2023 ANNUAL REPORT

GreenHy2 Limited
ABN 51 000 689 725

Consolidated Financial Statements
For the Year Ended 31 December 2023

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FOR THE YEAR ENDED 31 December 2023

Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in place to ensure they meet the interests of shareholders. GreenHy2 complies with the Australian Securities Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations (the Principles).

DIRECTORS' REPORT

The Directors present this report together with the financial report of the consolidated entity consisting of GreenHy2 Limited (GreenHy2) and the entities it controls, for the financial year ended 31 December 2023 and the auditor's report thereon.

DIRECTORS

The following persons were directors of GreenHy2 during the whole of the financial year and up to the date of this report, unless otherwise stated:

Paul Dalgleish
William Howard
Charles Rottier

PRINCIPAL ACTIVITIES

During the financial year the continuing activities of the consolidated entity consisted of:

- Solid State Hydrogen Storage Batteries supported by 100% renewable generation.
- Construction across the infrastructure, telecommunications, power, renewable energy, industrial and commercial sectors although there has been limited opportunity in the past year.

REVIEW OF OPERATIONS & RESULTS

The net loss after tax for this year was $1,750,291, down from the loss of $3,256,747 last year. The net loss improvement was driven by a range of cost reductions including a voluntary reduction in Executive salaries and Director's Fees. Full year revenue from continuing operations in FY2023 was $27,550 down from $292,823 last year.

Cash on hand at the end of the year was $1,002,386, decreasing from $2,250,855 last year.

GreenHy2 continues its focus on our core Renewable Energy Strategy, in particular Solid State Hydrogen Storage Batteries supported by 100% renewable fraction generation.

As previously reported GreenHy2 completed its Stand-Alone Power Supply trial period using Solid State Hydrogen Storage and Solar Generation with Essential Energy (EE) in August 2023 and is now operating under an O&M agreement with EE. The unit continues to operate reliably. We are continuing discussions with EE regarding next steps including a proposal for a multi-unit trial with ARENA funding.

The Solid-State Hydrogen Storage business opportunities continue to grow. A number of new opportunities are being tendered. A significant Grant supported opportunity is also under consideration in the Telecommunications sector. We are now targeting the first sales in H1 of 2024.

The current market for Solid State Hydrogen Storage remains quite extensive and across a large number of sectors however GreenHy2 is generally focussed on 100% renewable Stand-Alone Power Supplies for Utilities, Telecoms, remote communities and private operators where we provide a very safe, lower cost and reliable solution. As an adjunct to this, GreenHy2 is always assessing possible additions to its service offering in the Renewable and related sectors.

FUTURE DEVELOPMENTS AND EVENTS AFTER THE REPORT PERIOD

The Board of H2G has been in correspondence with the Australian Stock Exchange [ASX] on the issue of Performance Rights granted to the Managing Director and Chief Financial Officer to ensure compliance with the Listing Rules.

As a result of complying with the ASX requirements, GreenHy2 adjusted the FY2023 Share Base Payment Expense from $192,594 to nil, which was after the lodgement of the Preliminary Final Report and Appendix 4E on 28th February 2024. The effect is an improvement in the net loss after tax for the year from $1,942,840 to $1,750,291. The number of performance shares has been adjusted to Nil.

H2G will cancel the Adjusted Performance Rights to the Managing Director and Chief Financial Officer and issue new Performance Rights complying with the Employment contracts that will be voted on at the upcoming AGM. Until that time the current Performance rights will remain locked and not exercisable.

At all times H2G will endeavour to have no negative effect on any shareholder because of any action taken.

in fact, the proposed solution will reduce dilutionary impact on shareholders.

We continue to fulfill our continuous disclosure obligation and provide updates, if and when necessary.

ENVIRONMENTAL REGULATION AND PERFORMANCE

During 2023 the Group maintained its accreditations for:

1. Quality management system to ISO 9001;
2. Environment management system to ISO 14001:2015; and
3. Occupational health and safety certification to ISO AS/NZS4801:2001.

DIVIDENDS PAID, RECOMMENDED AND DECLARED

No dividends were paid, declared, or recommended since the start of the financial year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

For the year ended 31 December 2023, GreenHy2 continued to indemnify Directors and Officers of GreenHy2 against all liabilities to persons (other than GreenHy2 or related body corporate) which arise out of the performance of their normal duties as Directors or Executive Officers unless the liability relates to conduct involving lack of good faith.

GreenHy2 also continues to indemnify the Directors and Executive Officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity. The Directors' and Officers' liability insurance provides cover against costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than GreenHy2) incurred in their position as a Director or Executive Officer unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage.

The insurance policy does not allow specific disclosure of the nature of the liabilities insured against or the premium paid under the policy.

PROCEEDINGS ON BEHALF OF THE CONSOLIDATED ENTITY

No person has applied for the leave of Court to bring proceedings on behalf of the consolidated entity.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

The directors of GreenHy2 during the financial year and up to the date of this report are provided below, together with Company Secretary.

DR PAUL DALGLEISH – EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR

DBA, BE (Hons), FIEAust, AICD

Appointment:	Appointed as Executive Chairman 30 September 2022 Appointed as Managing Director 9 February 2022
Experience and Expertise:	Dr Dalgleish has had over 30 years of experience in senior management of engineering companies and has been Chief Executive of publicly listed engineering companies for 15 years. Dr Dalgleish is recognised as a turnaround specialist with strengths in strategic positioning for growth and has operated across a range of sectors, from Infrastructure to Resources, and throughout diverse geographies. Dr Dalgleish has developed businesses delivering a wide variety of services from maintenance, construction and consulting for engineering projects, to facilities management, manufacturing and technology ventures. Dr Dalgleish has an Honours degree in Engineering, Doctorate in Business and is a Fellow of the Institute of Engineers and a Member of the Institute of Company Directors.
Directorships:	Current directorships in other listed companies: None Directorships in listed companies in the last three years: None

MR WILLIAM HOWARD – EXECUTIVE DIRECTOR, CFO AND COMPANY SECRETARY

BFinAdmin

Appointment:	Appointed as Executive Director 15 August 2019

	Appointed as Company Secretary 15 July 2019
Experience and Expertise:	William brought significant experience to these roles having previously served for three years as the CFO of a Financial Services company in Western Sydney where he realigned financial systems, operations and reporting. William also managed the due diligence processes for interested parties on potential acquisitions. Prior to this, William had performed the role of General Manager Finance to a mining services business in the Hunter Valley, whilst managing and operating his own labour hire company. The preceding decade saw William as Regional Operations Manager at AJ Lucas and previous to that with Lahey Constructions Pty Ltd as General Manager Finance. William holds a Bachelor of Financial Administration and is a qualified Accountant.
Directorships:	Current directorships in other listed companies: None Directorships in listed companies in the last three years: None

MR CHARLES ROTTIER – NON-EXECUTIVE DIRECTOR

BE (Hons), GAICD and FIEAust

Appointment:	Appointed as Non-Executive Director 18 March 2020
Experience and Expertise:	Charles is an experienced executive and director with significant experience in engineering, construction and maintenance services companies. Charles has experience working in Australia, New Zealand, Papua New Guinea, Singapore, Thailand, Malaysia, China and the United Kingdom. Management responsibilities include full P&L responsibility for Australian and International business units, managing due diligence and integration of acquisitions and establishing new business opportunities for both stand-alone businesses and significant joint ventures. Charles is currently Chair of the Future Fuels CRC and has previously held the roles of Chairman of LogiCammes, CEO of Austin Engineering Limited and EGM Engineering and Construction at Transfield Services. Charles is the current Chairperson of the Group's HSE, Audit, Nomination and Remuneration Committees. Charles has an Honours Degree in Engineering, a Fellow of Engineers Australia and a graduate member of AICD.
Directorships:	Current directorships in other listed companies: None Directorships in listed companies in the last three years: Chairman of LogiCamms from July 2019 to February 2020.

