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ABN 57 138 803 620

**1414 Degrees Limited**

**HALF YEAR REPORT**

**For the Half-Year Ended 31 December 2023**

1414 DEGREES LTD  
ABN 57 138 803 620

ASX  
14D

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### **Chairmans review of half-year results**

Over the past six months, the Company has sustained a high level of interest from major corporations looking to reduce their emissions. Demonstrating the feasibility of SiBox technology to provide a stable and reliable heat stream, capable of augmenting or replacing natural gas in high-temperature industries, has been a consistent focus.

The evaluation of business cases across diverse industries has revealed promising opportunities. The Company found that industries like alumina could save cost and reduce emissions with our technology, depending on gas and carbon prices. The same goes for industries that use a lot of natural gas and want to cut emissions or use renewable electricity. The SiBox Demonstration Module (SDM) is designed to provide confidence in operations, building on our experience with earlier silicon storage systems to prove safe and reliable energy storage at temperatures up to 1500°C.

The battery energy storage system (BESS) on our Aurora Energy Precinct near Port Augusta progressed. A generator performance study was submitted to the transmission utility as part of an application to connect to the National Electricity Market through the 275kV line. The Company purchased Aurora in 2019 as a potential site for a pilot SiBox system to store and generate electricity and obtained regulatory approval for a grid scale SiBox thermal energy storage system capable of generating revenue through frequency control ancillary services (FCAS) and system strength in the National Electricity Market (NEM). The Company plans to demonstrate the SDM's ability to provide FCAS in the upcoming months, driven by positive feedback from industrial and energy firms. Additionally, the Company assembled partners to develop an integrated hydrogen-SiBrick reactor to position the Company as a producer of carbon-free hydrogen, with potential for lower operating costs and substantially higher efficiency compared to traditional electrolysis plants.

### **SiBox® Development Update**

Following the successful commissioning announced in August, the SiBox Demonstration Module has continued operational testing, verifying robust performance of the patented SiBrick and SiBox technology. Notably, significant performance milestones were achieved, including successful operation for a prolonged duration with an outlet temperature at 900°C, the upper limit of the SDM design specifications. Charge-discharge cycle testing was also completed across a range of outlet temperature setpoints (700-900°C), simulating conditions in high-temperature industrial processes.

The SiBrick storage media underwent 97 latent heat cycles, showcasing consistent performance within design expectations. Testing has verified the nominal design storage capacity of 1MWh-thermal at an 850°C outlet temperature.

The Company's engagement with industry partners has uncovered diverse demands across sectors, highlighting the individualised requirements for energy storage. The flexibility of the SiBox storage system has been showcased, delivering consistent and clean high-temperature process heat. This not only lowers energy costs but also contributes to emissions reduction and increased process stability.

Ongoing testing aims to provide additional data, quantifying SDM performance under variable operating conditions and demonstrating specific operating modes. The SDM comprises a modular arrangement of SiBrick optimised for energy storage capacity and effective heat transfer. The SiBricks are housed within an insulated heat store and integrated with an energy recovery system, simulating commercial application processes, such as gas burner replacement in an alumina calciner.

### **SiBrick Development**

The Company has made substantial progress in developing a SiBrick that is both durable for long-term use and suitable for mass production. The initial batch of the newly designed SiBrick is currently being produced in Germany by our technology partner, Refratechnik-Steel GmbH. The upcoming phase involves thorough thermal cycling in the active airflow of the Company's original Prototype device, which has been upgraded to automate charging and discharging. Success in this phase will mean that the Company can use existing refractory manufacturing lines to produce thousands or millions of SiBrick – a million would nominally store 1GWh of energy - without having to invest in its own manufacturing facilities.

### **Aurora Energy Precinct Progress**

The Aurora Energy Precinct has seen significant progress toward revenue with submission of the application for transmission connection of a 140MW BESS, a lithium-ion storage system to the National Electricity Market. Development approval has been secured for a pilot SiBox thermal energy storage system generating 2MW of electricity has been secured, with potential expansion possibilities. Modeling indicates that a SiBox thermal charging system could also provide frequency control services (FCAS) to the NEM, generating substantial revenue in the context of increased renewable penetration.

