owners of Genex Power Limited		**(4,063,429)**	**(18,725,873)**
Other comprehensive income (OCI) to be reclassified to profit or loss in subsequent periods (net of tax)			
Net gain on cash flow hedges	21	23,797,857	8,329,393
Total comprehensive gain/(loss) attributable to the owners of Genex Power Limited		**19,734,428**	**(10,396,480)**
Loss per share	12		
Basic loss per share		(0.35)	(3.08)
Diluted loss per share		(0.35)	(3.08)

7.2 Consolidated Statement of Financial Position

AS AT 30 JUNE	NOTES	2022	2021
		$	$
Assets			
Current Assets			
Cash and cash equivalents	13	62,854,694	45,447,090
Trade and other receivables	14, 21	3,307,454	1,199,832
Inventory	22	172,500	-
Prepayments		3,209,608	2,747,135
Total Current Assets		**69,544,256**	**49,394,057**
Non-Current Assets			
Bond, deposits and bank guarantee	15, 21	71,942,519	5,030,500
Property, plant and equipment	16	452,015,192	296,233,918
Other non-current financial assets	21, 22	17,310,105	-
Other assets	17	6,376,869	9,083,535
Total Non-Current Assets		**547,644,685**	**310,347,953**
TOTAL ASSETS		**617,188,941**	**359,742,010**
Liabilities			
Current Liabilities			
Trade and other payables	21	13,634,135	11,919,572
Interest-bearing loans and borrowings	18, 21, 22	26,461,544	7,735,557
Short term interest accrued	21	1,465,889	1,159,773
Government grant	19	442,500	442,500
Provisions		2,238,880	519,304
Current lease liabilities	20, 21	483,443	504,127
Total Current Liabilities		**44,726,391**	**22,280,833**
Non-Current Liabilities			
Interest-bearing loans and borrowings	18, 21, 22	358,752,182	182,014,318
Government grant	19	6,416,856	6,859,356
Non-current lease liabilities	20, 21	3,034,065	3,614,025
Other non-current financial assets	21, 22	-	6,487,752
Rehabilitation and restoration provision		3,804,311	3,804,311
Other non-current liabilities		140,118	387,711
Total Non-Current Liabilities		**372,147,532**	**203,167,473**
TOTAL LIABILITIES		**416,873,923**	**225,448,306**
NET ASSETS		**200,315,018**	**134,293,704**
Equity			
Share capital	23	242,072,998	195,786,112
Option reserves	23	4,528,147	4,528,147
Cash flow hedge reserve	21	17,310,105	(6,487,752)
Accumulated losses		(63,596,232)	(59,532,803)
Total Equity		**200,315,018**	**134,293,704**

7.3 Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022	NOTES	ISSUED CAPITAL	OPTIONS RESERVES	CASH FLOW HEDGE RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
		$	$	$	$	$
Balance at 1 July 2021		**195,786,112**	**4,528,147**	**(6,487,752)**	**(59,532,803)**	**134,293,704**
Loss after income tax		-	-	-	(4,063,429)	(4,063,429)
Cash flow hedge reserve	21	-	-	23,797,857	-	23,797,857
Total comprehensive loss for the period		195,786,112	4,528,147	17,310,105	(63,596,232)	154,028,132
Shares issued during the period net issue costs	23	46,286,886	-	-	-	46,286,886
Share-based payments	9	-	-	-	-	-
Balance at 30 June 2022		**242,072,998**	**4,528,147**	**17,310,105**	**(63,596,232)**	**200,315,018**

FOR THE YEAR ENDED 30 JUNE 2021	NOTES	ISSUED CAPITAL	OPTIONS RESERVES	CASH FLOW HEDGE RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
		$	$	$	$	$
Balance at 1 July 2020		**62,542,338**	**4,448,542**	**(14,802,708)**	**(40,806,933)**	**11,381,239**
Loss after income tax		-	-	-	(18,725,873)	(18,725,873)
Cash flow hedge reserve	21	-	-	8,314,956	-	8,314,956
Total comprehensive loss for the period		62,542,338	4,448,542	(6,487,752)	(59,532,803)	970,325
Shares issued during the period net issue costs	23	133,243,774	-	-	-	133,243,774
Share-based payments	9	-	79,605	-	-	79,605
Balance at 30 June 2021		**195,786,112**	**4,528,147**	**(6,487,752)**	**(59,532,803)**	**134,293,704**

7.4 Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE	NOTES	2022	2021
		$	$
Cashflow from operating activities			
Receipts from customers		27,230,274	15,621,185
Payments to suppliers		(12,740,766)	(9,829,841)
Payments to employees		(4,937,349)	(5,432,990)
Interest received		89,510	53,702
Interest and other costs of finance paid		(6,293,488)	(5,606,000)
Government grants and tax incentives		626,537	-
Net cash from / (used in) operating activities	13	**3,974,718**	**(5,193,944)**
Cashflow from investing activities			
Purchase of property, plant and equipment		(234,724,212)	(153,128,545)
Funds invested into term deposit/bank guarantee		(102,608)	(313,112)
Proceeds from disposal of term deposit/bank guarantee		4,458,242	-
Net cash used in investing activities		**(230,368,578)**	**(153,441,657)**
Cashflow from financing activities			
Proceeds from issues of shares	23	48,254,800	139,407,069
Transaction costs related to issues of shares	23	(2,439,605)	(6,163,295)
Proceeds from borrowings	21	212,779,155	9,969,168
Repayment of borrowings	21	(13,886,486)	(4,539,446)
Transaction costs related to loans and borrowings	21	(906,400)	(78,720)
Net cash from financing activities		**243,801,464**	**138,594,776**
Net increase / (decrease) in cash and cash equivalents for the period		**17,407,604**	**(20,040,825)**
Cash and cash equivalents at beginning of the period		45,447,090	65,487,915
Cash and cash equivalents at end of the period	13	**62,854,694**	**45,447,090**

7.5 Notes to the Consolidated Financial Statements

Note 1. Corporate information

The consolidated financial statements of the Consolidated Entity for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 29 August 2022.

Genex is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded. The registered office is located in Sydney, Australia. The Consolidated Entity's principal activities are the development and commercialisation of renewable energy generation and storage projects.

Information on the Consolidated Entity's structure is provided in Note 6. Information on other related party relationships of the Consolidated Entity is provided in Note 27.

Note 2. Significant accounting policies

2.1 Basis of preparation

This financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**).

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to recognise changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in Australian Dollars and all values are rounded to the nearest dollar, except when otherwise indicated.

The Consolidated Entity has prepared the financial statements on the basis that it will continue to operate as a going concern.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Consolidated Entity presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. The consolidated financial statements present reclassified comparative information where required for consistency with the current year's presentation.

Compliance with International Financial Reporting Standards (**IFRS**)

This financial report also complies with IFRS as issued by the International Accounting Standards Board (**IASB**).

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2022. Control is achieved when the Consolidated Entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Consolidated Entity controls an investee if, and only if, the Consolidated Entity has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Consolidated Entity has less than a majority of the voting or similar rights of an investee, the Consolidated Entity considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Consolidated Entity's voting rights and potential voting rights.

The Consolidated Entity re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Consolidated Entity obtains control over the subsidiary and ceases when the Consolidated Entity loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the consolidated financial statements from the date the Consolidated Entity gains control until the date the Consolidated Entity ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (**OCI**) are attributed to the equity holders of the Company of the Consolidated Entity and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Consolidated Entity's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Consolidated Entity are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Consolidated Entity loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 Summary of significant accounting policies

a) Current versus non-current classification

The Consolidated Entity presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Classified as cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Consolidated Entity classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) Fair value measurement

The Consolidated Entity measures financial instruments such as derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Consolidated Entity.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interests.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Consolidated Entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Consolidated Entity determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For purposes of fair value disclosures, the Consolidated Entity has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

c) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Consolidated Entity expects to be entitled in exchange for those goods or services. The Consolidated Entity has generally concluded that it is the principal in its revenue arrangements, because it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of electricity and environmental products

Revenue from the sale of electricity and environmental products is recognised at the point in time when control of the asset is transferred to the buyer and the Consolidated Entity has the right to be compensated.

d) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

e) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

f) Share-based payments

Employees and Directors of the Consolidated Entity receive remuneration in the form of share-based payments, whereby they render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 9.

That cost is recognised as an expense in the statement of profit or loss, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Consolidated Entity's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Consolidated Entity's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the Consolidated Entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 12).

g) Taxes

Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in Australia where the Consolidated Entity operates and generates taxable income.

Australian Tax consolidation legislation

Genex and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2005.

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The head entity has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Consolidated Entity relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emissions.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if facts and circumstances change or new information arises. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Consolidated Entity offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Goods and Services Tax (**GST**)

Expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

h) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprises cash at bank and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits which are freely available for use, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Consolidated Entity's cash management.

i) Inventories

Inventories reflect Large Scale Generation Certificates (**LGCs**) which have been generated but not yet sold. LGCs held for trading purposes are measured at fair value less costs to sell at the end of the financial year, adjusted for known market forces with changes in fair value recognised in the profit or loss. LGCs are valued with reference to market spot price data. Upon sale, the difference between the sale price and the book value of inventory is recorded as a component of revenue.

j) Property, plant and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Consolidated Entity depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgements, estimates and assumptions (Note 3) for further information about the recognised decommissioning provision.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Renewable energy projects: 20 to 30 years;
- Right-of-use assets: over the lease term;
- Land: indefinite;
- Motor vehicle: less than 5 years; and
- Furniture and fittings: less than 5 years.

The Consolidated Entity reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the Consolidated Entity considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values.

An item of property, plant and equipment and any significant part initially recognised, is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted retrospectively, if appropriate.

Work in progress capital assets

Work in progress capital assets represent project construction costs incurred prior to commencement of a project's operation. Work in progress capital assets are not depreciated until the assets are held ready for use on a commercial basis.

k) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Consolidated Entity can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

l) Leases

The Consolidated Entity assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

<u>As a lessee</u>

The Consolidated Entity applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Consolidated Entity recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Consolidated Entity recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Consolidated Entity at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (p) Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Consolidated Entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Consolidated Entity and payments of penalties for terminating the lease, if the lease term reflects the Consolidated Entity exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Consolidated Entity uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accrual of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Consolidated Entity applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

As a lessor

Leases in which the Consolidated Entity does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

m) Provisions

General

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Consolidated Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Rehabilitation and restoration provision

The Consolidated Entity records the present value of the estimated cost of legal and constructive obligations to rehabilitate mining lease areas as a rehabilitation and restoration provision, initially in the period in which the obligation is incurred. The nature of rehabilitation activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas. When the liability is initially recorded, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in the present value based on a discount rate, where appropriate. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred. The unwinding of the effect of discounting the provision is recorded as a finance charge in the profit or loss. The carrying amount capitalised as part of mining assets is depreciated or amortised over the life of the related asset.

Annual leave and long service leave provision

A liability is recognised for benefits accruing to employees in respect of annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised for annual leave and any other short term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are measured at the amounts expected to be paid when the liabilities are settled in respect of services provided by employees up to the reporting date. Consideration is also given to on-costs.

Liabilities recognised in respect of long service leave and any other long term employee benefits that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are measured at the present value of the estimated future cash outflows to be made by the Consolidated Entity in respect of services provided by employees up to the reporting date. Consideration is given to expected future salary levels, historical employee turnover rates and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

n) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

<u>Financial assets</u>

i) Initial recognition and measurement

At initial recognition, financial assets are classified as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Consolidated Entity's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Consolidated Entity has applied the practical expedient, the Consolidated Entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Consolidated Entity has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (**SPPI**)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Consolidated Entity's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Consolidated Entity commits to purchase or sell the asset.

ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This is the category most relevant to the Consolidated Entity. Financial assets at amortised cost are subsequently measured using the effective interest (**EIR**) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Consolidated Entity's financial assets at amortised cost includes trade and other receivables, and bonds, deposits and bank guarantees.

The Consolidated Entity does not presently hold the other three categories of measurement of financial assets.

iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Consolidated Entity's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Consolidated Entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Consolidated Entity has transferred substantially all the risks and rewards of the asset, or (b) the Consolidated Entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Consolidated Entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Consolidated Entity continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Consolidated Entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Consolidated Entity has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Consolidated Entity could be required to repay.

iv) Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions: Note 3
- Trade receivables: Note 14

The Consolidated Entity recognises an allowance for expected credit losses (**ECLs**) for all debt instruments not held at fair value through profit or loss. ECLs are calculated based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Consolidated Entity expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, the Consolidated Entity applies a simplified approach in calculating ECLs. Therefore, the Consolidated Entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Consolidated Entity has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Consolidated Entity considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Consolidated Entity may also consider a financial asset to be in default when internal or external information indicates that the Consolidated Entity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Consolidated Entity. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Consolidated Entity's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortised cost (loans and borrowings).