MEETINGS OF DIRECTORS

The number of meetings of the Board of Directors and of each Board committee held during the financial year and the numbers of meetings attended by each director were:

	Directors' Meetings (Including Audit, Normination and Remuneration Committee)		HSE Committee	
	Held	Attended	Held	Attended
Paul Dalgleish	7	7	7	7
William Howard	7	7	7	7
Charles Rottier	7	7	7	7

DIRECTORS' INTERESTS IN SHARES AND RIGHTS OVER SHARES

Current directors' relevant interests in shares of GreenHy2 or options over shares in GreenHy2 at the date of this report are detailed below.

	Ordinary Shares	Rights over ordinary shares
Paul Dalgleish	36,479,871	-
William Howard	3,324,246	-
Charles Rottier	500,000	-

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration in relation to the audit for the financial year is provided within this financial report on page 10.

NON-AUDIT SERVICES

Fees paid to PKF (NS) Audit & Assurance Ltd Partnership for tax and consulting services to the Group totalled $30,772.

SHARE OPTIONS

Unissued shares

As at the date of this report, there were no unissued ordinary shares under options.

Shares issued as a result of the exercise of options

During the financial year no options were exercised.

REMUNERATION REPORT – AUDITED

REMUNERATION POLICIES

The Board policy for determining the nature and amount of remuneration of Directors and Executives is agreed by the Board of Directors as a whole. The Board structures remuneration so that it rewards those who perform and is strongly aligned with GreenHy2's strategic direction and the creation of value to shareholders. The performance of GreenHy2 depends on the quality of its employees. To grow, GreenHy2 must attract, motivate, and retain skilled employees, which includes the Directors and Executives. To this end, GreenHy2 utilises the principles of providing competitive rewards to attract and retain high calibre executives. In determining the remuneration levels of employees and executives, the Board takes into consideration the performance of the Group, operation, function, and geographic regions as well as that of the individual. The Board obtains professional advice where necessary to ensure that GreenHy2 attracts and retains talented and motivated Directors and Employees who can enhance GreenHy2's performance through their contributions and leadership.

For Executives, GreenHy2 provides a remuneration package that incorporates both fixed cash-based remuneration and variable remuneration consisting of short and long-term incentive opportunities, that may include, performance-based cash remuneration and share-based remuneration. Directors received fixed fees for their services. The contracts for service between GreenHy2 and Directors and Executives are on a continuing basis, the terms of which are not expected to change in the immediate future aside from normal negotiations on contracts as they approach their conclusion and the normal annual review processes.

No remuneration consultants were engaged during the year.

Short-Term Incentive Plan (STIP)

For second tier Key Management Personnel (KMP), a Short-Term Incentive Plan (STIP) has been developed which enables eligible members to a cash bonus, based on annual performance of GreenHy2 against a range of metrics and at the discretion of the Board. These targets include performance against financial metrics such as profitability, cash flow, overhead costs, and order intake; leadership targets, such as strategic positioning, investor engagement and management team development; operational metrics such as audit performance, system development and reporting; Risk and HSE targets.

Long-Term Incentive Plan (LTIP)

A Long-Term Incentive Plan (LTIP) has also been developed which will grant eligible employees to performance rights in GreenHy2. Performance Right entitles the Holder to subscribe for one fully paid Share upon satisfaction of the Milestone and issue of the Conversion Notice by the Holder. Nil rights were vested during the year 2023.

Non-Executive Director Remuneration

Non-executive Directors receive fees and may also receive a share-based remuneration. GreenHy2 determines the maximum amount for remuneration, including thresholds for share-based remuneration, for Directors by resolution. ASX listing rules require the aggregate Non-executive Director's remuneration be determined periodically by a general meeting.

Voting and comments made at GreenHy2's Annual General Meeting ('AGM') on 31 May 2023

At the last AGM held on 31 May 2023, 88.76% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2022. GreenHy2 did not receive any specific feedback at the AGM regarding its remuneration practices.

DIRECTORS' COMPENSATION

The directors during the year ended 31 December 2023 were:

Paul Dalgleish	Executive Chairman - Appointed as Executive Chairman 30 September 2022 - Appointed as Managing Director 09 February 2022 meanwhile resigned as Chief Executive Director. - Appointed as Chief Executive Officer 15 July 2019
William Howard	Executive Director - Appointed as Executive Director 15 August 2019 - Appointed as Chief Financial Officer and Company Secretary 15 July 2019
Charles Rottier	Non-Executive Director - Appointed as Non-Executive Director 18 March 2020

EXECUTIVES' COMPENSATION

There is no key management personnel compensation during the year ended 31 December 2023.

DIRECTORS AND KMP REMUNERATION FOR THE YEARS ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022

		Short-term benefits		Post-employment	Long-term benefits		Share-based payments		Total remuneration	Performance related
		Salary & Fees	Non monetary benefits	Super-annuation	Long service leave	Annual leave	Share Options	Performance Rights		(%)
Paul Dalgleish[1]	2023	368,249	6,123	26,346	-	69,309	-	-	470,027	0%
	2022	360,000	9,910	24,430	-	96,960	-	175,416	666,716	26%
William Howard[2]	2023	278,712	7,299	26,346	-	26,383	-	-	338,740	0%
	2022	322,768	22,204	24,430	-	23,525	-	126,160	519,086	24%
Charles Rottier[3]	2023	63,125	-	-	-	-	-	-	63,125	0%
	2022	58,500	-	-	-	-	-	-	58,500	0%
Guido Belgiorno-Nettis[4]	2023	-	-	-	-	-	-	-	-	
	2022	48,000	-	-	-	-	-	-	48,000	0%
Christopher Cook[5]	2023	-	-	-	-	-	-	-	-	
	2022	5,726	-	-	-	-	-	-	5,726	0%
John Cuffe [6]	2023	-	-	-	-	-	-	-	-	
	2022	145,000	-	12,899	-	-	-	-	157,899	0%
TOTAL DIRECTORS AND KMP	**2023**	**710,086**	**13,422**	**52,692**	**-**	**95,692**	**-**	**-**	**871,892**	
	2022	**939,994**	**32,114**	**61,760**	**-**	**120,485**	**-**	**301,575**	**1,455,928**	

1. *Paul Dalgleish was appointed as Chief Executive Officer 15 July 2019, appointed as Managing Director and ceased as Chief Executive Officer 09 February 2022, appointed as Executive Chairman 30 September 2022*
2. *William Howard was appointed as Chief Financial Officer and Company Secretary on 15 July 2019, appointed as Executive Director on 15 August 2019*
3. *Charles Rottier was appointed as Non-Executive Director 18 March 2020*
4. *Guido Belgiorno-Nettis was appointed as Non-Executive Director 22 December 2016, as Executive Chairman 29 April 2019. Guido was appointed as Non-Executive Chairman and ceased as Executive Chairman 11 July 2019, resigned as Non-Executive Chairman 30 September 2022*
5. *Christopher Cook was appointed as Alternate Non-Executive Director for David Iverach and Guido Belgiorno-Nettis 26 November 2020, resigned as Alternate Non-Executive Director for David Iverach 4 March 2021, appointed as Non-Executive Director 19 March 2021, resigned as Non-Executive Director and stayed Alternate Non-Executive Director for Guido Belgiorno-Nettis 9 February 2022, resigned as Alternate Non-Executive Director for Guido Belgiorno-Nettis 30 September 2022*
6. *John Cuffe was appointed as Executive General Manager TAMS 15 April 2020 and ceased as Executive General Manager TAMS 01 July 2022*

SHAREHOLDING OF KMP

Shares held in GreenHy2.