### **Corporate Initiatives**

Collaboration with London-based investment bank Hannam & Partners has extended the Company's global reach, involving consultations and research reports on thermal energy storage markets as well as identifying potential buyers or investors for the Aurora BESS project. Financially, the successful shareholder rights issue raised approximately \$1.5 million to fund further SiBrick development and attracted increased grant funding.



Dr Kevin Moriarty  
Executive Chairman

**1414 Degrees Ltd**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity:	1414 Degrees Ltd
ABN:	57 138 803 620
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

**2. Results for announcement to the market**

			\$
Loss from ordinary activities after tax attributable to the owners of 1414 Degrees Ltd	up	25.2% to	(990,682)
Loss for the half-year attributable to the owners of 1414 Degrees Ltd	up	25.2% to	(990,682)

*Dividends*

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

*Comments*

The loss for the company after providing for income tax amounted to \$990,682 (31 December 2022: \$791,026).

**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	3.06	3.15

**4. Control gained over entities**

Not applicable.

**5. Loss of control over entities**

Not applicable.

**6. Dividends**

*Current period*

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

*Previous period*

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

**7. Dividend reinvestment plans**

Not applicable.

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$	Previous period \$
SiliconAurora Pty Ltd	50.00%	50.00%	(183,927)	(185,114)
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			(183,927)	(185,114)
Income tax on operating activities			-	-

9. Foreign entities

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

10. Audit qualification or review

*Details of audit/review dispute or qualification (if any):*


The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

*Details of attachments (if any):*

The Interim Report of 1414 Degrees Ltd for the half-year ended 31 December 2023 is attached.

12. Signed

Signed   
Kevin Moriarty - Executive Chairman

Date: 28 February 2024

**1414 Degrees Ltd**

**ABN 57 138 803 620**

**Interim Report - 31 December 2023**

**1414 Degrees Ltd**  
**Directors' report**  
**31 December 2023**

The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2023.

**Directors**

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

Kevin Moriarty - Executive Chairman  
Graham Dooley - Non-Executive Director  
Randolph Bowen - Non-Executive Director

**Company Secretary**

The following persons were company secretary of the company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Katelyn Adams

**Review of operations**

The loss for the company after providing for income tax amounted to \$990,682 (31 December 2022: \$791,026).

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the company during the financial half-year.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Kevin Moriarty - Executive Chairman

28 February 2024

DECLARATION OF INDEPENDENCE  
BY PAUL GOSNOLD  
TO THE DIRECTORS OF 1414 DEGREES LIMITED

As lead auditor for the review of 1414 Degrees Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.



Paul Gosnold  
Director

BDO Audit Pty Ltd

Adelaide, 28 February 2024



**1414 Degrees Ltd**  
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**31 December 2023**

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**General information**

The financial statements cover 1414 Degrees Ltd as an individual entity. The financial statements are presented in Australian dollars, which is 1414 Degrees Ltd's functional and presentation currency.

1414 Degrees Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

136 Daws Road  
Melrose Park SA 5039

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2024.

**1414 Degrees Ltd**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2023**

	<b>Note</b>	<b>31 December 2023 \$</b>	<b>31 December 2022 \$</b>
<b>Revenue</b>			
Other income	3	19,101	99,856
Total revenue		<u>19,101</u>	<u>99,856</u>
<b>Expenses</b>			
Administration and professional expenses		(564,575)	(688,452)
Provision for Gas-TESS decommissioning (Glenelg project)		-	466,000
Depreciation and amortisation		(10,911)	(18,101)
Employee benefits expense		(153,538)	(162,381)
Share based payments (equity settled)		162,043	64,614
Share of loss - SiliconAurora joint venture		(183,927)	(185,114)
Other expenses	4	(258,875)	(367,448)
Total expenses		<u>(1,009,783)</u>	<u>(890,882)</u>
<b>Loss before income tax expense</b>		(990,682)	(791,026)
Income tax expense		<u>-</u>	<u>-</u>
<b>Loss after income tax expense for the half-year attributable to the owners of 1414 Degrees Ltd</b>		(990,682)	(791,026)
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the half-year attributable to the owners of 1414 Degrees Ltd</b>		<u><u>(990,682)</u></u>	<u><u>(791,026)</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	18	(0.42)	(0.39)
Diluted earnings per share	18	(0.42)	(0.39)