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Consolidated Entity. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 18 and Note 21.

The Consolidated Entity does not presently hold the measurement of financial liabilities at fair value through profit or loss.

iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified; such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

o) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Consolidated Entity uses derivative financial instruments, principally interest rate swaps, to hedge its interest rate exposures. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For purposes of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Consolidated Entity formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Consolidated Entity will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness 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; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Consolidated Entity actually hedges and the quantity of the hedging instrument that the Consolidated Entity actually uses to hedge that quantity of hedged item.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Consolidated Entity designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The Consolidated Entity uses interest rate swaps as hedges of its exposure to interest rate risk in forecast transactions and firm commitments. The ineffective portion relating to interest rate swaps is recognised as other expense. Refer to Note 21 for more details.

The amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction.

p) Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 3
- Property, plant and equipment Note 16

The Consolidated Entity assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Consolidated Entity estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or a cash-generating unit's (**CGU**) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Consolidated Entity bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Consolidated Entity's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a minimum period of five years, however given the long term and predictable nature of the Consolidated Entity's operations, these are generally extended to cover the useful life of each CGU.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Consolidated Entity estimates the assets' or CGUs' recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The Consolidated Entity assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase manufacturing costs. These risks in relation to climate- related matters are included as key assumptions where they materially impact the measure of recoverable amount.

2.4 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Consolidated Entity applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 July 2021 (unless otherwise stated). The Consolidated Entity has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

<u>COVID-19-Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16</u>

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases.

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. Notwithstanding this, the Consolidated Entity has not received COVID-19-related rent concessions, however plans to apply the practical expedient if it becomes applicable within allowed period of application.

Note 3. Significant accounting judgements, estimates and assumptions

The preparation of the Consolidated Entity's consolidated financial statements requires management to make certain judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities (and the accompanying disclosures) and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Consolidated Entity's exposure to risks and uncertainties includes:

- Capital management Note 5; and
- Financial instruments risk management and policies Note 21.

Judgements

In the process of applying the Consolidated Entity's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – Consolidated Entity as lessee

The Consolidated Entity determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Consolidated Entity has several lease contracts that include extension and termination options. The Consolidated Entity applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Consolidated Entity reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

The Consolidated Entity included the renewal period as part of the lease term for leases with shorter non-cancellable period (i.e. three to five years). The Consolidated Entity typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases with longer non-cancellable periods (i.e. 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Consolidated Entity has based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Consolidated Entity. Such changes will be reflected in revisions to such assumptions in future periods when they occur.

Impairment of non-financial assets

The Consolidated Entity is required to evaluate the assessment of impairment indicators (internal and external) and make judgements in assessing the factors that are required to be evaluated as part of the impairment indicators assessment. This includes reviewing significant changes that may have an adverse effect on the Consolidated Entity. The performance of non-current assets is impacted by environmental, technological, market, economic, legal or environmental changes in which the Consolidated Entity operates. This includes the assessments of the impact of COVID-19 on the Consolidated Entity.

The significant judgements, estimates and assumptions applied by management when testing for impairment includes forecast electricity and LGC prices, generation profiles, marginal loss factors and discount rates.

Provision for expected credit losses of trade and other receivables

The Consolidated Entity uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geography, product type, customer type and rating, coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Consolidated Entity's historical observed default rates. The Consolidated Entity will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For example, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Consolidated Entity's historical credit loss experience and consensus forecast economic conditions may also not be representative of a customer's actual default in the future.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Consolidated Entity uses the Black-Scholes option valuation model and Binomial Option Pricing Tree. The assumptions and models used for estimating the fair value of share-based payment transactions are disclosed in Note 9.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Consolidated Entity has $50,236,142 (2021: $39,971,698) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses, do not expire, and may not be used to offset taxable income elsewhere in the Consolidated Entity. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Consolidated Entity has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Further details on taxes are disclosed in Note 11.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (**DCF**) model methodology. 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. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 21 for further disclosures.

Development costs

The Consolidated Entity capitalises costs for project development. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a project development has reached a defined milestone according to an established project management model. At 30 June 2022, the carrying amount of capitalised development costs was $1,254,889 (2021: $1,665,297) after reclassification of development costs as property, plant and equipment following BBP commencing construction in FY2022.

Leases - Estimating the incremental borrowing rate

If the Consolidated Entity cannot readily determine the interest rate implicit in a lease, it uses its incremental borrowing rate (**IBR**) to measure lease liabilities. The IBR is the rate of interest that the Consolidated Entity would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Consolidated Entity 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). Where required to do so, the Consolidated Entity estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Note 4. Segment information

Management has determined that the Consolidated Entity has one reportable segment; being the development, construction and operation of renewable energy generation and storage projects in Australia, for the year ended 30 June 2022.

Note 5. Capital management

For purposes of the Consolidated Entity's capital management, capital includes share capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Consolidated Entity's capital management is to maximise shareholder value.

The Consolidated Entity manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of financial covenants under its interest-bearing loans and borrowings. The Consolidated Entity monitors capital using a gearing ratio, which is "net debt" divided by total capital plus net debt. The Consolidated Entity includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

FOR THE YEAR ENDED 30 JUNE	2022	2021
	$	$
Interest-bearing loans and borrowings	385,213,726	189,749,875
Trade and other payables	13,634,135	11,919,572
Interest payables	1,465,889	1,159,773
Less: cash and cash equivalents	(62,854,694)	(45,447,090)
Net debt	**337,459,056**	**157,382,130**
Equity	200,315,018	134,293,704
Total capital	**200,315,018**	**134,293,704**
Capital and net debt	**537,774,074**	**291,675,834**
Gearing ratio	**62.75%**	**53.96%**

Note 6. Consolidated entity information

Parent

The Parent Entity is Genex Power Limited, incorporated and domiciled in Australia.

Subsidiaries

The consolidated financial statements of the Consolidated Entity include:

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	% EQUITY INTEREST 2022	% EQUITY INTEREST 2021
Genex (Kidston) Pty Limited	Holding company	Australia	100.00%	100.00%
Kidston Gold Mines Limited	Landowner	Australia	100.00%	100.00%
Genex Solar Holding Co Pty Limited*	Holding company	Australia	99.99%	99.99%
Genex (Solar) Pty Limited*	KS1 operation	Australia	99.99%	99.99%
Kidston Solar Holding Co Pty Limited*	Holding company	Australia	99.99%	99.99%
Kidston Solar Co Pty Limited*	KS1 operation	Australia	99.99%	99.99%
Kidston Solar Finance Co Pty Limited*	Financial operation	Australia	99.99%	99.99%
Jemalong PV Holdings Pty Limited	Holding company	Australia	100.00%	100.00%
Jemalong PV Asset Pty Limited	JSP operation	Australia	100.00%	100.00%
Jemalong Networks Pty Limited	JSP operation	Australia	100.00%	100.00%
Genex (Kidston Hydro) Pty Limited	Holding company	Australia	100.00%	100.00%
Kidston Hydro Hold Co Pty Limited	Holding company	Australia	100.00%	100.00%
Kidston Hydro Project Co Pty Ltd	K2H project development	Australia	100.00%	100.00%
Genex (Kidston Wind) Pty Ltd	K3W project development	Australia	100.00%	100.00%
Genex (Storage) Pty Ltd	Holding company	Australia	100.00%	100.00%
Como Energy (Bouldercombe) Pty Ltd	Holding company	Australia	100.00%	100.00%
Bouldercombe Battery Project Co Pty Ltd	BBP project development	Australia	100.00%	100.00%
BBP Finance Co. Pty Ltd**	Financial operation	Australia	100.00%	N/A
Bulli Creek Hold Co. Pty Ltd***	Holding company	Australia	100.00%	100.00%

* These companies are 99.99% owned by Genex (Kidston) Pty Limited. The remaining 0.01% is held by Michael Addison.
** This is a new entity incorporated during the year ended 30 June 2022.
*** This entity was named as Como Energy (Yabulu) Pty Ltd during the year ended 30 June 2021.

Note 7. Revenue

FOR THE YEAR ENDED 30 JUNE	2022	2021
	$	$
KS1 lease revenue	12,804,613	10,584,726
JSP generation revenue	7,612,650	-
JSP LGC sales	4,383,248	45,514
Sale of electricity and environmental products and lease income	**24,800,511**	**10,630,240**
ARENA government grant	884,041	442,500
Liquidated damages	875,123	2,564,832
Fair value of LGCs on hand	172,500	-
Avoided TUOS	250,813	112,001
Fuel tax credit	185,787	15,615
ARENA convertible note termination	-	7,873,108
Others	24,065	12,000
Other income	**2,392,329**	**11,020,056**
Total revenue	**27,192,840**	**21,650,296**

KS1 lease revenue

This relates to revenue earned by KS1 from sales of electricity in the wholesale spot market which, under the Solar 150 Price Support Deed between the Consolidated Entity and the Queensland Government, is subject to a guaranteed floor price per megawatt hour where payments may be made by the Queensland Government to the Consolidated Entity. Under the Solar 150 Price Support Deed, all large-scale generation certificates generated by KS1 are sold to the Queensland Government as consideration for providing the guaranteed floor price.

Prior to the introduction of *AASB 16 Leases*, the Consolidated Entity recognised certain contracts as arrangements that may contain a lease in accordance with *Interpretation 4 – Determining Whether an Arrangement Contains a Lease* and *AASB 117 Leases*. Upon transition, the Consolidated Entity applied the practical expedient outlined in *AASB 16 Leases* whereby contracts that were previously identified as leases by applying *Leases Interpretation 4 – Determining Whether an Arrangement Contains a Lease* and are *AASB 117* not required to be reassessed at the date of initial application.

Liquidated damages

For the year ended 30 June 2021, performance liquidated damages payments were made by UGL Engineering Pty Ltd for performance issues related to KS1 for year 1 of operations (as stated in the *Quarterly Activities Report* released to the ASX on 21 October 2020). For the year ended 30 June 2022, performance and delay liquidated damages were made by Energy Solutions Pty Ltd (trading as Beon) for delays to Practical Completion of the JSP project (as stated in the *Quarterly Activities Report* released to the ASX on 20 October 2021).

Note 8. Employment expense

FOR THE YEAR ENDED 30 JUNE	2022	2021
	$	$
Wages and salaries	5,012,737	4,429,644
Defined contribution superannuation expense	381,463	255,325
Employee entitlements	(72,612)	265,215
Payroll tax	219,436	168,251
Workers' compensation	18,121	8,684
Fringe benefit tax	11,624	11,624
Total employment expenses	**5,570,769**	**5,138,743**

Note 9. Share-based payments

The expense recognised for employee services received during the year is shown in the following table:

FOR THE YEAR ENDED 30 JUNE	2022	2021
	$	$
Expense arising from equity-settled share-based payment transactions	-	79,605
Total expense arising from share-based payment transactions	**-**	**79,605**

There were no cancellations or modifications to the awards for the year ended 30 June 2022 and 30 June 2021.

Movements during the year

The following table illustrates the number and weighted average exercise prices (**WAEP**) of, and movements in, share options during the year:

	2022 Number	2022 WAEP	2021 Number	2021 WAEP
Outstanding at 1 July	37,250,000	0.34	42,250,000	0.33
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	(17,900,000)	0.33	(5,000,000)	0.25
Outstanding at 30 June	**19,350,000**	**0.36**	**37,250,000**	**0.34**
Exercisable at 30 June	19,350,000	0.36	37,250,000	0.34

On 2 September 2021, 2,400,000 share options expired (WAEP: $0.25). On 17 January 2022, 15,500,000 share options expired (WAEP: $0.34).