	Balance 1 January 2023 $	Balance at appointment as KMP $	Issued on exercise of performance rights $	Net change other* $	Balance 31 December 2023 $
Paul Dalgleish[1]	36,479,871	-	-	-	36,479,871
William Howard[2]	3,324,246	-	-	-	3,324,246
Charles Rottier[3]	320,000	-	-	180,000	500,000
TOTAL	**40,124,117**	**-**	**-**	**180,000**	**40,304,117**

* *These movements represent on-market purchase of shares during the year by the respective KMPs.*

Includes shares held directly, indirectly and beneficially by KMP.

1. *Paul Dalgleish was appointed as Chief Executive Officer 15 July 2019, appointed as Managing Director and ceased as Chief Executive Officer 09 February 2022, appointed as Executive Chairman 30 September 2022*
2. *William Howard was appointed as Chief Financial Officer and Company Secretory on 15 July 2019, appointed as Executive Director on 15 August 2019*
3. *Charles Rottier was appointed as Non-Executive Director 18 March 2020*

RIGHTS HOLDING OF KMP

The number of rights over ordinary shares in the parent entity held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties is set out below.

	Balance at the start of the year [a]	Granted as remuneration	Rights cancelled[b]	Rights forfeited	Vested during the year	Balance at the end of the year
William Howard	2,800,000	-	(2,800,000)	-	-	-
Paul Dalgleish	23,503,945	-	(23,503,945)	-	-	-
TOTAL	**26,303,945**	**-**	**(26,303,945)**	**-**	**-**	**-**

a. *The performance rights were granted at employment commencement and accordingly ongoing performance conditions were set as this was issued as a sign on bonus. The performance rights granted are subject to continued employment over five years of service.*

b. *H2G has agreed on the cancellation of the Adjusted Performance Rights to the Managing Director and Chief Financial Officer.*

PERFORMANCE RIGHTS AWARDED, VESTED AND LAPSED DURING THE YEAR

H2G has agreed on the cancellation of the Adjusted Performance Rights to the Managing Director and Chief Financial Officer (as per the above table). Liaison with ASX operations to effect such is in progress.

ADDITIONAL INFORMATION

The earnings of the consolidated entity for the five years to 31 December 2023 are summarised below:

	2023 $	2022 $	2021 $	2020 $	2019 $
Revenue and other income (excluding interest income)	214,518	312,009	15,024,922	30,428,000	53,217,000
EBITDA*	(1,808,807)	(3,176,317)	(3,975,000)	776,000	(2,683,000)
EBIT*	(1,750,291)	(3,256,747)	(4,218,908)	229,000	(14,645,000)
Profit/(Loss) after income tax	(1,750,291)	(3,256,747)	(4,218,908)	229,000	(19,964,000)

The factors that are considered to affect total shareholders return ('TSR') are summarised below					
Share price at financial year end ($)	0.008	0.040	0.085	0.061	0.049
Total dividends declared (cents per share)	-	-	-	-	-
Basic earning/(loss) per share (cents per share)	(0.418)	(0.883)	(1.163)	0.065	(8.020)

* Both EBITDA and EBIT include discontinued operations.

DIRECTOR AND KMP AGREEMENTS

GreenHy2 currently has service agreements with its Executive and Non-executive Directors. The agreements detailing the formal terms and conditions of the appointment, expected time commitment, procedure regarding conflicts of interest, performance appraisal, remuneration, superannuation, and insurance arrangements. GreenHy2 Constitution governs the election and appointment of directors, rotation of elected directors, casual vacancies, and eligibility for election. The terms and entitlements of Non-executive Directors are governed by normal employment law.

The following summarises the key provisions of service agreements with executives:

Name:	Paul Dalgleish
Title:	Executive Chairman and Managing Director
Agreement commenced:	29 October 2021
Terms of agreement:	Permanent full time
Details:	Base salary of $360,000 per annum plus superannuation. Six months termination notice by either party, performance rights subject to the satisfaction of specified milestones and performance criteria of GreenHy2. From 04/10/2023, the base salary is $180,000, reduced by 50%.
Name:	William Howard
Title:	Executive Director, CFO and Company Secretary
Agreement commenced:	15 July 2019
Terms of agreement:	Permanent full time
Details:	Base salary of $295,000 per annum plus superannuation. Six months termination notice by either party, STI up to 40% and performance rights subject to the satisfaction of specified milestones and performance criteria (both individual and company). From 04/10/2023, the base salary is $147,500, reduced by 50%.
Name:	Charles Rottier
Title:	Non-Executive Director
Agreement commenced:	18 March 2020
Details:	Director fee $65,000 per annum and Committee Service fee $10,000 per annum. From 04/10/2023, the fees are reduced by 50%.

Signed in accordance with a Resolution of the Directors.

WHoward.

William Howard
Executive Director, Chief Financial Officer and Company Secretary
Date: 28 March 2024

AUDITOR'S INDEPENDENCE DECLARATION

PKF(NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of GreenHy2 Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2023, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF

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SCOTT TOBUTT
PARTNER

28 MARCH 2024
SYDNEY, NSW

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Consolidated entity 2023 $	2022 $
Revenue from continuing operations	4	27,550	292,823
Other income from continuing operations	4	186,968	19,186
Revenue and other income from continuing operations		**214,518**	**312,009**
Employee and director benefits expense	5	1,211,194	2,079,383
Administration costs		325,921	445,857
Management Recharges to discontinued operations		-	(465,000)
Occupancy costs		70,822	82,407
Depreciation and amortisation	9	10,024	81,112
Equipment and other subcontractor costs		7,688	253,312
Listing and other statutory charges		90,515	113,433
Interest and finance charges		7,500	21,974
Other professional expenses		241,145	212,334
Impairment expense		-	133
Total expenses from continuing operations		**1,964,809**	**2,824,945**
Loss from continuing operations before income tax expense		**(1,750,291)**	**(2,512,936)**
Income tax (credit) / expense from continuing operations	6	-	-
Loss from continuing operations		**(1,750,291)**	**(2,512,936)**
Loss after income tax expense from discontinued operations	21	-	(743,811)
Loss from ordinary activities attributable to members of the parent entity		**(1,750,291)**	**(3,256,747)**
Other comprehensive income		-	-
Total comprehensive Loss		**(1,750,291)**	**(3,256,747)**
Total comprehensive Loss attributable to members of the parent entity		**(1,750,291)**	**(3,256,747)**
Loss per share from continuing operations			
Basic Loss – cents per share	16	(0.42)	(0.68)
Diluted Loss – cents per share	16	(0.42)	(0.68)
Loss per share from discontinued operations			
Basic Loss – cents per share	16	-	(0.20)
Diluted Loss – cents per share	16	-	(0.20)
Total Loss per share			
Basic Loss – cents per share	16	(0.42)	(0.88)
Diluted Loss – cents per share	16	(0.42)	(0.88)

The accompanying notes from part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Consolidated entity 2023 $	2022 $
CURRENT ASSETS			
Cash and cash equivalents	7	1,002,386	2,250,855
Trade and other receivables	8	450,327	931,864
Other assets		120,381	141,302
Total current assets		**1,573,094**	**3,324,021**
NON-CURRENT ASSETS			
Plant and equipment	9	22,409	32,433
Intangible assets	10	1,625,661	1,077,992
Other assets		160,800	804,000
Total non-current assets		**1,808,870**	**1,914,425**
Total assets		**3,381,964**	**5,238,446**
CURRENT LIABILITIES			
Trade and other payables	11	147,053	249,881
Interest bearing loans and borrowings	12	49,191	49,920
Provisions	13	119,580	138,936
Total current liabilities		**315,824**	**438,737**
NON-CURRENT LIABILITIES			
Provisions	13	61,714	44,992
Total non-current liabilities		**61,714**	**44,992**
Total liabilities		**377,538**	**483,729**
Net assets		**3,004,426**	**4,754,717**
EQUITY			
Contributed equity	14	86,548,193	86,548,193
Share option reserve	14	2,502,739	2,502,739
Accumulated losses		(86,046,506)	(84,296,215)
Total equity		**3,004,426**	**4,754,717**