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

**1414 Degrees Ltd**  
**Statement of financial position**  
**As at 31 December 2023**

	<b>Note</b>	<b>31 December 2023 \$</b>	<b>30 June 2023 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	1,442,894	1,948,457
Trade and other receivables	6	3,521,837	2,484,996
Other		291,261	172,486
Total current assets		<u>5,255,992</u>	<u>4,605,939</u>
<b>Non-current assets</b>			
Trade and other receivables	6	680,616	360,456
Joint venture investment		1,940,584	2,124,512
Right-of-use assets	7	90,477	226,192
Property, plant and equipment	8	42,220	48,139
Intangibles	9	1,726,565	2,362,069
Total non-current assets		<u>4,480,462</u>	<u>5,121,368</u>
<b>Total assets</b>		<u>9,736,454</u>	<u>9,727,307</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		242,343	485,546
Borrowings	10	181,676	-
Lease liabilities	11	92,360	227,357
Employee benefits		154,524	124,829
Provisions	12	34,000	34,000
Total current liabilities		<u>704,903</u>	<u>871,732</u>
<b>Non-current liabilities</b>			
Employee benefits		16,135	21,457
Total non-current liabilities		<u>16,135</u>	<u>21,457</u>
<b>Total liabilities</b>		<u>721,038</u>	<u>893,189</u>
<b>Net assets</b>		<u>9,015,416</u>	<u>8,834,118</u>
<b>Equity</b>			
Contributed equity	13	34,336,208	33,002,185
Reserves		5,677	167,720
Accumulated losses		(25,326,469)	(24,335,787)
<b>Total equity</b>		<u>9,015,416</u>	<u>8,834,118</u>

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

**1414 Degrees Ltd**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2023**

	<b>Contributed equity \$</b>	<b>Reserves \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2022	32,656,879	323,395	(22,504,536)	10,475,738
Loss after income tax expense for the half-year	-	-	(791,026)	(791,026)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(791,026)	(791,026)
<i>Transactions with owners in their capacity as owners:</i>				
Performance Rights Valuation	-	14,344	-	14,344
Performance Rights Lapsed	-	(78,958)	-	(78,958)
Balance at 31 December 2022	<u>32,656,879</u>	<u>258,781</u>	<u>(23,295,562)</u>	<u>9,620,098</u>
	<b>Contributed equity \$</b>	<b>Reserves \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2023	33,002,185	167,720	(24,335,787)	8,834,118
Loss after income tax expense for the half-year	-	-	(990,682)	(990,682)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(990,682)	(990,682)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 13)	1,334,023	-	-	1,334,023
Options Lapsed	-	(167,592)	-	(167,592)
Performance Rights Valuation	-	5,549	-	5,549
Balance at 31 December 2023	<u>34,336,208</u>	<u>5,677</u>	<u>(25,326,469)</u>	<u>9,015,416</u>

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

**1414 Degrees Ltd**  
**Statement of cash flows**  
**For the half-year ended 31 December 2023**

	<b>Note</b>	<b>31 December 2023 \$</b>	<b>31 December 2022 \$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		10,954	573
Payments to suppliers and employees (inclusive of GST)		(840,795)	(1,407,217)
Interest received		19,101	13,513
Interest paid on lease liabilities		(5,346)	(10,020)
Interest and other finance costs paid		(3,973)	-
Net cash used in operating activities		(820,059)	(1,403,151)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	8	(1,200)	(6,885)
Payments for product development activities		(992,053)	(1,975,662)
Partner project contributions		550,000	600,000
Loans to Joint Venture		(320,160)	(298,535)
Proceeds from disposal of investments		-	900,000
Net cash used in investing activities		(763,413)	(781,082)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	13	1,470,739	-
Share issue transaction costs		(136,716)	-
Repayment of borrowings		(121,117)	-
Repayment of lease liabilities		(134,997)	(118,226)
Net cash from/(used in) financing activities		1,077,909	(118,226)
Net decrease in cash and cash equivalents		(505,563)	(2,302,459)
Cash and cash equivalents at the beginning of the financial half-year		1,948,457	3,549,416
Cash and cash equivalents at the end of the financial half-year		<u>1,442,894</u>	<u>1,246,957</u>