The following tables outline the terms attached to the two outstanding plans for the years ended 30 June 2022 and 30 June 2021:

30 JUNE 2022	MANAGEMENT OPTIONS	DIRECTORS OPTIONS
Number	4,850,000	14,500,000
Value per option ($)	$0.1296	$0.1500
Subscription price per option ($)	$Nil	$Nil
Each option is convertible into	1 ordinary share in the Parent Entity	1 ordinary share in the Parent Entity
Exercise price per option	$0.40	$0.34
Vesting condition	The options vest in 2 separate tranches upon the achievement of 3 milestones. If a milestone is not achieved, the options for that milestone will lapse unvested. As at 30 June 2022, all options have vested.	Vesting on issue date
Issue date	23 February 2018	10 September 2019
Expiry date	13 February 2023	10 September 2024
Option exercise period	At any time from date of vesting	At any time from date of vesting
Other conditions	None	None

30 JUNE 2021	MANAGEMENT OPTIONS	DIRECTORS OPTIONS	EXECUTIVE GENERAL MANAGER OPTIONS	DIRECTOR OPTIONS	COMPANY SECRETARY OPTIONS
Number	4,850,000	14,500,000	2,400,000	14,000,000	1,500,000
Value per option ($)	$0.1296	$0.1500	$0.0602	$0.0851	$0.1002
Subscription price per option ($)	$Nil	$Nil	$Nil	$Nil	$Nil
Each option is convertible into	1 ordinary share in the Parent Entity	1 ordinary share in the Parent Entity	1 ordinary share in the Parent Entity	1 ordinary share in the Parent Entity	1 ordinary share in the Parent Entity
Exercise price per option	$0.40	$0.34	$0.250	$0.340	$0.340
Vesting condition	The options vest in 2 separate tranches upon the achievement of 3 milestones. If a milestone is not achieved, the options for that milestone will lapse unvested. As at 30 June 2021, all options have vested.	Vesting on issue date	The options vest in 3 separate tranches upon the achievement of 3 milestones. If a milestone is not achieved, the options for that milestone will lapse unvested. As at 30 June 2021, all options have vested.	Vesting on issue date	Vesting on 1 January 2019
Issue date	23 February 2018	10 September 2019	2 September 2016	17 January 2017	7 July 2017
Expiry date	13 February 2023	10 September 2024	2 September 2021	17 January 2022	17 January 2022
Option exercise period	At any time from date of vesting	At any time from date of vesting	At any time from date of vesting	At any time from date of vesting	At any time from date of vesting
Other conditions	None	None	None	None	None

The following tables list the inputs to the models used for the two outstanding plans for the years ended 30 June 2022 and 30 June 2021:

30 JUNE 2022	MANAGEMENT OPTIONS	DIRECTORS OPTIONS
Weighted average fair values at the measurement date ($)	$0.1296	$0.1500
Dividend yield (%)	Nil	Nil
Expected volatility (%)	60.00%	40.00%
Risk-free interest rate (%)	2.40%	0.84%
Expected life of share options	5 Years	5 Years
Weighted average share price ($)	$0.29	$0.25
Model used	Black Scholes Model	Black Scholes Model

30 JUNE 2021	MANAGEMENT OPTIONS	DIRECTORS OPTIONS	EXECUTIVE GENERAL MANAGER OPTIONS	DIRECTOR OPTIONS	COMPANY SECRETARY OPTIONS
Weighted average fair values at the measurement date ($)	$0.1296	$0.1500	$0.0602	$0.0851	$0.1002
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil
Expected volatility (%)	60.00%	40.00%	57.16%	57.16%	60.60%
Risk-free interest rate (%)	2.40%	0.84%	1.68%	2.30%	0.00%
Expected life of share options	5 Years	5 Years	5 Years	5 Years	4.5 Years
Weighted average share price ($)	$0.29	$0.25	$0.16	$0.22	$0.24
Model used	Black Scholes Model	Black Scholes Model	Black Scholes Model	Black Scholes Model	Binomial Option Pricing Tree

Note 10. Finance costs

FOR THE YEAR ENDED 30 JUNE	2022	2021
	$	$
Interest on KS1 and JSP senior debt	6,127,745	4,132,445
Interest on KS1 and JSP subordinated debt	1,539,528	1,082,357
Interest on lease	140,451	179,819
KS1 and JSP subordinated debt commitment fee	18,563	69,001
Interest on convertible notes	-	247,006
Total finance costs	**7,826,287**	**5,710,628**

Note 11. Income tax

The major components of income tax expense for the years ended 30 June 2022 and 30 June 2021 are set out as follows:

FOR THE YEAR ENDED 30 JUNE	2022	2021
	$	$
Current income tax	-	-
Current income tax charge	-	-
Deferred tax	-	-
Relating to origination and reversal of temporary differ	-	-
Income tax expense reported in the statement of profit or loss	-	-

Deferred tax

Deferred tax relates to the following:

	2022	2021
	$	$
Attributable to:		
Depreciation for tax purposes	(3,863,706)	(3,305,846)
Capitalised interest	(1,844,082)	(1,148,330)
Share based payments	1,358,444	1,358,444
Leases	89,870	69,692
Government grant	2,057,807	2,190,557
Accrued revenue	(170,090)	-
Accruals and provisions	2,294,759	1,679,170
Losses available for offsetting against future taxable income	76,998	(843,687)
Net deferred tax liabilities	**-**	**-**
Reflected in the statement of financial position as follows:		
Deferred tax assets	6,843,261	4,454,176
Deferred tax liabilities	(6,843,261)	(4,454,176)
Deferred tax liabilities, net	**-**	**-**
Deferred tax expense in profit or loss	**-**	**-**

The Consolidated Entity has accumulated tax losses (tax effected) of $50,236,142[9] (30 June 2021: $39,971,698) that are available indefinitely for offsetting against future taxable profits of the Consolidated Entity in which the losses arose. Additionally, there are $39,249,668 (30 June 2021: $39,249,668) of transferred tax losses (tax effected) that can be utilised subject to the available fraction.

Deferred tax assets have not been fully recognised in respect of the tax losses as they may not be used to offset taxable profits elsewhere in the Consolidated Entity, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

Tax consolidation

Members of the tax consolidated group and the tax sharing arrangement

Genex Power Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2005. Genex Power Limited is the head entity of the tax consolidated group.

Genex Solar Holding Pty Limited (99.99% owned by Genex Power Limited) and Genex (Solar) Pty Limited formed a separate tax consolidated group in 2017. Genex Solar Holding Pty Limited is the head entity of this tax consolidated group.

Members of the tax consolidated group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

Kidston Solar Finance Co Pty Ltd, Kidston Solar Holding Trust and Kidston Solar Property Trust are separate tax entities.

Tax effect accounting by members of the tax consolidated group

Measurement method adopted under AASB Interpretation 1052 Tax Consolidation Accounting

The head entity and the controlled entities in each respective tax consolidated group continue to account for their own current and deferred tax amounts. The head entity has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in *AASB 112 Income Taxes*. The nature of the tax funding agreement is discussed further below.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

[9] Subject to FY2022 income tax return

Nature of the tax funding agreement

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement, the funding of tax within the tax consolidated group is based on accounting profit, which is not an acceptable method of allocation under *AASB Interpretation 1052*. The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable (payable) which is at call. To the extent that there is a difference between the amount charged under the tax funding agreement and the allocation under *AASB Interpretation 1052*, the head entity accounts for these as equity transactions with the subsidiaries.

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Note 12. Loss per share

Basic loss per share is calculated by dividing the loss after income tax expense attributable to the owners of the Parent Entity by the weighted average number of ordinary shares outstanding during the Period.

Diluted loss per share is calculated by dividing the loss after income tax expense attributable to the owners of the Parent Entity by the weighted average number of ordinary shares outstanding during the Period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. However, given the loss position of the Consolidated Entity, share options have not been taken into account in the diluted loss per share calculation since they are anti-dilutive.

The following table reflects the loss and share data used in the basic and diluted loss per share calculations:

FOR THE YEAR ENDED 30 JUNE	2022	2021
	$	$
Loss after income tax expense attributable to the owners of Parent Entity	(4,063,429)	(18,725,873)
Weighted average number of ordinary shares for basic loss per share[10]	1,173,214,164	607,913,586
Effects of dilution from:		
Share options	19,350,000	16,125,359
Weighted average number of ordinary shares adjusted for the effect of dilution	1,192,564,164	624,038,945
Loss per share		
Basic loss per share	**(0.35)**	**(3.08)**
Diluted loss per share	**(0.35)**	**(3.08)**

[10] The weighted average number of shares takes into account the weighted average effect of the rights issue during the prior year

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

Note 13. Cash and cash equivalents

For purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise the following:

	30 JUNE 2022	30 JUNE 2021
	$	$
Cash at bank	62,854,694	45,447,090
Total cash and cash equivalents	**62,854,694**	**45,447,090**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Cash flow reconciliation

For purposes of the statement of cash flows, reconciliation of net profit before tax to net cash flows from operations:

FOR THE YEAR ENDED 30 JUNE	2022	2021
	$	$
Loss before tax	**(4,063,429)**	**(18,725,873)**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment expenses	10,145,774	22,753,296
Share-based payment expense	-	79,605
Finance income	(89,510)	(53,702)
Finance costs	7,826,287	5,710,628
Net loss on derivative instruments at fair value through profit or loss	-	253,095
Convertible note forgiveness	-	(7,838,108)
Movements in provisions and government grant	1,029,483	(421,329)
Working capital adjustments:		
Movements in trade and other receivables and trade and other payables	(393,059)	8,323,890
Movements in other assets and liabilities	(4,276,850)	(9,688,148)
Interest received	89,510	53,702
Interest paid	(6,293,488)	(5,606,000)
Income tax paid		-
Net cash flows from operating activities	**3,974,718**	**(5,193,944)**

Note 14. Trade and other receivables

	30 JUNE 2022	30 JUNE 2021
	$	$
Trade receivables	3,300,982	1,069,797
Other receivables	6,472	130,035
Allowance for ECL	-	-
Total trade and other receivables	**3,307,454**	**1,199,832**

Trade receivables are generally due for settlement within 30 days. As at 30 June 2022 and 30 June 2021, there are no trade receivables either past due or impaired.

Note 15. Bond, deposits and bank guarantee

	30 JUNE 2022	30 JUNE 2021
	$	$
K2H financial security	61,000,000	-
BBP financial security	10,306,500	-
Connection bond	231,819	231,819
Sydney office bank guarantee	214,854	112,246
Construction camp bank guarantee	83,034	83,034
Removal and security defects bond	42,000	42,000
Brisbane office bank guarantee	26,312	26,312
AEMO bank guarantee	20,000	20,000
K3W land bond	12,000	12,000
K3W make good bank guarantee	6,000	6,000
Environmental bond	-	4,075,410
Powerlink bond	-	275,000
Site accommodation deposit	-	117,000
Sydney office deposit	-	18,469
Electricity bond	-	6,010
Site construction deposit	-	5,200
Total bond, deposits and bank guarantee	**71,942,519**	**5,030,500**

Financial securities

Financial securities are cash amounts which are paid to, and held by, Powerlink Queensland as financial security. For K2H, this relates to construction security for the transmission infrastructure being constructed by Powerlink Queensland under a Generator Connection and Access Agreement. For BBP, this relates to construction security for the connection interface works being constructed by Powerlink Queensland under the Bi-directional Service Provider Connection and Access Agreement.

Environmental bond

The *Mineral and Energy Resources (Financial Provisioning) Act 2018* came into force on 1 April 2019. The Act replaced the prior financial assurance arrangements for resource activities under the *Environmental Protection Act 1994* with the *Financial Provisioning Scheme*. Under the scheme, the environmental bond that was held by the State of Queensland as security for compliance with the requirements of the *Mineral Resources Act 1989* and the *Environmental Protection Act 1994* as at 30 June 2021 was released in March 2022, following a re-rating of the risk category assessment by the Scheme Manager.