The accompanying notes from part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Contributed equity $	Accumulated losses $	Share option reserve $	Total equity $
At 1 January 2022	84,948,858	(81,058,452)	2,220,147	6,110,553
Loss for the year	-	(3,256,747)	-	(3,256,747)
Other comprehensive income	-	-	-	-
Total comprehensive loss	**-**	**(3,256,747)**	**-**	**(3,256,747)**
Share issues (Note 18, 27)	1,802,471	-	-	1,802,471
Share based payments (note 18, 27)	-	-	301,576	301,576
Transfer on the cancellation of performance rights	-	18,984	(18,984)	-
Cost of share raising	(203,136)	-	-	(203,136)
At 31 December 2022	**86,548,193**	**(84,296,215)**	**2,502,739**	**4,754,717**
At 1 January 2023	86,548,193	(84,296,215)	2,502,739	4,754,717
Loss for the year	-	(1,750,291)	-	(1,750,291)
Other comprehensive income	-	-	-	-
Total comprehensive loss	**-**	**(1,750,291)**	**-**	**(1,750,291)**
Share based payments	-	-	-	-
At 31 December 2023	**86,548,193**	**(86,046,506)**	**2,502,739**	**3,004,426**

The accompanying notes from part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Consolidated entity 2023 $	2022 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		114,215	8,209,655
Payments to suppliers and employees		(1,553,542)	(10,724,386)
Interest and finance charges paid		(3,829)	(51,747)
Interest received		74,294	19,475
Government grants and tax incentives		942,245	-
Net cash used in operating activities	15	**(426,617)**	**(2,547,003)**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of business		-	653,741
Proceeds from sale of property, plant and equipment		-	105,969
Payment for development of Intangibles		(821,123)	(863,311)
Net cash used in investing activities		**(821,123)**	**(103,601)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity instruments	14	-	1,599,335
Proceeds from borrowings	12	164,117	536,497
Repayment of borrowings	12	(164,846)	(1,205,358)
Net cash generated by / (used in) financing activities		**(729)**	**930,474**
Net decrease in cash and cash equivalents		**(1,248,469)**	**(1,720,130)**
Cash and cash equivalents at beginning of year		2,250,855	3,970,985
Total cash and cash equivalents at the end of the year		**1,002,386**	**2,250,855**

The accompanying notes from part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Corporate information

The consolidated financial statements of GreenHy2 Limited (GreenHy2) and its subsidiaries (collectively, the Group) were authorised for issue in accordance with a resolution of the director's 28 March 2024. GreenHy2 is a for profit company limited by shares, incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. GreenHy2's registered office is c/o Company Matters Pty Limited, Level 12, 680 George Street, Sydney NSW 2000.

The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The nature of the operations and principal activities of the consolidated entity are described in the Directors' Report.

Rounding

Amounts in this report have been rounded off to the nearest dollar.

2 Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements are general-purpose financial statements, which have 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).*

These financial statements have been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the discharge of liabilities in the ordinary course of business.

The consolidated statement of profit or loss and other comprehensive income shows a loss attributable to members of the parent entity of $1,750,291 and the consolidated statement of cash flows shows net cash outflows from operations of $426,617.

In concluding that the group is a going concern, the directors have reviewed cash flow forecasts for a period of 12 months from the date of signing this report which show that the group is expected to remain cash positive over that period.

2.2 Change in accounting policy

New and amended accounting standards and interpretations

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2023. Management do not expect material impact to arise for the consolidated entity from the future application of these new or amended Accounting Standards and Interpretations.

2.2 Basis of consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance, and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a 31 December financial year end.

A list of controlled entities is contained in Note 19 to the financial statements.

Subsidiaries

Subsidiaries are all entities over which the parent has control. Control is established when the parent is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

2.3 Summary of significant accounting policies

a. Current versus non-current classifications

The Group presents assets and liabilities in the statement of financial position based on a 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

- 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 Group classifies all other liabilities as non-current.

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

b. Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

c. Revenue from contracts with customers

Revenue from contracts with customers is recognised when goods and services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods and services before transferring them to the customer.

Maintenance and construction electrical services

The Group provides maintenance and construction electrical services. The Group assesses each contract to identify the performance obligations and transaction price within the contract. The total transaction price is allocated to performance obligations based on relative standalone selling prices.

For those contracts where the customer simultaneously receives and consumes the goods and service provided by the Group; the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or work is performed on assets that have no alternative use to the Group and the Group has a right to payment for performance to date, revenue is recognised over time. Where the criteria to recognise revenue over time is not satisfied the group recognises revenue at a point in time.

If the consideration in the contract includes a variable amount, typically for cost plus contracts or contracts with a schedule of rates, the Group estimates the amount of the consideration to which it is entitled in exchange for transferring the goods and services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant reversal of the cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Certain contracts are subject to claims which are enforceable under the contract. If the claim does not result in any additional goods or services, the transaction price is updated, and the claim accounted for as variable consideration.

Where appropriate, the Group applies the variable consideration allocation exception to allocate variable consideration to distinct services in a contract where the contract includes a series of distinct services that form a single performance obligation.

For other contracts where the Group has a right to consideration in an amount that corresponds directly with the value to the customer of the Group's performance completed to date, the Group utilised the practical expedient to recognise revenue in the amounts to which the Group has a right to invoice.

In all other cases, in recognising revenue over time, the group applies an input method to measure the Group's progress towards satisfying the performance obligation by comparing costs incurred to date, mainly labour and consumables, to the total expected costs.

Project fulfilment costs

Contract fulfilment costs are expensed as incurred except where they generate or enhance resources of the Group that will be used to satisfy future performance obligations in which case, they are capitalised and amortised over the course of the contract.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group transfers goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration. If the Group's right to an amount of consideration is unconditional (other than the passage of time), the contract asset is classified as a receivable.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

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.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

e. Income tax

Current 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 the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the full liability balance sheet 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.

- 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.
- 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.

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 new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it reflects new information obtained about facts and circumstances that exist at the acquisition date that, if known, would have affected the amount recognised at that date were recognised during the measurement period or recognised in profit or loss.

The Group 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.

Tax consolidated group

GreenHy2 and its wholly owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2005.

In addition to its own current and deferred tax amounts, GreenHy2 also recognises the current tax liabilities (or assets) and deferred tax liabilities (or assets) arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

f. Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a re-valued asset. A formal assessment of the recoverable amount is made when impairment indicators are present.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as an expense in the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is provided on a straight-line basis and diminishing-value basis over the asset's useful life to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of the unexpired period of the lease and the estimated useful lives of the improvements.

The useful lives used are listed as below:

Asset Class	Useful live
Furniture and fixtures	5 – 10 years
Computer equipment	3 - 4 years
Plant & Equipment	4-10 years
Motor Vehicles	6 years
Leasehold Improvements	25 years
Right of Use	1 – 3 years

g. Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Development costs

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised once the asset becomes available for use on a straight-line basis over the period of their expected benefit, being a finite life of 4 years.

h. Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, financial assets are measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets and contract assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost; and
- contract assets.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to actions such as realising security (if any is held); or
- the financial assets are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in other expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables, bank and other loans and lease liabilities.

i. Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above. Outstanding bank overdrafts are considered as current liabilities.

j. Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue, or cancellation of the Group's own equity instruments.

k. Provisions

Provisions are recognised when the Group 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 Group 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.

l. Superannuation, annual leave and long service leave

Superannuation

The Group makes contributions as defined contributions. There is no defined benefit superannuation scheme operated by the Group.