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

**Note 1. Material accounting policy information**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

**Going concern**

The financial report has been prepared on the basis of a going concern. The financial report shows the company incurred a net loss of \$990,682 and a net cash outflow from activities of \$505,563 during the reporting period. The company's ability to continue as a going concern is contingent upon generation of cash inflow from its business and/or successfully raising additional capital. The circumstances represent a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore the company may be unable to realise its assets and discharge its liabilities in the normal course of business. No allowance for such circumstances has been made in the financial report.

**New or amended Accounting Standards and Interpretations adopted**

The company 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.

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Key estimates - impairment*

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

With respect to cash flow projections for intangible assets and those with a finite useful life but not yet considered ready for use, relevant inputs have been factored into valuation models on the basis of management's expectations regarding the growth of the market and the Company's ability to capture market share. Pre-tax discount rates of 15.8% have been used in all models.

*Key estimates - Gas-TESS Decommissioning Provision*

The current value of the Gas-TESS Decommissioning Provision is recognised at the estimated cost to demolish and reinstate the site of the Gas-TESS (Glenelg Project).

**Note 2. Critical accounting judgements, estimates and assumptions (continued)**

*Key judgements - product development*

Included within intangible assets at the end of the reporting period is Product Development with a net carrying value of \$1,726,565 (30 June 2023: \$2,362,069) being the carrying value of the Product Development intangible asset of \$14,154,510 (30 June 2023: \$13,162,457) less the associated Government Grant funding of \$2,743,000 (30 June 2023: \$2,743,000), the R&D refundable tax offsets applied of \$7,484,945 (30 June 2023: \$6,407,388) and the Woodside Energy Technologies Pty Ltd contributions applied \$2,200,000 (30 June 2023: \$1,650,000). The directors believe that while the development and commercialisation of the technology remains in-progress and the asset is not yet generating economic benefits (beyond customer trials), it is not considered ready for use. A reliable estimate for the useful life of the asset will only be capable of being determined once the asset is assessed as ready for use, after which point, amortisation will commence. The directors are satisfied that it is probable that the intangible asset will generate future economic benefits based on internal financial models and potential project scenario analysis.

*SiliconAurora sales proceeds receivable*

The company has assessed the recoverability of the \$1,500,000 SiliconAurora sale proceeds and has made the judgement that this amount is recoverable. The payment of this amount is deferred until SiliconAurora receives a written offer to connect to the transmission system under the rules of the National Electricity Market ("Offer"). The company expects that the Offer will be received within the next 12 months.

*SiliconAurora Pty Ltd loan*

The company has assessed the recoverability of the loan and considers it to be recoverable based on the expected future development of the project generating positive cash flows.

*Loans and borrowings*

Loans and borrowings consists of the borrowings from the Hunter Premium Fundings for the payment of the Company's insurance obligations. These amounts are recognised at cost.

*SiliconAurora Joint Control*

Management have determined that the company has joint control of SiliconAurora Pty Ltd ("SiliconAurora") with Vast Solar Pty Ltd ("Vast"). The arrangement between the two parties is governed by a contractual agreement requiring the unanimous consent of the parties involved when relevant activities are undertaken.