Note 16. Property, plant and equipment

	30 JUNE 2022	30 JUNE 2021
	$	$
K2H	257,029,840	103,813,334
KS1	91,774,716	97,366,727
JSP	84,450,494	86,849,171
BBP	11,177,287	-
Pre-development assets	3,918,777	3,918,777
Right-of-use assets	3,217,940	3,885,845
Land	380,935	380,935
Motor vehicle	65,203	-
Furniture and fittings	-	19,129
Total property, plant and equipment	**452,015,192**	**296,233,918**

	K2H	KS1	JSP	BBP	PRE-DEVELOPMENT ASSETS	RIGHT-OF-USE ASSETS	LAND	MOTOR VEHICLE	FURNITURE AND FITTINGS	TOTAL
	$	$	$	$	$	$	$	$	$	$
Cost										
At 1 July 2020	4,753,000	120,349,275	64,445,487	-	3,918,777	3,279,688	380,935	25,320	49,398	197,201,880
Additions	99,060,334	-	38,903,684	-	-	1,208,856	-	-	7,334	139,180,208
At 30 June 2021	**103,813,334**	**120,349,275**	**103,349,171**	**-**	**3,918,777**	**4,488,544**	**380,935**	**25,320**	**56,732**	**336,382,088**
Additions	153,216,506	-	1,765,137	9,989,710	-	87,446	-	109,448		165,168,247
Transfer[11]	-	-	-	1,187,577	-	-	-	-	-	1,187,577
Disposals	-	-	-	-	-	-	-	(25,320)	(13,498)	(38,818)
At 30 June 2022	**257,029,840**	**120,349,275**	**105,114,308**	**11,177,287**	**3,918,777**	**4,575,990**	**380,935**	**109,448**	**43,234**	**502,699,094**

	K2H	KS1	JSP	BBP	PRE-DEVELOPMENT ASSETS	RIGHT-OF-USE ASSETS	LAND	MOTOR VEHICLE	FURNITURE AND FITTINGS	TOTAL
	$	$	$	$	$	$	$	$	$	$
Depreciation and impairment										
At 1 July 2020	-	(17,087,003)	-	-	-	(272,987)	-	(2,110)	(32,774)	(17,394,874)
Depreciation	-	(5,895,545)	-	-	-	(329,712)	-	(23,210)	(4,829)	(6,253,296)
Impairment	-	-	(16,500,000)	-	-	-	-	-	-	(16,500,000)
At 30 June 2021	**-**	**(22,982,548)**	**(16,500,000)**	**-**	**-**	**(602,699)**	**-**	**(25,320)**	**(37,603)**	**(40,148,170)**
Depreciation	-	(5,592,011)	(4,163,814)	-	-	(755,351)	-	(44,245)	(19,129)	(10,574,550)
Disposals	-	-	-	-	-		-	25,320	13,498	38,818
At 30 June 2022	**-**	**(28,574,559)**	**(20,663,814)**	**-**	**-**	**(1,358,050)**	**-**	**(44,245)**	**(43,234)**	**(50,683,902)**

	K2H	KS1	JSP	BBP	PRE-DEVELOPMENT ASSETS	RIGHT-OF-USE ASSETS	LAND	MOTOR VEHICLE	FURNITURE AND FITTINGS	TOTAL
	$	$	$	$	$	$	$	$	$	$
Net book value										
At 30 June 2021	**103,813,334**	**97,366,727**	**86,849,171**	**-**	**3,918,777**	**3,885,845**	**380,935**	**-**	**19,129**	**296,233,918**
At 30 June 2022	**257,029,840**	**91,774,716**	**84,450,494**	**11,177,287**	**3,918,777**	**3,217,940**	**380,935**	**65,203**	**-**	**452,015,192**

[11] This transfer relates to the BBP development cost reclassification. Further details are disclosed in Note17

Impairment

During the year ended 30 June 2021, the recognition of the impairment on JSP was a result of an impairment assessment triggered by the decrease in wholesale electricity prices. In assessing whether impairment is required, the recoverable amount for JSP was calculated based on value-in-use utilising the DCF model methodology, utilising forward electricity and LGC price curves and generation and comparing this against the book value for the asset. The impairment was recognised in the statement of profit or loss.

Capitalised borrowing costs

KS1 and JSP are financed by a senior debt facility with third party banks. Borrowing costs on the JSP construction loan facility was capitalised until the practical completion was granted as of 30 June 2021. The amount of borrowing costs capitalised during the year ended 30 June 2021 was $45,590.

K2H is financed by a debt facility with Northern Australia Infrastructure Facility (**NAIF**). Borrowing costs on the debt facility are to be capitalised until the construction of the K2H is completed. The carrying amount of the debt facility at 30 June 2022 was $198,350,237 (30 June 2021: Nil). The amount of borrowing costs capitalised during the year ended 30 June 2022 was $2,201,224 (2021: Nil).

BBP is financed by a senior debt and letter of credit facility with Infradebt. Borrowing costs on the debt facility are to be capitalised until the construction of the BBP is completed. The carrying amount of the debt facility at 30 June 2022 was $9,429,086 (30 June 2021: Nil). The amount of borrowing costs capitalised during the year ended 30 June 2022 was $230,582 (2021: Nil).

Disposals of motor vehicles

During the year ended 30 June 2022, the Consolidated Entity sold one utility vehicle with a total net carrying amount of nil for a cash consideration of $5,737. The net gains on this disposal were recognised as part of the other income in the statement of profit or loss.

Note 17. Other assets

	30 JUNE 2022	30 JUNE 2021
	$	$
Prepaid insurance	5,121,980	7,418,238
K3W development costs	1,254,889	477,720
BBP development costs	-	1,187,577
Total other assets	**6,376,869**	**9,083,535**

BBP development costs were transferred and reclassified as property, plant and equipment following the commencement of construction in February 2022.

Note 18. Interest-bearing loans and borrowings

	30 JUNE 2022	30 JUNE 2021
	$	$
Current		
KS1 and JSP senior debt	6,961,379	6,687,985
KS1 and JSP subordinated debt	17,180,165	1,047,572
BBP senior debt	2,320,000	-
Total current interest-bearing loans and borrowings	**26,461,544**	**7,735,557**
Non-Current		
KS1 and JSP senior debt	153,292,859	161,605,396
KS1 and JSP subordinated debt	-	20,408,922
K2H senior debt	198,350,237	-
BBP senior debt	7,109,086	-
Total non-current interest-bearing loans and borrowings	**358,752,182**	**182,014,318**

KS1 and JSP senior debt

The Consolidated Entity has a senior debt facility of $175m with Westpac, DZ Bank and NORD/LB. The interest rate for both Tranche A and Tranche B is the aggregate of BBSY bid and a fixed margin per annum. Both Tranche A and Tranche B will be repaid by 17 December 2024.

KS1 and JSP subordinated debt

The Consolidated Entity has a subordinated debt facility of $20m with the Clean Energy Finance Corporation. The interest rate is the aggregate of a 6-year ask yield and fixed margin per annum. Subsequent to Period-end, a refinancing was completed whereby the outstanding balance was repaid utilising the proceeds of a new subordinated debt facility with Infradebt.

K2H senior debt

The Consolidated Entity has a senior debt facility of $610m with NAIF. At 30 June 2022, the undrawn committed facility was $406m. The interest rate is a fixed interest rate for the term of the loan. The repayment will commence from 15 June 2025.

BBP senior debt

The Consolidated Entity has a senior debt facility of $45.3m with Infradebt, comprising a construction loan facility of $35m and a letter of credit facility of $10.3m. At 30 June 2022, the undrawn committed facility was $35m. The interest rate of the Construction Facility is the aggregate of the PIK margin and fixed rate per annum and the interest rate of LC Facility is the aggregate of BBSY Bid and fixed margin per annum. The repayment will commence from 31 March 2024.

Note 19. Government grant

	2022	2021
	$	$
Opening balance	7,301,856	7,744,356
Received during the year	441,541	7,873,108
Released to the statement of profit or loss	(884,041)	(8,315,608)
Closing balance	**6,859,356**	**7,301,856**
Current	**442,500**	**442,500**
Non-Current	**6,416,856**	**6,859,356**

The Consolidated Entity received an Australian Renewable Energy Agency (**ARENA**) grant of $8.85M during the year ended 30 June 2017 towards the funding of KS1. This grant is recognised in other income, over the life of the project (20 years) on a straight-line basis.

Note 20. Leases

As a lessee

The Consolidated Entity has lease contracts for land and office rents. Leases of land generally have lease terms between 3 and 30 years, while office rents generally have lease terms between 3 and 5 years. The Consolidated Entity's obligations under its leases are secured by the issue of unconditional and irrevocable bank guarantees. Generally, the Consolidated Entity is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options.

The Consolidated Entity also has a certain lease of land with early termination term and leases of office equipment with low value. The Consolidated Entity applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	TOTAL
	$
Right-of-use assets	
At 1 July 2020	**3,006,701**
Additions	1,208,856
Depreciation expense	(329,712)
At 30 June 2021	**3,885,845**
Additions	237,806
Lease modification	(150,360)
Depreciation expense	(326,574)
Capitalised depreciation	(428,777)
At 30 June 2022	**3,217,940**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	TOTAL
	$
Lease liabilities	
At 1 July 2020	**3,161,564**
Additions	1,208,856
Accretion of interest through profit or loss	179,819
Payments	(432,087)
At 30 June 2021	**4,118,152**
Additions	237,806
Lease modification	(150,360)
Accretion of interest through profit or loss	140,451
Accretion of interest through capital expenditures	56,897
Payments	(885,438)
At 30 June 2022	**3,517,508**
Current	**483,443**
Non-Current	**3,034,065**

The maturity analysis of lease liabilities is disclosed in Note 21.

The following are the amounts recognised in profit or loss:

FOR THE YEAR ENDED 30 JUNE	2022	2021
	$	$
Depreciation expense of right-of-use assets	326,574	329,712
Interest expense on lease liabilities	140,451	179,819
Total amount recognised in profit or loss	**467,025**	**509,531**

Note 21. Financial assets and financial liabilities

Financial assets

	30 JUNE 2022	30 JUNE 2021
	$	$
Derivatives designated as hedging instruments		
Interest rate swaps	17,310,105	-
Debt instruments at amortised cost		
Trade and other receivables	3,307,454	1,199,832
Bond, deposits and bank guarantee	71,942,519	5,030,500
Total financial assets[12]	**92,560,078**	**6,230,332**
Total current	**3,307,454**	**1,199,832**
Total non-current	**89,252,624**	**5,030,500**

[12] Financial assets, other than cash and short-term deposits, held by the Consolidated Entity

Derivatives designated as hedging instruments reflect the positive change in fair value of interest rate swaps, designated as cash flow hedges to hedge against movements in interest rates.

Debt instruments at amortised cost include trade and other receivables, and bond, deposits and bank guarantees.

Financial liabilities

	MATURITY	30 JUNE 2022	30 JUNE 2021
		$	$
Interest-bearing loans and borrowings			
Current interest-bearing loans and borrowings			
Lease liabilities	2022	483,443	504,127
Interest-bearing loans and borrowings			
KS1 and JSP senior debt	Apr 2023	6,961,379	6,687,985
KS1 and JSP subordinated debt	Aug 2022	17,180,165	1,047,572
BBP senior debt	Jun 2023	2,320,000	-
Total current interest-bearing loans and borrowings		**26,944,987**	**8,239,684**
Non-current interest-bearing loans and borrowings			
Lease liabilities	2024 - 2048	3,034,065	3,614,025
Interest-bearing loans and borrowings			
KS1 and JSP senior debt	Dec 2024	153,292,859	161,605,396
KS1 and JSP subordinated debt	N/A	-	20,408,922
K2H senior debt	May 2036	198,350,237	-
BBP senior debt	Sep 2035	7,109,086	-
Total non-current interest-bearing loans and borrowings		**361,786,247**	**185,628,343**
		-	
Total interest-bearing loans and borrowings		**388,731,234**	**193,868,027**

	30 JUNE 2022	30 JUNE 2021
	$	$
Other financial liabilities		
Derivatives designated as hedging instruments		
Interest rate swaps	-	6,487,752
Financial liabilities at amortised cost, other than interest-bearing loans and borrowings		
Trade and other payables	13,634,135	11,919,572
Interest payables	1,465,889	1,159,773
Total other financial liabilities	**15,100,024**	**19,567,097**
Total current	**15,100,024**	**13,079,345**
Total non-current	**-**	**6,487,752**

Hedging activities and derivatives

The Consolidated Entity is exposed to certain risks relating to its ongoing business operations. The primary risk managed using derivative instruments is interest rate risk.

The Consolidated Entity's risk management strategy and how it is applied to manage risk are also explained below in this note.

<u>Derivatives designated as hedging instruments – cash flow hedges</u>

The Consolidated Entity has designated interest rate swap contracts as hedges for long-term loan financing for the construction of JSP and refinancing of KS1 portfolio facility.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the interest rate swap contracts match the terms of the variable rate loan (i.e. notional amount, maturity, payment and reset dates). The Consolidated Entity has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap contracts is identical to the hedged risk components. To test the hedge effectiveness, the Consolidated Entity uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments;
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments;
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items; or
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments.

The terms of the interest rate swap contracts have been negotiated to match the terms of the forecast transactions. Both parties to the contracts have fully cash collateralised the interest rate swap contracts and therefore, effectively eliminated any credit risk associated with the contracts (both the counterparty's and Consolidated Entity's own credit risk). Consequently, the hedges were assessed to be highly effective.