Long service leave and annual leave

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

m. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of GreenHy2 by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

n. Share based payments

Some employees of the Group receive remuneration in the form of share-based payments, whereby employees 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 24.

That cost is recognised in employee benefits expense (Note 5), together with a corresponding increase in equity (share-based payment 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 Group'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 Group'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 far value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the 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 16).

o. Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

p. Segment reporting

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

3 Critical Accounting Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make 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.

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 Group 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 Group. Such changes are reflected in the assumptions when they occur.

Valuation of performance rights

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Monte Carlo Simulation method or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The valuation is based on the assumption that future share price movements are based on a continuous exponential distribution. In calculating future share price movements, a normal distribution with mean of 0 and standard deviation of 1 was applied.

Development costs

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. There were estimates made in relation to percentage of time spent by key employees on the development project.

4 Revenue and other income

	Consolidated entity 2023 $	Consolidated entity 2022 $
From continuing operations		
Revenues from contracts with customers	27,550	292,823
Revenues received from R&D incentive claim	112,287	-
Interest revenue	74,681	19,186
Total revenue and other income	**214,518**	**312,009**

Revenue from contracts with customers by type of customer	Consolidated entity 2023 $	Consolidated entity 2022 $
Commercial	27,550	292,823
Total revenues from contracts with customers	**27,550**	**292,823**

5 Employee and director expenses

	Consolidated entity 2023 $	Consolidated entity 2022 $
Salaries, wages and other expenses	1,374,545	2,197,436
Other Govement Employement Payment/(Incentive)	-	22,500
Superannuation expenses	90,562	137,995
Share based payments	-	301,576
Other employee benefits costs	643,200	-
Total employee and director expenses	**2,108,307**	**2,659,507**
Capitalised Labour cost for development	(897,113)	(580,124)
Net employee and director expenses	**1,211,194**	**2,079,383**

6 Income tax

The major components of income tax expense for the years ended 31 December 2023 and 2022 are:

	Consolidated entity 2023 $	Consolidated entity 2022 $
Current income tax	315,136	738,464
Deferred income tax	(315,136)	(738,464)
Income tax expense reported in the income statement	-	-

	Consolidated entity 2023 $	Consolidated entity 2022 $
Contributed Equity		
Capital raising cost amortisation	11,029	1,718
Total income tax benefit in equity	**11,029**	**1,718**

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's application income tax rate is as follows:

	Consolidated entity	
	2023	2022
	$	$
Accounting loss before income tax	(1,750,291)	(3,256,748)
Tax at Australia's statutory income tax rate of 25%	437,573	814,187
Tax effect of amounts which are not deductible in calculating taxable income	(133,465)	(77,441)
Others	11,029	1,718
Income tax benefit at the effective tax rate of 22.7% (2021: 20.5%)	**315,137**	**738,464**
Tax losses not recognised	(315,137)	(738,464)
Income tax expense reported in the income statement	-	-

Deferred income tax at 31 December relates to the following:

	Consolidated entity	
	2023	2022
	$	$
Deferred tax assets		
Carried forward tax losses	5,972,572	5,649,880
Research and development tax credits	2,341,400	2,341,400
Accrued expenses	13,745	15,386
Employee benefits	45,323	45,982
Plant and equipment	-	26
Equity raising cost debited to equity	11,029	1,718
Offset of deferred tax liabilities	(394,285)	(270,814)
Deferred tax asset not recognised	(6,434,100)	(6,434,100)
Adjustments in respect of previous years	(1,555,684)	(1,349,478)
Net deferred tax assets	-	-

	Consolidated entity	
	2023	2022
	$	$
Deferred tax liabilities		
Prepayment and receivables	6,574	1,316
Intangibles	387,711	269,498
Offset against deferred tax asset	(394,285)	(270,814)
Net deferred tax liabilities	-	-

The movement of the current and deferred tax relates to the following:

	Consolidated entity			
	Current Income Tax 2023 $	Deferred Income Tax 2023 $	Current Income Tax 2022 $	Deferred Income Tax 2022 $
Opening balance	-	-	-	-
Income tax credit recognised in profit and loss	-	-	-	-
R&D income recognised as government grant	-	-	-	-
Charged to equity	-	11,029	-	1,718
Charged to reserves	-	-	-	-
Offset the prior year DTA provision	-	(11,029)	-	(1,718)
Closing balance	-	-	-	-
Amounts recognised on the consolidated statement of financial position				
Deferred tax asset	-	-	-	-
Closing balance	-	-	-	-

7 Cash and short-term deposits

	Consolidated entity	
	2023	2022
	$	$
Cash at bank and on hand	1,002,386	2,250,855
Cash and cash equivalents	**1,002,386**	**2,250,855**

8 Trade and other receivables

	Consolidated entity	
	2023	2022
	$	$
Trade receivables	-	83,910
Other receivables	450,327	847,954
Total current trade and other receivables	**450,327**	**931,864**

Trade receivables are non-interest bearing and are generally on terms of 14-60 days.

Included within other receivables are term deposits of $10,000 (2022: $10,000), and R&D incentive claim receivables $421,656 (2022: $829,958)

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	Consolidated entity	
	2023	2022
	$	$
As at 1 January	-	50,000
Provision for expected credit losses (Note 12)	-	(50,000)
As at 31 December	**-**	**-**

The information about the credit exposures is disclosed in Note 12.

9 Plant and Equipment

	Consolidated entity	
	2023	2022
	$	$
Furniture and fixtures - gross carrying value at cost	25,639	25,639
Furniture and fixtures - accumulated depreciation	(5,116)	(2,552)
Net book value furniture and fixture	**20,523**	**23,087**
Plant and equipment - gross carrying value at cost	-	-
Plant and equipment - accumulated depreciation	-	-
Net book value plant and equipment	**-**	**-**
Computer equipment – gross carrying value at cost	18,459	123,958
Computer equipment – accumulated depreciation	(16,573)	(114,612)
Net book value computer equipment	**1,886**	**9,346**
Motor vehicles – gross carrying value at cost	-	-
Motor vehicles – accumulated depreciation	-	-
Net book value motor vehicle	**-**	**-**
Total gross carrying value at cost	44,098	149,597
Total accumulated depreciation	(21,689)	(117,164)
Total net book value	**22,409**	**32,433**

Reconciliation of the carrying amounts at the beginning and end of the current financial year:

	Furniture and fixtures $	Plant and equipment $	Computer equipment $	Motor vehicles $	Total $
Balance at 1 January 2022	163,497	142,272	78,659	550,309	934,737
Additions	10,532	-	4,991	-	15,523
Disposals	(148,642)	(142,272)	255	(546,057)	(836,716)
Impairment	-	-	-	-	-
Depreciation expense	(2,301)	-	(74,559)	(4,252)	(81,111)
Balance at 31 December 2022	**23,087**	**-**	**9,346**	**-**	**32,433**
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Depreciation expense	(2,564)	-	(7,460)	-	(10,024)
Balance at 31 December 2023	**20,523**	**-**	**1,886**	**-**	**22,409**

There are no finance leases contracts as at 31 December 2023 (2022: Nil).

10 Intangible assets

	Development Asset $	Total $
Balance at 1 January 2022	983,368	983,368
Additions	924,582	924,582
Tax Incentive	(829,958)	(829,958)
Amortisation	-	-
Impairment	-	-
Balance at 31 December 2022	**1,077,992**	**1,077,992**
Additions	969,325	969,325
Tax Incentive	(421,656)	(421,656)
Amortisation	-	-
Impairment	-	-
Balance at 31 December 2023	**1,625,661**	**1,625,661**

The Hydrogen development project is running well and continued during the year, and is planned to be completed by the end of 2026 and the amortisation of total development cost will be over 4 years after it is completed. The Solid-State Hydrogen Storage business opportunities continue to grow, and a number of new opportunities are being tendered. A significant Grant supported opportunity is also under consideration. We are now targeting the first sales in H1 of 2024.