**Note 3. Other income**

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>\$</b>	<b>\$</b>
Interest received	19,101	13,760
Other income	-	86,096
	<hr/>	<hr/>
Other income	<u>19,101</u>	<u>99,856</u>

**Note 4. Other expenses**

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>\$</b>	<b>\$</b>
Directors fees	50,000	102,077
Finance costs	9,319	625
Marketing	76,155	103,097
Other expenses	<u>123,401</u>	<u>161,649</u>
	<hr/>	<hr/>
	<u>258,875</u>	<u>367,448</u>

**1414 Degrees Ltd**  
**Notes to the financial statements**  
**31 December 2023**

**Note 5. Cash and cash equivalents**

	<b>31 December 2023 \$</b>	<b>30 June 2023 \$</b>
<i>Current assets</i>		
Cash at bank	<u>1,442,894</u>	<u>1,948,457</u>

An amount of \$242,747 is included as cash has been set aside to support bank guarantees issued to the landlords of rented locations.

**Note 6. Trade and other receivables**

	<b>31 December 2023 \$</b>	<b>30 June 2023 \$</b>
<i>Current assets</i>		
Trade receivables	39,221	31,206
R & D refundable tax offset	1,955,558	878,000
SiliconAurora sales proceeds receivable	1,500,000	1,500,000
Other receivables	<u>27,058</u>	<u>75,790</u>
	<u>3,521,837</u>	<u>2,484,996</u>
<i>Non-current assets</i>		
SiliconAurora Pty Ltd loan	<u>680,616</u>	<u>360,456</u>
	<u><u>4,202,453</u></u>	<u><u>2,845,452</u></u>

**Note 7. Right-of-use assets**

	<b>31 December 2023 \$</b>	<b>30 June 2023 \$</b>
<i>Non-current assets</i>		
Land and buildings - right-of-use	761,469	761,469
Less: Accumulated depreciation	<u>(670,992)</u>	<u>(535,277)</u>
	<u><u>90,477</u></u>	<u><u>226,192</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	<b>Daws Road \$</b>	<b>Total \$</b>
Balance at 1 July 2023	226,192	226,192
Depreciation expense	<u>(135,715)</u>	<u>(135,715)</u>
Balance at 31 December 2023	<u><u>90,477</u></u>	<u><u>90,477</u></u>



**Note 8. Property, plant and equipment**

	<b>31 December 2023 \$</b>	<b>30 June 2023 \$</b>
<i>Non-current assets</i>		
Fixtures and fittings - at cost	140,515	140,515
Less: Accumulated depreciation	<u>(108,238)</u>	<u>(103,975)</u>
	<u>32,277</u>	<u>36,540</u>
Office equipment - at cost	75,381	74,181
Less: Accumulated depreciation	<u>(65,438)</u>	<u>(62,582)</u>
	<u>9,943</u>	<u>11,599</u>
	<u><u>42,220</u></u>	<u><u>48,139</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	<b>Fixtures and fittings \$</b>	<b>Office equipment \$</b>	<b>Total \$</b>
Balance at 1 July 2023	36,540	11,599	48,139
Additions	-	1,200	1,200
Depreciation expense	<u>(4,263)</u>	<u>(2,856)</u>	<u>(7,119)</u>
Balance at 31 December 2023	<u><u>32,277</u></u>	<u><u>9,943</u></u>	<u><u>42,220</u></u>

*Accounting policy for property, plant and equipment*

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight - line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Fixtures and fittings	3-10 years
Office equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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

**1414 Degrees Ltd**  
**Notes to the financial statements**  
**31 December 2023**

**Note 9. Intangibles**

	31 December 2023 \$	30 June 2023 \$
<i>Non-current assets</i>		
Product development - intellectual property at cost	14,154,510	13,162,457
Government grants and R & D refundable tax offsets applied	(10,227,945)	(9,150,388)
Woodside funding applied	(2,200,000)	(1,650,000)
	<u>1,726,565</u>	<u>2,362,069</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	TESS Development \$	Total \$
Balance at 1 July 2023	2,362,069	2,362,069
Additions	992,053	992,053
R & D tax offset applied	(1,077,557)	(1,077,557)
Woodside funding applied	(550,000)	(550,000)
Balance at 31 December 2023	<u>1,726,565</u>	<u>1,726,565</u>

Intellectual property consists of TESS (thermal energy storage system) development of bulk energy storage solutions.