The Consolidated Entity is holding the following interest rate swap contracts:

30 JUNE 2022	TERM INTEREST RATE SWAPS	NOVATION INTEREST RATE SWAPS
Counterparty	NORD/LB, DZ Bank and Westpac	NORD/LB, DZ Bank
Currency	Australian Dollar	Australian Dollar
Notional	118,652,609	47,885,148
Effective date	17 Dec 2019	1 Oct 2019
Maturity date	17 Jan 2030	1 Jan 2027
Leg	Receive float; Pay fix	Receive float; Pay fix
Rate (%)	1.5525%	3.2350%
Margin (%)	0.05%	0.05%
Frequency	Quarterly	Quarterly
Day count	Act / 365 fixed	Act / 365 fixed
Cash flow derivative assets	16,457,210	852,895

30 JUNE 2021	TERM INTEREST RATE SWAPS	NOVATION INTEREST RATE SWAPS
Counterparty	NORD/LB, DZ Bank and Westpac	NORD/LB, DZ Bank
Currency	Australian Dollar	Australian Dollar
Notional	122,789,387	48,520,913
Effective date	17 Dec 2019	1 Oct 2019
Maturity date	17 Jan 2030	1 Jan 2027
Leg	Receive float; Pay fix	Receive float; Pay fix
Rate (%)	1.5525%	3.2350%
Margin (%)	0.05%	0.05%
Frequency	Quarterly	Quarterly
Day count	Act / 365 fixed	Act / 365 fixed
Cash flow derivative liabilities	1,066,670	5,421,082

The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is, as follows:

FOR THE YEAR ENDED 30 JUNE 2022	TOTAL HEDGING GAIN RECOGNISED IN OCI	INEFFECTIVENESS RECOGNISED IN PROFIT OR LOSS	COST OF HEDGING RECOGNISED IN OCI	AMOUNT RECLASSIFIED FROM OCI TO PROFIT OR LOSS
	$	$	$	$
Term interest rate swaps	17,523,880	-	-	1,779,402
Novation interest rate swaps	6,273,977	-	-	1,449,716
Total	**23,797,857**	**-**	**-**	**3,229,118**

FOR THE YEAR ENDED 30 JUNE 2021	TOTAL HEDGING GAIN RECOGNISED IN OCI	INEFFECTIVENESS RECOGNISED IN PROFIT OR LOSS	COST OF HEDGING RECOGNISED IN OCI	AMOUNT RECLASSIFIED FROM OCI TO PROFIT OR LOSS
	$	$	$	$
Term interest rate swaps	5,592,423	-	-	697,383
Novation interest rate swaps	2,448,786	-	-	1,503,893
Construction interest rate swaps	288,184	-	-	329,831
Total	**8,329,393**	**-**	**-**	**2,531,107**

Financial instruments risk management objectives and policies

The Consolidated Entity's principal financial liabilities, other than derivatives, comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Consolidated Entity's operations. The Consolidated Entity's principal financial assets, other than derivatives, include trade and other receivables, and bond, deposits and bank guarantees that derive directly from its operations. The Consolidated Entity also enters into derivative transactions.

The Consolidated Entity is exposed to interest rate risk, credit risk and liquidity risk. The Consolidated Entity's Board and senior management oversees the management of these risks. Specifically, this oversight is to ensure that the Consolidated Entity's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Consolidated Entity's policies and risk objectives The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Consolidated Entity's exposure to the risk of changes in market interest rates relates primarily to the Consolidated Entity's long-term debt obligations with floating interest rates.

The Consolidated Entity manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Consolidated Entity's policy is to maintain borrowings at fixed rates of interest of not less than 50% to 75%, dependent upon period length. To manage this, the Consolidated Entity enters into either fixed rate loans or interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 30 June 2022, after taking into account the effect of interest rate swaps, approximately 98% of the Consolidated Entity s borrowings are at a fixed rate of interest (30 June 2021: 100%).

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Consolidated Entity is not significantly exposed to credit risk from its operating activities (primarily trade receivables) given the counterparties with whom it engages and the nature of the trading, however is exposed to credit risk from its financing activities, including deposits with banks.

At 30 June 2022, the Consolidated Entity invests solely on term deposits with banks that are graded in AA- or higher category by Standard & Poor's and therefore, are considered to be very low credit risk investments.

The Consolidated Entity's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2022 and 30 June 2021 is the carrying amounts as illustrated in Note 21 except for derivative financial instruments.

Liquidity risk

Liquidity risk is the risk that a business will have insufficient funds to meet its financial commitments in a timely manner. The two key elements of liquidity risk are short-term cash flow risk and long-term funding risk. The Consolidated Entity monitors its risk of a shortage of funds using cash flow forecasting and assessment of funding facilities.

The Consolidated Entity's objective is to maintain a balance between continuity of funding and flexibility through the use of debt facilities, operating cash flows and its available working capital. The Consolidated Entity's policy also requires the maintenance of a readily available liquidity buffer over certain forecast periods to meet any unforeseen liquidity issues.

The table below summarises the maturity profile of the Consolidated Entity's financial liabilities based on contractual undiscounted payments:

30 JUNE 2022	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	> 5 YEARS	TOTAL
		$	$	$	$	$
Interest-bearing loans and borrowings						
KS1 and JSP senior debt	-	1,604,196	5,357,183	155,045,571	-	162,006,950
KS1 and JSP subordinated debt	-	17,283,432	-	-	-	17,283,432
K2H senior debt	-	-	-	51,569,029	152,930,539	204,499,568
BBP senior debt	-	-	2,320,000	-	8,000,000	10,320,000
Interest	-	741,346	2,215,637	5,407,691	3,366,050	11,730,724
Interest rate swaps	-	-	-	-	(17,310,105)	(17,310,105)
Lease liabilities	-	160,096	481,350	1,213,603	3,619,390	5,474,439
Trade and other payables	-	13,634,135	-	-	-	13,634,135
Net liquidity exposure	**-**	**33,423,205**	**10,374,170**	**213,235,894**	**150,605,874**	**407,639,143**

30 JUNE 2021	ON DEMAND	LESS THAN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	> 5 YEARS	TOTAL
		$	$	$	$	$
Interest-bearing loans and borrowings						
KS1 and JSP senior debt	-	852,029	5,835,956	161,605,396	-	168,293,381
KS1 and JSP subordinated debt	-	-	1,047,571	20,408,923	-	21,456,494
Interest	-	1,193,320	3,506,958	12,016,971	-	16,717,249
Interest rate swaps	-	-	-	-	6,487,752	6,487,752
Lease liabilities	-	199,164	638,944	3,650,167	1,765,428	6,253,703
Trade and other payables	-	11,919,572	-	-	-	11,919,572
Total liquidity exposure	**-**	**14,164,085**	**11,029,429**	**197,681,457**	**8,253,180**	**231,128,151**

Changes in liabilities arising from financing activities

30 JUNE 2022	1 JULY 2021	PROCEEDS FROM BORROWINGS	REPAYMENT OF BORROWINGS	ESTABLISH-MENT FEE	CAPITALISED INTEREST	LOAN RECLASSIFI-CATION	NON-CASH ADJUSTMENT DUE TO EIR	30 JUNE 2022
	$	$	$	$	$	$	$	$
Current								
Interest-bearing loans and borrowings								
KS1 and JSP senior debt	6,687,985	-	(8,000,486)	-	-	8,273,880	-	6,961,379
KS1 and JSP subordinated debt	1,047,572	-	(5,886,000)	-	-	20,408,922	1,609,671	17,180,165
K2H senior debt	-	-	-	-	-	-	-	-
BBP senior debt	-	-	-	-	-	2,320,000	-	2,320,000
Non-current								
Interest-bearing loans and borrowings								
Solar farms senior debt	161,605,396	-	-	-	-	(8,273,880)	(38,657)	153,292,859
Solar farms subordinated debt	20,408,922	-	-	-	-	(20,408,922)	-	-
Hydro senior debt	-	202,459,155	-	(6,100,000)	2,040,413	-	(49,331)	198,350,237
BBP senior debt	-	10,320,000	-	(906,400)	-	(2,320,000)	15,486	7,109,086
Total liabilities from financing activities	**189,749,875**	**212,779,155**	**(13,886,486)**	**(7,006,400)**	**2,040,413**	**-**	**1,537,169**	**385,213,726**

30 JUNE 2021	1 JULY 2020	PROCEEDS FROM BORROWINGS	REPAYMENT OF BORROWINGS	ESTABLISH-MENT FEE	CAPITALISED INTEREST	LOAN RECLASSIFI-CATION	NON-CASH ADJUSTMENT DUE TO EIR	30 JUNE 2021
	$	$	$	$	$	$	$	$
Current								
Interest-bearing loans and borrowings								
KS1 and JSP senior debt	5,056,400	-	(4,539,446)	-	-	6,687,985	(516,954)	6,687,985
KS1 and JSP subordinated debt	-	-	-	-	-	1,047,572	-	1,047,572
Non-current								
Interest-bearing loans and borrowings								
KS1 and JSP senior debt	160,105,867	6,969,168	-	-	-	(6,687,985)	1,218,346	161,605,396
KS1 and JSP subordinated debt	17,134,521	3,000,000	-	-	1,261,080	(1,047,572)	60,893	20,408,922
Total liabilities from financing activities	**182,296,788**	**9,969,168**	**(4,539,446)**	**-**	**1,261,080**	**-**	**762,285**	**189,749,875**

Note 22. Fair value measurement

The following table provides the fair value measurement hierarchy of the Consolidated Entity's financial assets and financial liabilities.

AS AT 30 JUNE 2022	CARRYING AMOUNT	FAIR VALUE MEASUREMENT USING		
		QUOTED PRICE IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
	$	$	$	$
Assets measured at fair value				
Interest rate swaps	17,310,105	-	17,310,105	-
Inventory	172,500	-	172,500	-
Liabilities for which fair values are disclosed				
Interest-bearing loans and borrowings	385,213,726	-	385,213,726	-
Lease liabilities	3,517,508		3,517,508	

AS AT 30 JUNE 2021	CARRYING AMOUNT	FAIR VALUE MEASUREMENT USING		
		QUOTED PRICE IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
	$	$	$	$
Liabilities measured at fair value				
Interest rate swaps	6,487,752	-	6,487,752	-
Liabilities for which fair values are disclosed				
Interest-bearing loans and borrowings	189,749,875	-	189,749,875	-
Lease liabilities	4,118,152		4,118,152	

The fair values of cash, trade receivables, trade payables and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Interest rate swaps

The Consolidated Entity enters into derivative financial instruments principally with financial institutions with investment grade credit ratings. Interest rate swaps are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest spot and forward rates and yield curves. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty risk and the Consolidated Entity's own non-performance risk. As at 30 June 2022, the mark-to-market value of derivative positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

Inventories

Inventories reflect LGCs. LGCs held for trading purposes are measured at fair value at the end of the financial year, adjusted for known market forces with changes in fair value recognised in the statement of profit and loss. LGCs are valued with reference to market spot price data.

There were no transfers between Level 1 and Level 2, and no transfers into or out of Level 3 during the years ended 30 June 2022 and 30 June 2021.

There were no changes in the Consolidated Entity's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the Period.

Note 23. Equity

Share capital

	30 JUNE 2022		30 JUNE 2021	
	Shares	**$**	**Shares**	**$**
Ordinary shares issued and fully paid	1,385,177,140	240,572,998	1,069,900,045	195,786,112
Other equity contribution	-	1,500,000	-	-
Total	**1,385,177,140**	**242,072,998**	**1,069,900,045**	**195,786,112**

During the year ended 30 June 2022, the share capital was increased by $46,286,886 by the issue of 315,277,095 ordinary shares from a share placement and share purchase plan; and other equity contribution of $1,500,000 from J-POWER following the execution of a joint development agreement for the K3W project which resulted in the reclassification of $250,000 of liability to equity, and the further contribution of $1,250,000 during the Period.

	DATE	SHARES	ISSUE PRICE	TOTAL
			$	**$**
At 1 July 2020		401,841,355		62,542,338
Equity raising	17/08/2020	96,712,552	$0.22	21,276,761
Share purchase plan	7/09/2020	12,952,092	$0.22	2,849,500
Equity raising	6/04/2021	280,033,073	$0.20	56,006,615
Equity raising	23/04/2021	171,370,968	$0.20	34,274,194
Equity raising	18/05/2021	106,990,005	$0.23	25,000,000
Equity raising fees				(6,163,296)
At 30 June 2021		**1,069,900,045**		**195,786,112**
Equity raising	28/02/2022	266,666,667	$0.15	40,000,000
Share purchase plan	22/03/2022	48,610,428	$0.14	7,004,800
Other equity contribution				1,500,000
Equity raising fees				(2,217,914)
At 30 June 2022		**1,385,177,140**		**242,072,998**

Option reserves

	SHARE-BASED PAYMENT
	$
At 1 July 2020	4,448,542
Share-based payments expense during the year	79,605
At 30 June 2021	**4,528,147**
Share-based payments expense during the year	-
At 30 June 2022	**4,528,147**

Share-based payments

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to Directors and employees, including KMP, as part of their remuneration. Refer to Note 9 for further details of these plans.

OCI

The only OCI item in equity is the cash flow hedge reserve originated from interest rate swap contracts. At 30 June 2022, the net of tax value is $17,310,105 (30 June 2021: ($6,487,752)).