11 Trade and other payables

	Consolidated entity 2023 $	Consolidated entity 2022 $
Trade payables	65,405	143,945
Other payables	81,648	105,936
Total trade and other payables	**147,053**	**249,881**

12 Financial liabilities

12.1 Financial liabilities: Interest-bearing loans and borrowing

	Interest Rate	Maturity	Consolidated entity 2023 $	2022 $
Current interest-bearing loans and borrowings				
Insurance Borrowing	2.75%	2024	49,191	49,920
Total current interest-bearing loans and borrowings			**49,191**	**49,920**
Total interest-bearing loans and borrowings			**49,191**	**49,920**

GreenHy2 has no drawdown facility, asset finance leasing facility and other leases in relation to plant, vehicles and other equipment on 31 December 2023 (2022: $Nil).

12.2 Financial liabilities: Bank guarantees and surety bonds

The Group has no surety bond facilities and bank guarantees issued as of 31 December 2023 (2022: $Nil).

12.3 Fair values

The group has no differences in carrying values and fair values in financial assets and liabilities per prior year.

Changes in liabilities arising from financing activities

	Consolidated entity				
	1-Jan-23 $	Cash flows $	Discontinued Operations $	Others $	31-Dec-23 $
Current interest-bearing loans and borrowings (excluding items listed below)	49,920	(729)	-	-	49,191
Total liabilities from financing activities	**49,920**	**(729)**	**-**	**-**	**49,191**

	Consolidated entity				
	1-Jan-22 $	Cash flows $	New Leases $	Others $	31-Dec-22 $
Current interest-bearing loans and borrowings (excluding items listed below)	257,654	(374,019)	(285,916)	452,201	49,920
Current obligations under leases	596,187	(294,842)	(476,069)	174,724	-
Non-current obligations under leases	204,309	-	(29,585)	(174,724)	-
Total liabilities from financing activities	**1,058,150**	**(668,861)**	**(791,570)**	**452,201**	**49,920**

The 'Other' column includes the reclassification of non-current portion of interest-bearing loans and borrowings (finance leases) to current due to the passage of time.

12.4 Financial instruments risk management objectives and policies

The Group's principal liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables and cash and short-term deposits that derive directly from its operations. The Group has determined that there is no material market, credit, liquidity, or interest risk in relation to the cash or other receivables held in deposits.

The Group is exposed to market risk, credit risk and liquidity risk. Interest rate risks are not considered as significant. The Group's senior management oversees the management of these risks under the policies approved by the Risk, HSE and Commercial Committee and the Board.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk comprises three types of risk, interest rate risk, foreign currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and debt.

The sensitivity analysis in the following sections relate to the position as of 31 December in 2023 and 2022.

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 Group's long-term debt is secured with fixed interest rates. All long-term deposits have variable interest rates. As a result, the Board believes there is no material interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's has minimal to this risk profile.

Other price risk

The Group does not have any equity instruments or commodity risk exposure.

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 Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with reputable banks and financial institutions.

Credit quality of a customer is assessed prior to engagement. Outstanding customer receivables are regularly monitored. At 31 December 2023 the Group had no customers (2022: Nil) that owed the Group more than $200,000 and accounted for 0% (2022: 0%) of all receivables. There was no customer (2022: Nil) with a balance over $500,000, which is accounting for 0% of all receivables (2022: 0%) of the total receivables balance.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses ("ECL"). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 8. The Group does not hold collateral as security. The Group evaluates the concentration risk with respect to trade receivables as low, as its customers are located within several industries and operate in largely independent markets.

The customers are grouped into four different categories:

	Consolidated entity		
	2023 $	Risk Assessment	2022 $
Listed public companies	-	Very Low	-
Government departments/agencies	-	Very Low	-
Not for profit organisations	-	Very Low	-
Commercial businesses	-	Very Low	83,910
Total trade receivables	**-**		**83,910**

Historically the Group's ECL has been extremely low. Impairment charges over the 5 years 2019 to 2023 inclusive averages to 1.10% of the total trade receivables per year.

Set out below is the information about the credit risk exposure on the Groups trade receivables and contract assets using a provision matrix:

31 December 2023	Contract assets $	0-30 Days $	31-60 Days $	61-90 Days $	>91 Days $	Total $
		Consolidated entity				
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
Total gross carrying amount	-	-	-	-	-	-
Total ECL Provision	-	-	-	-	-	-

31 December 2022	Contract assets $	0-30 Days $	31-60 Days $	61-90 Days $	>91 Days $	Total $
		Consolidated entity				
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total gross carrying amount	-	83,910	-	-	-	83,910
Total ECL Provision	-	-	-	-	-	-

Liquidity Risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

13 Provisions

	Consolidated entity 2023 $	2022 $
Current provisions		
Employee benefits	119,580	138,936
Total current provisions	**119,580**	**138,936**
Non-current provisions		
Employee benefits	61,714	44,992
Total Non-current provisions	**61,714**	**44,992**
Total provisions	**181,294**	**183,928**

Employee benefits

Provision for employee benefits represents amounts accrued for annual leave, rostered days off, staff retentions and long service leave.

	Consolidated entity 2023 $	2022 $
Carrying amount at the beginning of period	183,928	1,146,170
Additional provision made	84,193	92,442
Amounts used	(86,827)	(269,862)
Disposal Business provisions transferred	-	(784,823)
Total employee benefits provisions	**181,294**	**183,928**

14 Contributed equity

	Note	Consolidated entity 2023 $	Consolidated entity 2022 $
Ordinary shares fully paid	14 (a)	86,548,193	86,548,193
		86,548,193	**86,548,193**

14 (a) Ordinary Shares

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Consolidated entity 2023		Consolidated entity 2022	
Movements in ordinary shares	**# of shares**	**$**	**# of shares**	**$**
Balance as at the beginning of the year	418,755,831	86,548,193	364,135,506	84,948,858
Shares issued – proceeds received	-	-	54,620,325	1,802,471
Costs of share issue	-	-	-	(203,136)
Balance as at the end of the year	**418,755,831**	**86,548,193**	**418,755,831**	**86,548,193**

14 (b) Share based payments reserve

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 24 for further details of the plan.

	2023 $	2022 $
Balance as at the beginning of the year	2,502,739	2,220,147
Share-based payments	-	301,576
Reversal of unvested options	-	(18,984)
Balance as at the end of the year	**2,502,739**	**2,502,739**

14 (c) Capital risk management

For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value. The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the consolidated entity may adjust the dividends paid to shareholders or issue new shares. The consolidated entity's capital risk management policy remains unchanged from the Annual Report for the year ended 31 December 2022.

15 Cash flow reconciliation

	Consolidated entity	
	2023	2022
	$	$
Reconciliations of the net loss after tax to the net cash flows from operating activities		
Net Profit/(Loss)	(1,750,291)	(3,256,746)
Non-operating cash items		
Depreciation	10,024	81,112
Provisions for expected credit losses	-	133
(Profit)/loss on sale of assets	-	(23,227)
(Profit)/loss on sale of business	-	743,811
ESOP,option, Share loan and performance rights expenses	643,200	301,575
Changes in assets and liabilities		
Trade and other receivables and contract assets	111,791	2,361,670
Inventories	-	166,221
Other assets	664,121	536,179
Trade and other payables	(102,828)	(2,495,489)
Provisions	(2,634)	(962,242)
Net Operating cash inflows/(outflows)	**(426,617)**	**(2,547,003)**

16 Profit / (Loss) per share

Basic profit/(loss) per share is calculated by dividing the profit/loss for the year attributable to ordinary equity holders of the parent by the weighted average number of the ordinary shares outstanding during the year.