**Note 10. Borrowings**

	31 December 2023 \$	30 June 2023 \$
<i>Current liabilities</i>		
Payable to Hunter Premium Funding	<u>181,676</u>	<u>-</u>

Reconciliation of the borrowing movement during the current period are set out below:

	31 December 2023 \$	30 June 2023 \$
Borrowings from Hunter Premium Funding to finance insurance expenses	302,793	-
Repayment of borrowing	(121,117)	-
Closing balance of borrowings as at 31 December 2023	<u>181,676</u>	<u>-</u>

**Note 11. Lease liabilities**

	31 December 2023 \$	30 June 2023 \$
<i>Current liabilities</i>		
Lease liability	<u>92,360</u>	<u>227,357</u>

Total interest incurred on the lease liability for the period was \$5,347 (2022: \$10,020).

**Note 12. Provisions**

	31 December 2023 \$	30 June 2023 \$
<i>Current liabilities</i>		
Provision for Gas-TESS decommissioning	<u>34,000</u>	<u>34,000</u>

*Gas-TESS Decommissioning Provision*

The current value of the Gas-TESS Decommissioning Provision is recognised at the estimated cost to demolish and reinstate the site of the Gas-TESS (Glenelg Project).

**Note 13. Contributed equity**

	31 December 2023 Shares	30 June 2023 Shares	31 December 2023 \$	30 June 2023 \$
Ordinary shares - fully paid	<u>238,168,521</u>	<u>205,485,458</u>	<u>34,336,208</u>	<u>33,002,185</u>

*Movements in ordinary share capital*

Details	Date	Shares	\$
Balance	1 July 2023	205,485,458	33,002,185
Placement of shares	21 August 2023	32,683,063	1,470,739
Transaction costs	31 August 2023	-	(136,716)
Balance	31 December 2023	<u>238,168,521</u>	<u>34,336,208</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

*Capital risk management*

The company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The group's debt and capital includes ordinary shares capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

**Note 14. Dividends**

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

**Note 15. Contingent liabilities**

As at 31 December 2023 those charged with governance of the group note that there are no known contingent liabilities (2022: nil).

**Note 16. Interests in joint ventures**

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the company are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2023 %	30 June 2023 %
SiliconAurora Pty Ltd	Australia	50.00%	50.00%

**Note 17. Events after the reporting period**

On 12 February 2024, the company announced that it has been awarded a \$2.5 million Cooperative Research Centres Projects (CRC-P) grant by the Australian Government to advance its SiPHyR technology for affordable low-carbon hydrogen production. This funding is part of a \$5.2 million project, conducted in collaboration with the University of Adelaide (UoA), Woodside Energy, Vulcan Steel, and the Royal Melbourne Institute of Technology, to develop a methane pyrolysis reactor for cost-effective hydrogen production. The project is expected to start on 1 April 2024 and finish on 31 March 2027.

The CRC-P grant builds on the company's recent announcement on 8 January 2024 that it has secured an exclusive licence from the UoA to commercialise its dual column fluid reactor technology. This reactor will be an integral component of SiPHyR.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Note 18. Earnings per share**

	31 December 2023 \$	31 December 2022 \$
Loss after income tax attributable to the owners of 1414 Degrees Ltd	(990,682)	(791,026)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	238,168,521	200,310,458
Weighted average number of ordinary shares used in calculating diluted earnings per share	238,168,521	200,310,458
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.42)	(0.39)
Diluted earnings per share	(0.42)	(0.39)

**1414 Degrees Ltd**  
**Directors' declaration**  
**31 December 2023**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in dark ink, appearing to read 'Kevin Moriarty', written over a horizontal line.

Kevin Moriarty - Executive Chairman

28 February 2024

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF 1414 DEGREES LIMITED

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of 1414 Degrees Limited (the Company) which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Company does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.



#### Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in blue ink that reads 'BDO'.

BDO Audit Pty Ltd

A handwritten signature in blue ink that reads 'Paul Gosnold'.

Paul Gosnold  
Director

Adelaide, 28 February 2024