Note 24. Information relating to Genex Power Limited (Parent Entity)

	30 JUNE 2022	30 JUNE 2021
	$	$
Current assets	18,049,792	7,828,252
Total assets	**202,445,605**	**178,775,718**
Current liabilities	1,943,315	43,913,912
Total liabilities	**2,130,587**	**44,482,014**
Share capital	240,572,998	195,786,112
Option reserves	(44,786,127)	(66,020,555)
Accumulated losses	4,528,147	4,528,147
Total Equity	**200,315,018**	**134,293,704**

FOR THE YEAR ENDED 30 JUNE	2022	2021
	$	$
Loss after income tax expense	19,242,252	41,595,702
Total comprehensive loss of the Parent Entity	**19,242,252**	**41,595,702**

The Parent Entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Note 25. Auditors' remuneration

The auditor of the Consolidated Entity is Ernst & Young Australia.

FOR THE YEAR ENDED 30 JUNE	2022	2021
	$	$
Fees for auditing the statutory financial report of the Consolidated Entity	203,865	229,334
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	17,160	10,400
Other services:		
Tax compliance	41,400	39,500
Transactional tax services	57,000	142,156
Advisory	150,008	-
Total	**469,433**	**421,390**

Note 26. Commitments and contingencies

Capital commitments

At 30 June 2022, the Consolidated Entity has capital commitments of $437,855,756 (30 June 2021: $627,310,230), comprising K2H of $389,440,369 and BBP of $48,415,387.

Note 27. Related party transactions

Note 6 provides information about the Consolidated Entity's structure, including details of the Parent Entity and the subsidiaries. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

	PURCHASES FROM RELATED PARTIES	AMOUNTS OWED TO RELATED PARTIES[13]
	$	$
Electric Power Development Co., Ltd	258,718	20,000

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

Commitments with related parties

The Consolidated Entity has entered into a Technical Services Agreement with J-POWER whereby J-POWER shall provide technical support to the Consolidated Entity for the construction of the K2H project. Under the agreement, the Consolidated Entity is committed to pay an amount of $20,000 per month (plus GST) for the duration of the construction period of the K2H project. Payments made during the Period also include amounts accrued but unpaid as at 30 June 2021 following commencement of construction of K2H on 28 April 2021.

[13] The amounts are classified as trade payables

Transactions with KMP

In December 2021, the Company entered into a Consultancy Services Contract with Simon Kidston on an arm's length basis to provide consulting services in the fields of investor relations, equity capital markets, media, stakeholder liaison and strategy, in addition to his role as a NED. The contract provides for an hourly rate of $250 plus GST and an overall cap of $48,000 plus GST, unless varied by mutual agreement. The term is six months commencing 1 January 2022 and expires on 30 June 2022

During the year ended 30 June 2022, the total amount of transactions under the Consultancy Services Contract, was $61,563.

Compensation of KMP of the Consolidated Entity

Disclosures relating to KMP remuneration are set out in the Remuneration Report.

Note 28. Events after the reporting period

The following material events have occurred since Period end:

- Completion of the acquisition of the BCP (refer *ASX Announcement dated 10 and 11 August 2022*);
- Completion of the drawdown of the new subordinated loan facility with Infradebt and the refinancing of the existing subordinated loan facility with Clean Energy Finance Corporation (refer *ASX Announcement dated 16 August 2022*);
- On 25 July 2022, the Company received a non-binding indicative proposal from the Consortium of Skip Essential Infrastructure Fund and Stonepeak Partners LLC for the acquisition of 100% of Genex shares at a price of $0.23 per share. Since the proposal was received:
    - On 1 August 2022, the Company announced that its Board had rejected the proposal on the basis that it undervalued Genex and therefore was not in the best interest of shareholders, but that it was willing to engage constructively with the Consortium to explore whether the Consortium can submit a revised proposal that is capable of being recommended to Genex shareholders by the Board; and
    - On 17 August 2022, the Company announced that it had received a revised non-binding indicative proposal from the Consortium for the acquisition of 100% of Genex shares at a price of $0.25 per share and otherwise on similar terms to the initial proposal. The announcement noted that after careful consideration of the revised proposal (including consultation with Genex's advisers), the Board considered that it is in the interests of Genex shareholders as a whole to engage further with the Consortium. Accordingly, the Board decided to provide the Consortium with the opportunity to conduct confirmatory due diligence in order to assist the Consortium to provide a binding proposal to the Board. The provision of due diligence was to be on a non-exclusive basis and subject to the terms of a confidentiality agreement between the Consortium and Genex.

Other than as disclosed above, there have been no other material events or circumstances which have arisen since 30 June 2022 that have significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Note 29. Standards issued but not yet effective[14]

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

The Consolidated Entity is currently assessing the impact the amendments will have on current practice under its accounting policies.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The Consolidated Entity is currently assessing the impact the amendments will have on current practice under its accounting policies.

[14] Include standards that are only applicable to the Consolidated Entity

IFRS 9 Financial Instruments – Fees in the "10 per cent" test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Consolidated Entity will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Consolidated Entity.

Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Consolidated Entity.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Consolidated Entity is currently assessing the impact of the amendments to determine the impact they will have on the Consolidated Entity's accounting policy disclosures.

8. DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Genex Power Limited, I state that:

1. In the opinion of the Directors:

   (a) the financial statements and notes of Genex Power Limited for the financial year ended 30 June 2022 are in accordance with the *Corporations Act 2001*, including:

      i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its performance for the year ended on that date; and

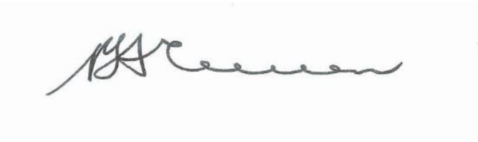
      ii. complying with Accounting Standards and the *Corporations Regulations 2001*; and

   (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.1; and

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022.

On behalf of the Board



Dr Ralph Craven
Independent Non-executive Chairman
29 August 2022
Sydney, Australia

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Independent auditor's report to the members of Genex Power Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Genex Power Limited ("the Company") and its subsidiaries (collectively "the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit & loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the 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 consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial 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 judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Carrying Value of Property, Plant and Equipment

Why significant	How our audit addressed the key audit matter
At 30 June 2022, the Group recognised Property, Plant and Equipment of $452.0m. The recognition and recoverability of the Group's Property, Plant and Equipment was considered a Key Audit Matter due to the value of the asset relative to total assets, and the significant judgements and assumptions involved in the Group's assessment of whether any indicators of impairment were present, as required by Australian Accounting Standards.	Our audit procedures included the following: - We selected a sample of the construction costs capitalised to Property, Plant and Equipment and agreed these to the supporting supplier invoices, cash payments and assessed whether the cost was appropriately capitalised in accordance with Australian Accounting Standards. - We assessed whether the methodology and factors considered by the Group to identify indicators of impairment or impairment reversals met the requirements of Australian Accounting Standards. - We evaluated the adequacy of the Property, Plant and Equipment related disclosures in the financial report including those made with respect to judgements and estimates.

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 2022 annual report, 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 accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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 relating 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 29 to 34 of the directors' report for the year ended 30 June 2022.

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

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.

Ernst & Young

Ernst & Young

Ryan Fisk

Ryan Fisk
Partner
Sydney
29 August 2022

10. CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement (**CGS**) is provided by the Directors of Genex pursuant to ASX Listing Rule 4.10.3 and reports against the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations' 4th Edition (the **Recommendations**) including the 8 principles and 35 specific recommendations included therein. This is the third time the Company has reported against the 4th Edition of the Recommendations. This CGS was approved by a resolution of the Board of the Company dated 29 August 2022 and is effective as at the same date and is in addition to and supplements the Company's Appendix 4G which is lodged with the ASX together with this Annual Report to Shareholders.

	PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	A LISTED ENTITY SHOULD CLEARLY DELINEATE THE RESPECTIVE ROLES AND RESPONSIBILITIES OF ITS BOARD AND MANAGEMENT AND REGULARLY REVIEW THEIR PERFORMANCE.
	Recommendations	
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	(a) The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities and functions of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Managing Director (**MD**) or equivalent which is currently the CEO, Mr James Harding. The Board Charter also specifically outlines the role of the Board, the Company's Chair, Individual Directors and the MD/CEO. Each function and its responsibility are outlined in the Board Charter and in various sections of this this Corporate Governance Statement, both of which are available on the Company's website. The role and responsibility of the Board, the Company's Chair, Individual Directors and the MD/CEO is outlined in the following paragraphs of the Company's Board Charter: • The Board – Paragraph 3.1; • The Chair – Paragraph 8.1; • The Individual Directors – Paragraph 8.2; and • The MD/CEO – Paragraph 8.3. (b) The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, purpose, values, policies, practices, goals for management and the operation of the Company. Without intending to limit this general role of the Board, the specific functions and responsibilities of the Board include those matters particularised in paragraph 3.1 of the Company's Board Charter. The MD/CEO is separately responsible for the ongoing management of the Company in accordance with the strategy, purpose, values, policies and programs approved by the Board as outlined in paragraph 8.3.

	PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	A LISTED ENTITY SHOULD CLEARLY DELINEATE THE RESPECTIVE ROLES AND RESPONSIBILITIES OF ITS BOARD AND MANAGEMENT AND REGULARLY REVIEW THEIR PERFORMANCE.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive, or putting someone forward for election as a director; and (b) provide securityholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	(a) Prior to the nomination of prospective on-executive directors for election or re-election, the Board must obtain from the prospective candidate: • details of other commitments of the prospective candidate (including the potential for any actual or perceived conflicts of interest at the time of the candidate's appointment or in the foreseeable future) and an indication of the time involved; and • an acknowledgement that the prospective candidate will have sufficient time to meet the requirements of non-executive directors of the Company. All of the Company's current Directors have undergone bankruptcy and police checks and appropriate checks will also be undertaken prior to the appointment of any new directors to the Board or any new candidates for election. (b) When a candidate is placed before shareholders for election or re-election as a director, the names of candidates submitted is accompanied by the following information to enable shareholders to make an informed decision in relation to that vote: • biographical details, including competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate; • details of relationships between the candidate and the Company, and the candidate and Directors of the company; • whether the Board considers the person to be independent; • other directorships held; • particulars of other positions which involve significant time commitments; • the term of office currently served by any director subject to re-election; • for new candidates, confirmation that the Company has conducted appropriate checks into the candidate's background and experience and whether those checks have revealed any information of concern that might affect the person's ability to perform the role or a shareholder's decision on how to vote on a resolution for the appointment of that candidate; • a statement as to whether the Board supports the election or re-election of the candidate and the reasons why; and • any other particulars required by law.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	The Company had Executive Services Agreements in place with each of its previous Executive Directors (noting that the Board now only comprises non-executive directors), and currently has Executive Service Agreements in place with its CEO, COO and CFO. In addition, the Company has a Letter of Appointment with each of its Non-executive Directors other than Mr Yongqing Yu and Mr Kenichi Seshimo who are shareholder representatives and do not receive any remuneration from Genex. All remunerated

	PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	A LISTED ENTITY SHOULD CLEARLY DELINEATE THE RESPECTIVE ROLES AND RESPONSIBILITIES OF ITS BOARD AND MANAGEMENT AND REGULARLY REVIEW THEIR PERFORMANCE.
		Directors provide their services as directors to the entity in an individual capacity and may also provide any additional exertion type services through a service entity.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Secretary is accountable to the Board through the Chair on all governance matters and also on all matters to do with the proper functioning of the Board. The Secretary is generally responsible for carrying out the administrative and legislative requirements of the Board. The Secretary holds primary responsibility for ensuring that the Board processes, procedures and policies run efficiently and effectively, and the Secretary's role of responsibilities is outlined in paragraph 8.4 of the Board Charter.
1.5	A listed entity should: (a) have and disclose a diversity policy; (b) Through its board or a committee of the board, set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or	(a) The Company has established a Diversity Policy as part of its Corporate Governance Plan. The Policy details the Board's commitment to providing an inclusive workplace and recognises the value that a workforce made up of individuals with diverse skills, values, backgrounds and experiences can bring to the Company. The Company has a commitment to gender diversity and female participation is sought in all areas of the Company's business. Decisions relating to promotion, leadership development and flexible work arrangements are based on merit and reinforce the importance of equality in the workplace. Ongoing monitoring of company policies and culture is undertaken to make sure they do not hold any group back in their professional development. (b) While the Company has not yet set measurable objectives for achieving gender diversity with respect to the composition of its board, senior executives or workforce generally, the Company aims to achieve gender diversity in all areas of its business. (c)(1) As stated in (b) above, the Company has not yet set measurable objectives in terms of a specific quota or ratio but adopts an approach of aiming to achieve gender diversity in every new appointment to the board, at senior executive level or in the workforce generally. (c)(2) The Company is making progress towards gender diversity with female board and senior executive appointments. The Company will continue to strive for gender diversity and will establish measurable objectives for achieving gender diversity when it has grown to a point where it is appropriate to do so. The Board regularly reviews its policy and practical approach in achieving gender diversity to determine its adequacy for current circumstances and make appropriate recommendations where required. The Company's Corporate Governance Statement each year contains an update on the Company's compliance with the ASX's recommendations and the Company's Diversity Policy. Each year, the Company reviews and, where appropriate, updates its Diversity Policy to ensure that it not only reflects the Company's approach to gender diversity but also to state that in employing new people it recognises that people differ not just on the basis of gender, race or ethnicity, but also other

	PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	A LISTED ENTITY SHOULD CLEARLY DELINEATE THE RESPECTIVE ROLES AND RESPONSIBILITIES OF ITS BOARD AND MANAGEMENT AND REGULARLY REVIEW THEIR PERFORMANCE.
	(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	dimensions such as lifestyle, cultural or socio-economic background, education, physical ability, age, marital or and family status, perspective and experience. The latest version of the policy also reflects the Company's expanded approach to ensure a culture that supports diversity. The Company supports flexible work practices (including part time positions) to best accommodate business, family or personal choices where practicable and aims to provide opportunities for employees on extended parental leave to maintain their connection with the entity, for example, by offering them the option (without any obligation) to receive all-staff communications and to attend work functions and training programs. In order to have an inclusive workplace, discrimination, harassment, vilification and victimisation cannot and will not be tolerated. (c)(3)(A) The Company currently has 15 employees and 3 consultants with 6 of these in total, women. The Company has 4 women in Senior Executive positions with the definition of a "senior executive" according to generally well-known market practice and definitions. The Company has 1 female director. This will continue to be reviewed in accordance with each review of the Board's skills and requirements in accordance with the Company's Diversity Policy. (c)(3)(B) The entity is not a "relevant employer".
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	(a) The Chair is responsible for overseeing the: • evaluation and review of the performance of the Board and its committees (other than the Chair); and • evaluation and review of the performance of individual Directors (other than the Chair); The Chair should disclose the process for evaluating the performance of the Board, its committees and individual Directors. The Board (other than the Chair) is responsible for the: • evaluation and review of the performance of the Chair; and • review of the effectiveness and programme of Board meetings. The process for the performance evaluation of the Board, its Committees and Directors generally involves an internal review. From time to time as the Company's needs and circumstances require, the Board may commission an external review of the Board, and its composition.

	PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	A LISTED ENTITY SHOULD CLEARLY DELINEATE THE RESPECTIVE ROLES AND RESPONSIBILITIES OF ITS BOARD AND MANAGEMENT AND REGULARLY REVIEW THEIR PERFORMANCE.
		(b) An outsourced external review of the Board was undertaken in early 2022 in accordance with the Company's formal protocols.
1.7	A listed entity should: (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	(a) The Board will monitor the performance of senior management, including measuring actual performance against planned performance. The Board Charter sets out the process to be followed in evaluating the performance of senior executives. Each senior executive is required to participate in a formal review process which assesses individual performance against predetermined objectives. (b) A formal evaluation occurred immediately post the end of FY2022 in accordance with formal protocols established by the Company.

	PRINCIPLE 2: STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE	THE BOARD OF A LISTED ENTITY SHOULD BE OF AN APPROPRIATE SIZE AND COLLECTIVELY HAVE THE SKILLS, COMMITMENT AND KNOWLEDGE OF THE ENTITY AND THE INDUSTRY IN WHICH IT OPERATES, TO ENABLE IT TO DISCHARGE ITS DUTIES EFFECTIVELY, AND TO ADD VALUE.
	Recommendations	
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual	(a) The Board, as a whole, currently serves as the Company's Nomination Committee. Terms and conditions of employees are negotiated by the MD/CEO for recommendation to the Board. As the Company grows in size it is planned that the Company will implement a separate Nomination Committee with its own separate Nomination Committee charter. (b) While the Board does not currently comply with this recommendation, given the stage of the Company's operations and relatively small number of employees, the Board is of the view that it is currently structured in such a way so as to add value and is appropriate for the complexity of the business at this time. The Board shall ensure that, collectively, it has the appropriate range of skills and expertise to properly fulfil its responsibilities, including: • accounting; • finance; • business; • legal, regulatory and compliance;

	PRINCIPLE 2: STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE	THE BOARD OF A LISTED ENTITY SHOULD BE OF AN APPROPRIATE SIZE AND COLLECTIVELY HAVE THE SKILLS, COMMITMENT AND KNOWLEDGE OF THE ENTITY AND THE INDUSTRY IN WHICH IT OPERATES, TO ENABLE IT TO DISCHARGE ITS DUTIES EFFECTIVELY, AND TO ADD VALUE.
	attendances of the members at those meetings; **OR** (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	• the renewable energy industry; • Managing Director / CEO level experience; and • relevant technical expertise. The Board shall review the range of expertise of its members on a regular basis and ensure that it has operational and technical expertise relevant to the operation of the Company.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	The Board will determine the procedure for the selection and appointment of new Directors and the re-election of incumbents in accordance with the Company's Constitution, the ASX Listing Rules and having regard to the ability and independence of the individual to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction, purpose and values of the Company. The Board shall ensure that, collectively, it has the appropriate range of skills and expertise to properly fulfil its responsibilities, including: • accounting; • finance; • business; • legal, regulatory and compliance • the renewable energy industry; • Managing Director-level experience; and • relevant technical expertise. The mix of skills of the current Board is set out on the Company's website.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors;	(a) Currently only 2 of the 6 Directors are considered to be independent given that Simon Kidston and Ben Guo were previously Executive Directors and Kenichi Seshimo and Yongqing Yu are representatives of large shareholders of the Company. The independent Directors are Dr Ralph Craven, the Company's Non-Executive Chair, and Ms Teresa Dyson, both Non-Executive Directors.

	PRINCIPLE 2: STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE	THE BOARD OF A LISTED ENTITY SHOULD BE OF AN APPROPRIATE SIZE AND COLLECTIVELY HAVE THE SKILLS, COMMITMENT AND KNOWLEDGE OF THE ENTITY AND THE INDUSTRY IN WHICH IT OPERATES, TO ENABLE IT TO DISCHARGE ITS DUTIES EFFECTIVELY, AND TO ADD VALUE.
	(b) if a director has an interest, position or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	(b) Not applicable. While each of the Directors have received grants of options approved by shareholders in the past, these have not had any specific performance hurdles or vesting milestones attached other than an exercise price well above the share price as at the date of the grant. Additionally, while the independent Directors have received payments for services rendered over and above their duties as Non-executive Independent Directors, these are not performance-based payments but payments for actual exertion services provided on an arm's length basis and not of sufficient duration for the independence of these directors to be compromised. (c) The Directors were appointed to the Board as follows: Dr Ralph Craven – 29 May 2015 Mr Simon Kidston - 1 August 2013 Mr Ben Guo – 25 October 2013 Mr Yongqing Yu – 8 February 2016 Ms Teresa Dyson – 7 May 2018 Mr Kenichi Seshimo – 18 May 2021
2.4	A majority of the board of a listed entity should be independent directors.	The Company does not currently have a majority of independent directors however the Board is of the view that notwithstanding that it does not currently comply with this recommendation it nonetheless has the appropriate mix of skills and experience for the Company's present stage of operations. The Company does however have a majority of non-executive directors with all 6 filling that role.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The Company's current Chair is Dr Ralph Craven who is an independent director and is not engaged in any executive role within the Company.
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	Pursuant to the Company's Board Charter the Board must implement an appropriate induction and education process for new Board appointees and senior executives to enable them to gain a better understanding of: • the Company's financial, strategic, operational and risk management position; • the rights, duties and responsibilities of the directors; • the roles and responsibilities of senior executives; and • the role of Board committees. Existing directors are required to participate in development initiatives from time to time including in relation to health and safety.

	PRINCIPLE 3: INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY	A LISTED ENTITY SHOULD INSTIL AND CONTINUALLY REINFORCE A CULTURE ACROSS THE ORGANISATION OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY.
	Recommendations	
3.1	A listed entity should articulate and disclose its values.	(a) The Company's Corporate Governance Plan includes the following policies and charters which provide a framework for decisions and actions in relation to ethical conduct in employment. • Board Charter; • Audit and Risk Management Committee Charter; • Code of Conduct – Obligations to Stakeholders; • Code of Conduct – Directors and Key Officers; • Continuous Disclosure; • People and Remuneration Committee Charter; • Securities Trading Policy; • Diversity Policy; • Whistleblower Policy; and • Climate Change Policy. (b) A copy of each policy including the codes of conduct relating to Directors, Senior Executives and employees is available on the Company's website.
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	(a) The Company has a "Code of Conduct for Directors and Key Officers" which includes senior executives and employees; and (b) Any material breaches of this policy are brought directly before the Board.
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	(a) The Company has a whistleblower policy; and (b) Any material breaches of this policy are brought directly before the Board.

	PRINCIPLE 3: INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY	A LISTED ENTITY SHOULD INSTIL AND CONTINUALLY REINFORCE A CULTURE ACROSS THE ORGANISATION OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY.
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or a committee of the board is informed of any material breaches of that policy.	(a) The Company has a policy titled "Code of Conduct – the Company's obligations to Stakeholders" which operates as the Company's anti-bribery and corruption policy; and (b) Any material breaches of this policy are brought directly before the Board.

	PRINCIPLE 4: SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS	A LISTED ENTITY SHOULD HAVE APPROPRIATE PROCESSES TO VERIFY THE INTEGRITY OF ITS CORPORATE REPORTS.
	Recommendations	
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual	(a) The Company has an Audit and Risk Management Committee which: (1) has 3 members being Ms Teresa Dyson, Dr Ralph Craven and Mr Kenichi Seshimo. All of the committee members are non-executive directors and a majority of the committee being Ms Teresa Dyson and Dr Ralph Craven are independent. (2) is chaired by an independent director being Ms Teresa Dyson who is not the Chair of the board. (3) A copy of the policy titled *"Charter of the Audit and Risk Management Committee of Genex Power Limited"* is available on the Company's website. (4) The relevant qualifications and experience of the Committee members is available on the Company's website. (5) The Committee met 6 times in the financial year with all persons who were members of the committee at the time meeting each meeting was held being in attendance. (b) Not applicable.

	PRINCIPLE 4: SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS	A LISTED ENTITY SHOULD HAVE APPROPRIATE PROCESSES TO VERIFY THE INTEGRITY OF ITS CORPORATE REPORTS.
	attendances of the members at those meetings; **OR** (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	The Board ensures and has received on each occasion that it approves the Company's statutory accounts, the appropriate declarations and assurances including a declaration from the CEO and CFO that the Company's accounts have been kept in accordance with section 295A of the *Corporations Act 2001* and received such declarations in the financial year.
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	The Company ensures that a copy of every announcement to the market is sent to every Board member and senior executive for review and comment prior to release to the ASX which includes the Company's Appendix 4C and associated commentary every quarter. The Board is of the view that having each announcement reviewed includes an appropriate and necessary level of oversight of all statements made to the market.

	PRINCIPLE 5: **MAKE TIMELY AND BALANCED DISCLOSURE**	**A LISTED ENTITY SHOULD MAKE TIMELY AND BALANCED DISCLOSURE OF ALL MATTERS CONCERNING IT THAT A REASONABLE PERSON WOULD EXPECT TO HAVE A MATERIAL EFFECT ON THE PRICE OR VALUE OF ITS SECURITIES.**
	Recommendations	
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	The Company has a continuous disclosure program/policy in place designed to ensure compliance with the ASX Listing Rules on continuous disclosure and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position.
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	The Company Secretary ensures that a copy of all market announcements is provided to the Board either immediately before or immediately after release to the ASX. This practice has been adopted by the Company since its listing in 2015.
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	As stated in the responses to 4.3 and 5.2, the Company ensures that a copy of every announcement to the market is sent to every Board member and senior executive for review and comment prior to release to the ASX which includes any new and substantive investor presentation. The Company Secretary also ensures that a copy of the investor presentation is provided to the Board either immediately before or immediately after release to the ASX.

	PRINCIPLE 6: **RESPECT THE RIGHTS OF SECURITY HOLDERS**	**A LISTED ENTITY SHOULD PROVIDE ITS SECURITY HOLDERS WITH APPROPRIATE INFORMATION AND FACILITIES TO ALLOW THEM TO EXERCISE THEIR RIGHTS AS SECURITY HOLDERS EFFECTIVELY.**
	Recommendations	
6.1	A listed entity should provide information about itself and its governance to investors via its website.	The Company's Corporate Governance Plan includes a shareholder communications strategy which aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. This is contained within the Company's policies titled *"Code of Conduct – Obligations to Stakeholders"* and *"Corporate Governance Policy – Continuous Disclosure".* The policies are available on the Company's website.
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	The Company's Corporate Governance Plan includes a shareholder communications strategy which is outlined in 6.1.
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	The Company's Corporate Governance Plan includes a shareholder communications strategy which is outlined in 6.1. The Company also encourages shareholders to attend the Company's Annual General Meeting (**AGM**) in person and to ask questions of the Board and the Auditor and/or to submit questions in writing in advance.

	PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS	A LISTED ENTITY SHOULD PROVIDE ITS SECURITY HOLDERS WITH APPROPRIATE INFORMATION AND FACILITIES TO ALLOW THEM TO EXERCISE THEIR RIGHTS AS SECURITY HOLDERS EFFECTIVELY.
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	The Company has implemented a policy of ensuring that all resolutions at an AGM or Extraordinary General Meeting are decided by a poll.
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Company has such a practice already in place for all shareholders.

	PRINCIPLE 7: RECOGNISE AND MANAGE RISK	A LISTED ENTITY SHOULD ESTABLISH A SOUND RISK MANAGEMENT FRAMEWORK AND PERIODICALLY REVIEW THE EFFECTIVENESS OF THAT FRAMEWORK.
	Recommendations	
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; **OR** (b) if it does not have a risk committee or committees that satisfy (a) above, disclose	(a) The Board in conjunction with the Audit and Risk Management Committee determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. (1) has 3 members being Ms Teresa Dyson, Dr Ralph Craven and Mr Kenichi Seshimo. All of the committee members are non-executive and a majority of the committee being Ms Teresa Dyson and Dr Ralph Craven are independent. (2) is chaired by an independent director being Ms Teresa Dyson who is not the Chair of the Board. (3) A copy of the policy titled *"Charter of the Audit and Risk Management Committee of Genex Power Limited"* is available on the Company's website. (4) The members of the committee are Ms Teresa Dyson (Chair), Dr Ralph Craven (Member) and Mr Kenichi Seshimo (member). (5) The Committee met 6 times during the reporting period with all members as constituted at the time in attendance. (b) Not applicable.

	PRINCIPLE 7: RECOGNISE AND MANAGE RISK	A LISTED ENTITY SHOULD ESTABLISH A SOUND RISK MANAGEMENT FRAMEWORK AND PERIODICALLY REVIEW THE EFFECTIVENESS OF THAT FRAMEWORK.
	that fact and the processes it employs for overseeing the entity's risk management framework.	
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	(a) The Company has established policies for the oversight and management of material business risks. The Audit and Risk Management Charter of the Company is available on the Company's website. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to the Board in conjunction with the Audit and Risk Committee. The Board and Audit and Risk Management Committee are required to assess risk management and associated internal compliance and control procedures and will be responsible for ensuring the process for managing risks is integrated within business planning and management activities. Reports on risk management are to be provided to the Board by the Audit and Risk Management Committee at the first Board meeting subsequent to each Committee meeting. (b) A formal review of the Company's risk management framework occurs at every Audit and Risk Management Committee and Board meeting with the Committee and Board reviewing and prioritising the top risks faced by the Company as advised by the Company's Management Risk Committee in conjunction with the Audit and Risk Management Committee. A formal review and planning session analysing and assessing the Company's risk register occurred a number of times through the reporting period between the Audit and Risk Management Committee and the management executive team.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; OR (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	(a) The Company's has engaged a specialist internal audit firm to exercise the internal audit function in conjunction with a full time Chief Financial Officer to ensure a level of segregation particularly in relation to processes and procedures around such things as payment authorisations and limits of authority. (b) Not applicable.
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	The Company is subject to a range of material economic and environmental risks as a developer and operator of a number of diverse renewable energy projects in different jurisdictions within Australia and emphasises the summary of non-exclusive risks outlined in the Company's Replacement Prospectus lodged with ASIC on 10 June 2015 and in the Company's presentations released periodically to the ASX. In relation to any potential, but as yet unknown, environmental risk, the Company is undertaking an

PRINCIPLE 7: RECOGNISE AND MANAGE RISK	A LISTED ENTITY SHOULD ESTABLISH A SOUND RISK MANAGEMENT FRAMEWORK AND PERIODICALLY REVIEW THE EFFECTIVENESS OF THAT FRAMEWORK.
	Environmental Evaluation Process in conjunction with the Queensland Department of Environment and Science in relation to amending the terms of its current Environmental Authority over the Kidston site in Queensland.

	PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY	A LISTED ENTITY SHOULD PAY DIRECTOR REMUNERATION SUFFICIENT TO ATTRACT AND RETAIN HIGH QUALITY DIRECTORS AND DESIGN ITS EXECUTIVE REMUNERATION TO ATTRACT, RETAIN AND MOTIVATE HIGH QUALITY SENIOR EXECUTIVES AND TO ALIGN THEIR INTERESTS WITH THE CREATION OF VALUE FOR SECURITY HOLDERS AND WITH THE ENTITY'S VALUES AND RISK APPETITE.
	Recommendations	
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; **OR** (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	(a) The Board has established a separate People and Remuneration Committee which: (1) has 3 members being Dr Ralph Craven, Ms Teresa Dyson and Mr Simon Kidston. 2 members of the committee being Dr Ralph Craven and Ms Teresa Dyson are independent. (2) the Committee is chaired by an independent director being Dr Ralph Craven. (3) A copy of the People and Remuneration Committee Charter is available on the Company's website. (4) The members of the committee are Dr Ralph Craven, Ms Teresa Dyson and Mr Simon Kidston. (5) The Committee met three times in the financial year with all members being present at each meeting of the Committee they were entitled to attend. (b) Not applicable.

	PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY	A LISTED ENTITY SHOULD PAY DIRECTOR REMUNERATION SUFFICIENT TO ATTRACT AND RETAIN HIGH QUALITY DIRECTORS AND DESIGN ITS EXECUTIVE REMUNERATION TO ATTRACT, RETAIN AND MOTIVATE HIGH QUALITY SENIOR EXECUTIVES AND TO ALIGN THEIR INTERESTS WITH THE CREATION OF VALUE FOR SECURITY HOLDERS AND WITH THE ENTITY'S VALUES AND RISK APPETITE.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	The Committee distinguishes the structure of Non-executive Directors' remuneration from that of Executive Directors and senior executives. The Company's Constitution and the *Corporations Act 2001* also provides that the remuneration of non-executive directors will not be more than the aggregate fixed sum determined by a general meeting. The Board, upon recommendation from the People and Remuneration Committee, has historically been responsible for determining the remuneration of the Executive Directors (without the participation of the affected director).
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	(a) A summary of the Company's policy on prohibiting transactions in associated products which operate to limit the risk of participating in unvested entitlements under any equity-based remuneration scheme is contained within the People and Remuneration Committee Charter. (b) Paragraph 6.2 (3) of the Company's People and Remuneration Committee Charter states: *"…The Committee must ensure that, where applicable, any payments of equity-based remuneration are made in accordance with the Company's constitution and any thresholds approved by the Company's shareholders. Committee members must be aware at all times of the limitations of equity-based remuneration. The terms of such schemes should clearly prohibit entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under these schemes. The exercise of any entitlements under these schemes should be timed to coincide with any trading windows under the Company's securities trading policy…"*

	ADDITIONAL RECOMMENDATIONS	
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the process it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	Mr Yongqing Yu, a Non-executive Director based in China and the representative of one of the Company's largest shareholders, Asia Ecoenergy Development Limited, does not speak English. Mr Yu has an appointed representative who is a senior executive of that entity, who is able to interpret communications including relevant Board material with Mr Yu.

11. ASX ADDITIONAL INFORMATION

The following information is provided pursuant to Listing Rule 4.10 and is current as at 16 August 2022 (unless otherwise stated):

Ordinary shares

1,385,177,140 fully paid ordinary shares are held by 8,181 shareholders.

Shareholder voting rights are specified in clause 10.14 of the Company's Constitution lodged with the ASX on 6 July 2015. Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll, each share shall have one vote.

The number of shareholders, by size of holding, in each class are:

	HOLDERS	TOTAL UNITS	PERCENTAGE
1 – 1,000	167	22,592	0.000%
1,001 – 5,000	2,060	6,822,514	0.490%
5,001 – 10,000	1,134	9,008,831	0.650%
10,001 – 100,000	3,607	144,219,695	10.410%
100,001 and over	1,213	1,225,103,508	88.440%
Total	**8,181**	**1,385,177,140**	**100%**

There were 580 shareholders with an unmarketable parcel of shares being a holding of less than 2,273 shares each for a combined total of 831,890 shares based on a closing price of $0.22 per share as at 12 August, 2022, representing 0.06006% of the shares on issue on that day.

<u>Substantial shareholders</u>

	TOTAL UNITS	PERCENTAGE	DATE OF NOTICE
SKIP EIF ENTERPRISES PTY LTD <SKIP EIF A/C>	276,896,318	19.990%	25/07/2022
JPGA Partners Pty Ltd	106,990,005	7.724%	19/05/2021

Twenty largest shareholders

	TOTAL UNITS	PERCENTAGE
SKIP EIF ENTERPRISES PTY LTD <SKIP EIF A/C>	276,896,318	19.990%
JPGA PARTNERS PTY LTD	106,990,005	7.724%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	99,519,876	7.185%
CITICORP NOMINEES PTY LIMITED	84,568,762	6.105%
BNP PARIBAS NOMS PTY LTD <DRP>	48,519,475	3.503%
CBC CO PTY LTD & FERONIELLA PTY LTD <GALIPEA PARTNERSHIP A/C>	43,800,003	3.162%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	25,362,323	1.831%
ASIA ECOENERGY DEVELOPMENT LIMITED	23,678,750	1.709%
NATIONAL NOMINEES LIMITED	17,751,529	1.282%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	16,228,556	1.172%
DANAWA (INV) PTY LTD <DANAWA S/F A/C>	13,818,000	0.998%
DOWNING DOMAIN INVESTMENTS PTY LTD <DOWNING FAMILY A/C>	12,477,982	0.901%
ASIA ECOENERGY DEVELOPMENT LIMITED	12,000,000	0.866%
DANAWA (INV) PTY LTD <DANAWA SUPER FUND A/C>	10,000,000	0.722%
HORRIE PTY LTD <HORRIE SUPERANNUATION A/C>	9,208,188	0.665%
SPLENDID STUFF PTY LTD	7,046,599	0.509%
MR ROBERT DOWNING & MRS CHRISTINE DOWNING <ROB & CHRIS DOWNING S/F A/C>	5,784,000	0.418%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	5,353,644	0.386%
KFT CAPITAL PTY LIMITED <GUNDIMAINE A/C>	5,350,000	0.386%
MRS JILLIAN MARIA NOEL TAYLOR	4,614,194	0.333%
Total	**828,968,204**	**59.847%**

Options on issue

19,350,000 options are held by 9 option holders.

Option holders do not have the right to vote at a general meeting of shareholders until such time as the options have been converted into ordinary shares in the Company.

The number of option holders, by size of holding, in each class are:

Exercisable at $0.40 expiring 13 February 2023

	HOLDERS	TOTAL UNITS	PERCENTAGE
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and over	3	4,850,000	100%
Total	**3**	**4,850,000**	**100%**

Option holders with more than 20% of this class of option are:

	TOTAL UNITS	PERCENTAGE
J Harding	2,600,000	53.608%
C Francis	2,000,000	41.237%
Total	**4,600,000**	**94.845%**

Exercisable at $0.34 expiring 10 September 2024

	HOLDERS	TOTAL UNITS	PERCENTAGE
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and over	6	14,500,000	100%
Total	**6**	**14,500,000**	**100%**

Option holders with more than 20% of this class of option are:

	TOTAL UNITS	PERCENTAGE
ESCR INVESTMENTS PTY LTD <THE CRAVEN FAMILY A/C>	4,000,000	27.586%
LIGUO CAPITAL PTY LIMITED <BENJO FAMILY A/C>	3,000,000	20.690%
DANAWA (INV) PTY LTD <DANAWA S/F A/C>	3,000,000	20.690%
Total	**10,000,000**	**68,966%**

There are no shares or options subject to escrow.

There is no current on-market buy-back.

There are no issues of securities approved for the purposes of Item 7 of section 611 of the *Corporations Act 2001* which have not yet been completed.

CORPORATE DIRECTORY

DIRECTORS

Dr Ralph Craven	Independent Non-Executive Chairman
Ms Teresa Dyson	Independent Non-Executive Director
Mr Simon Kidston	Non-Executive Director
Mr Ben Guo	Non-Executive Director
Mr Kenichi Seshimo	Non-Executive Director
Mr Yongqing Yu	Non-Executive Director

COMPANY SECRETARY

Mr Justin Clyne

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ASX CODE

GNX

AUDITORS

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