There were no options outstanding at the end of 2023 (2022: Nil) (further details are given in Note 24).

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

	Consolidated entity	
	2023	2022
	$	$
The following reflects the profit/(loss) and share data used in the calculations of basic and diluted profit/(loss) per share		
Net loss after tax from continuing operations	(1,750,291)	(2,512,936)
Net loss after tax from discontinuing operations	-	(743,811)
Loss used in calculating basic and diluted loss per share	**(1,750,291)**	**(3,256,747)**
Weighted average number of ordinary shares used in calculating basic loss per share	418,755,831	368,924,137
Effect of dilutive securities		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	418,755,831	368,924,137

There have been no transactions involving ordinary shares between the reporting date and date of completion of these financial statements.

17 Lease expenditure commitments

	Consolidated entity	
	2023	2022
	$	$
Depreciation charge for right-of-use assets:		
- Motor vehicles	-	301,629
Carrying value of right-of-use assets:		
- Motor vehicles	-	-
Interest expense on lease liabilities	-	50,454
Total cash outflow for leases	-	294,842

Lease commitments

The Group has no lease commitments as of 31 December 2023 (2022: Nil).

18 Capital Commitments

The entity had no capital commitments as at 31 December 2023 (2022: Nil).

19 Group information

Information about subsidiaries

The consolidated financial statements of the Group include:

	Country of Incorporation	Consolidated entity 2023	2022
Tempo Resources Solutions Pty Ltd	Australia	100%	100%
Tempo Engineering Pty Ltd	Australia	100%	100%
Cablelogic Pty Ltd	Australia	100%	100%
Tempo Construction & Maintenance Pty Ltd	Australia	100%	100%
GreenHy2 Service Pty Ltd	Australia	100%	100%
Tempo Global Pty Ltd	Australia	100%	100%

The immediate and ultimate holding company of the Group is GreenHy2 Limited which is based and listed in Australia.

20 Related party disclosures

Note 19 provides information about the Group's structure, including details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

	Consolidated entity	
	Purchases from related parties 2023 $	Purchases from related parties 2022 $
Angophora Capital Pty Ltd	-	53,726
CLR Consulting Pty Ltd	63,125	58,500
St Michael Family Trust	30,367	31,069

Angophora Capital Pty Ltd and CLR Consulting Pty Ltd are considered to be related parties due to common directorships between them and the Group. The balances from these two entities relate to director fees. St Michael Family Trust is considered to be a related party due to Sydney office lease between this entity and the Group. The lease was terminated during the year and there is no outstanding balances for St Michael Family Trust related to office rent at the year-end.

Compensation of key management personnel of the Group

	Consolidated entity	
	2023	2022
	$	$
Short-term employee benefits	723,509	972,108
Post-employment benefits	52,691	61,760
Termination benefits	95,692	120,485
Share-based payment	-	301,575
Total benefits	**871,892**	**1,455,928**

21 Discontinued operations

There was no business discontinued during this financial year 2023. On 1 July 2022, the consolidated entity sold KP Electric (Australia) Pty Ltd, a subsidiary of GreenHy2, for consideration of $1,327,136 resulting in a profit on disposal before income tax of $249,664.

	2022
	$
Revenue	7,330,107
Other income	12,502
Revenue and other income	**7,342,609**
Employee and director benefits expense	3,576,154
Administration costs	362,964
Management Recharges	465,000
Occupancy costs	140,790
Depreciation and amortisation	327,964
Project material costs	1,674,855
Equipment and other subcontractor costs	1,765,077
Interest and finance charges	29,773
Other professional expenses	58,698
Impairment expense	(65,191)
Total expenses	**8,336,084**
Loss before income tax expense	**(993,475)**
Income tax (expense)/benefit	-
Loss after income tax expense	**(993,475)**
Profit on disposal before income tax expense	249,664
Income tax expense	-
Loss on disposal after income tax expense	**249,664**
Loss after income tax expense from discontinued operations	**(743,811)**

Cash flow informaition

	2022 $
Net Cash from operating activities	(623,443)
Net cash from financing activities	571,785
Net increase in cash and cash equivalents from discontinued operations	**(51,658)**

22 Business combinations

There were no business acquisitions in 2023 and 2022.

23 Parent company information

	2023 $	2022 $
Loss after income tax	1,705,360	835,674
Total comprehensive loss	**1,705,360**	**835,674**
Total current assets	1,531,914	3,149,172
Total assets	3,340,317	3,979,595
Total current liabilities	9,208,100	8,158,739
Total liabilities	9,269,814	8,203,731
Equity		
Contributed equity	85,098,869	85,098,869
Share based payment reserve	2,244,717	2,244,717
Accumulated losses	(93,273,082)	(91,567,722)
Total equity	**(5,929,496)**	**(4,224,136)**

Contingencies
The parent entity had no contingent liabilities as at 31 December 2023 (2022: Nil).

Capital Commitments
The parent entity had no contingent liabilities as at 31 December 2023 (2022: Nil).

24 Share based payments

An Employee Share Incentive Right Plan (ESIRP) was established by GreenHy2 and approved by shareholders at the general meeting held in May 2013 and renewed at the general meeting held on 30 April 2019. Under the ESIRP GreenHy2 may grant options and/or performance rights over ordinary shares in the parent entity to certain employees of GreenHy2. The options and/or performance rights are issued for nil consideration and are granted in accordance with guidelines established by the ESIRP.

The expense recognised for employee services received during the year was $Nil (2022: $301,575).

Movements during the year

The following tables illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options and performance rights during the year.

Performance rights granted during the year are valued with reference to the share price at the grant date.

	Consolidated entity 2023		Consolidated entity 2022	
Performance rights	**# of shares**	**WAEP**	**# of shares**	**WAEP**
Outstanding as 1 January	26,303,945	-	26,303,945	-
Cancelled Prior year Performance rights	(26,303,945)	-	-	-
Outstanding at 31 December	**-**	**-**	**26,303,945**	**-**

25 Auditors' remuneration

The auditor of GreenHy2 is PKF (NS) Audit & Assurance Ltd Partnership since 31 December 19.

	Consolidated entity 2023 $	Consolidated entity 2022 $
Audit or review of the financial reports		
Entities associated with PKF (NS) Audit & Assurance Ltd Partnership[1]	70,071	78,183
Total	**70,071**	**78,183**

1. *PKF (NS) Audit & Assurance Ltd Partnership were paid $30,772 for non-audit service provided during the year 2023* (2022: $*35,850*)

26 Post balance sheet events

The Board of H2G has been in correspondence with the Australian Stock Exchange [ASX] on the issue of Performance Rights granted to the Managing Director and Chief Financial Officer to ensure compliance with the Listing Rules.

As a result of complying with the ASX requirements, GreenHy2 adjusted the FY2023 Share Base Payment Expense from $192,594 to nil, which was after the lodgement of the Preliminary Final Report and Appendix 4E on 28th February 2024. The effect is an improvement in the net loss after tax for the year from $1,942,840 to $1,750,291. The number of performance shares has been adjusted to Nil.

H2G will cancel the Adjusted Performance Rights to the Managing Director and Chief Financial Officer and issue new Performance Rights complying with the Employment contracts that will be voted on at the upcoming AGM. Until that time the current Performance rights will remain locked and not exercisable.

Apart from this matter, no other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

27 Contingencies

The consolidated entity has no contingent assets or liabilities as at 31 December 2023 (2022: Nil).

DIRECTOR'S DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors declare that the financial statements and notes are in accordance with the Corporations Act 2001 and:

a. Comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements.

b. Give a true and fair view of the financial position of the consolidated entity as at 31 December 2023 and of its performance as represented by the results of their operations and its cash flows, for the year ended on that date; and

c. Comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the opinion of the Directors, there are reasonable grounds to believe GreenHy2 will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a Resolution of the Directors.

W Howard.

William Howard

Executive Director, Chief Financial Officer and Company Secretary

Sydney

Date: 28 March 2024

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GREENHY2 LIMITED
Report on the Audit of the Financial Report
Opinion

We have audited the accompanying financial report of GreenHy2 Limited (the 'company'), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Company and the consolidated entity comprising the company and the entities it controlled at the year end or from time to time during the financial year (together the 'consolidated entity' or the 'group').

In our opinion, the financial report of GreenHy2 Limited is in accordance with the Corporations Act 2001, including:

i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the year ended on that date; and

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

Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (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.

Key Audit Matters

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

PKF

Key Audit Matters (cont'd)

1. Development costs

Why significant	How our audit addressed the key audit matter
As set out in Note 10, the group has accumulated capitalised development costs of $1,625,661 as at 31st December 2023 (2022: $983,368) with additions of $969,325 incurred during the year. This relates to the commercialisation of a Solid-State Hydrogen Storage system pilot scheme in partnership with Essential Energy. There is a risk of material misstatement with respect to the capitalisation of these costs. Specifically, whether the costs incurred on these projects have appropriately met the capitalisation criteria required under accounting standards. As a result, we identified the capitalisation of development expenditure within assets as a key audit matter.	Our work included, but was not limited to, the following procedures: • Gaining an understanding of the development project, including various agreements with relevant suppliers and partners, and research & development documents; • Ensuring that the development project expenses being capitalised satisfy the criteria requirements under AASB 138 Intangible Assets; • Obtaining an understanding of management's process to assess and recognise capitalised costs, and evaluating the appropriateness of costs capitalised; • Tested a sample of additions to the development project and agreed these to supporting documentation including payroll, contracts, purchase agreements and invoices; • Gaining understanding of status of project and future pipeline opportunities.; and • Assessing the appropriateness of related disclosures in the financial report.

Other Information

Other information is financial and non-financial information in the annual report of the Group which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities 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 consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in 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 Australian Auditing Standards, we exercise professional judgement 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 consolidated entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and other 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 consolidated entity'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 consolidated entity 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 consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

PKF

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

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 with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period 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 Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of GreenHy2 Limited for the year ended 31 December 2023 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.

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SCOTT TOBUTT
PARTNER

28 MARCH 2024
SYDNEY, NSW

ADDITIONAL INFORMATION REQUIRED BY ASX

CORPORATE GOVERNANCE STATEMENT

GreenHy2 is one of Australia's leading innovators in the delivery of engineering solutions for renewable energy. The company was established in 2011 and has specific expertise in Solid State Hydrogen Storage for use in fuel cells and as hydrogen gas. GreenHy2 is a clean energy company dedicated to reducing our collective carbon footprint. Whilst doing this the Board is committed to providing a satisfactory return to its shareholders and fulfilling its corporate governance obligations and responsibilities in the best interests of GreenHy2 and its shareholders. Good governance enables GreenHy2 to deliver this purpose whilst meeting the Board's intent. The governance structures and processes are defined in GreenHy2's Corporate Governance Statement which can be found at https://www.greenhy2.com.au/investors.

SHAREHOLDER INFORMATION

The information below is current at 18 March 2024, and includes additional information required by the Australian Securities Exchange Limited which is not shown elsewhere in this report.

SECURITIES EXCHANGE LISTING

Quotation has been granted for all the ordinary shares of GreenHy2 on all Member Exchanges of the Australian Securities Exchange Limited

DISTRIBUTION OF SHAREHOLDERS

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

Category (Size of holding)	Number of ordinary shareholders	Number of ordinary shares	% of issued capital
100,001 and Over	222	405,959,738	96.94
10,001 to 100,000	274	11,106,452	2.65
5,001 to 10,000	99	780,215	0.19
1,001 to 5,000	240	838,025	0.20
1 to 1,000	239	71,401	0.02
Total	**1,074**	**418,755,831**	**100.00**

VOTING RIGHTS

On show of hands: one vote for each member on poll: one vote for each share held.

SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders disclosed in substantial holding notices given to GreenHy2 are:

Name	Number of ordinary shares	% of issued capital
ANGOPHORA CAPITAL PTY LTD	83,322,371	19.90
ANTHONY BARTON & ASSOCIATES	50,035,000	11.95
BONTEMPO NOMINEES PTY LTD	42,271,632	10.09

TOP 20 SHAREHOLDERS

Rank	Name	Number of ordinary shares	% of issued capital
1	ANGOPHORA CAPITAL PTY LTD	83,322,371	19.90
2	ANTHONY BARTON & ASSOCIATES	50,035,000	11.95
3	BONTEMPO NOMINEES PTY LTD	42,271,632	10.09
4	DR PAUL JOSEPH DALGLEISH & ASSOCIATES	36,479,871	8.71
5	KIMIK HOLDINGS PTY LIMITED	15,151,516	3.62
6	OAKTONE NOMINEES PTY LTD	9,060,034	2.16
7	GDM SERVICES PTY LTD	9,000,000	2.15
8	BOND STREET CUSTODIANS LIMITED	7,506,062	1.79
9	CHEMBANK PTY LIMITED	7,042,425	1.68
10	ZERRIN INVESTMENTS PTY LTD	6,756,061	1.61
11	CITICORP NOMINEES PTY LIMITED	6,042,948	1.44
12	KLOSTERS HOLDINGS PTY LTD	4,515,152	1.08
13	REDBROOK NOMINEES P/L	4,000,000	0.96
13	CHELSEA INVESTMENTS (WA) PTY LTD	4,000,000	0.96
13	KAHLIA NOMINEES PTY LTD	4,000,000	0.96
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,850,959	0.92
15	MR PAUL SANTILLO	3,800,000	0.91
16	MRS ROBYN TANIA PIGNAT	3,500,005	0.84
17	SADSACKS PTY LTD	3,324,246	0.79
18	DEMASIADO PTY LTD	2,663,900	0.64
19	CAMMO CORP PTY LTD	2,396,416	0.57
20	MR GREGORY JOHN HOWLETT & MRS MARGARET WILHELMINA HOWLETT	2,272,728	0.54
	Total	**310,991,326**	**74.27**
	Balance of register	**107,764,505**	**25.73**
	Grand total	**418,755,831**	**100.00**

CORPORATE DIRECTORY

DIRECTORS AND LEADERSHIP TEAM

Paul Dalgleish	Executive Chairman and Managing Director
William Howard	Executive Director, Chief Financial Officer and Company Secretary
Charles Rottier	Non-Executive Director

STOCK EXCHANGE LISTING

GreenHy2's shares are quoted on the Australian Stock Exchange under the code H2G.

REGISTERED OFFICE c/o Company Matters Pty Limited Level 12, 680 George Street Sydney NSW 2000	**PRINCIPAL PLACE OF BUSINESS** Level 12, 680 George Street Sydney NSW 2000 +61 1300 321 094 enquiries@greenHy2.com.au www.greenhy2.com.au	**POSTAL ADDRESS** Suite 303, 75 King Street Sydney NSW 2000
AUDITOR PKF (NS) Audit & Assurance Ltd Partnership Level 8, 1 O'Connell St Sydney NSW, 2000 +61 02 8346 6000 www.pkf.com.au	**SHARE REGISTRY** Link Market Services Level 12, 680 George Street Sydney NSW 2000 +61 1300 554 474 www.linkmarketservices.com.au	