

## Appendix 4E

Preliminary financial statements for the year ended 30 June 2021 as required by ASX listing rule 4.2A

| <b>Results for announcement to the market<br/>(All comparison to year ended 30 June 2020)</b> | <b>\$</b>   | <b>Up/down</b> | <b>Movement<br/>%</b> |
|---|-------------|----------------|-----------------------|
| Revenue from ordinary activities  | 318,207,504 | Up             | 87.2                  |
| Net profit before tax   | 19,154,388  | Up             | 32.5                  |
| Profit after tax from ordinary activities (including significant items)                       | 13,348,769  | Up             | 24.9                  |
| Profit after tax from ordinary activities (excluding significant items) <sup>1</sup>          | 17,300,032  | Up             | 70.2                  |

1 – Significant items excluded from the calculation of profit after tax relate to costs associated with:

- the initial public offering (IPO) and ASX listing totalling \$2,062,900; and
- ongoing claims management totalling \$1,469,064 to recover pre-acquisition debtors owing to ECM;
- director and renewables employee share issue costs totalling \$700,000; and
- mark to market investment revaluation of \$322,700.

| <b>Dividend information</b>   | <b>Amount per<br/>share (cents)</b> | <b>Franked<br/>amount per<br/>share<br/>(cents)</b> | <b>Tax rate for<br/>franking<br/>credit</b> |
|-------------------------------|-------------------------------------|---|---|
| Final 2020 dividend per share | Nil                                 | -   | -   |
| Final 2021 dividend per share | 1.8                                 | 1.8   | 30%   |

### Dividends:

On 27 August 2021, the Directors declared a final fully franked dividend of 1.8 cents per share with a record date of 6 October 2021 with a payment date of 28 October 2021 being a total dividend payable of \$2,800,619.

### Details of entities over which control has been gained or lost during the period:

Connect Engineering Pty Ltd and its subsidiaries (Gained)

Burton Training & Consultancy (Gained)

### Details of dividend reinvestment plan:

Not applicable.

### Details of associates and joint venture entities:

Not applicable.

### Audit:

The independent auditor's review report is attached to the Financial Report. The independent auditor's review report does not contain any modified opinion, emphasis of matter or other matter paragraph.

|                                  | <b>30 Jun 2021</b> | <b>31 Dec 2020</b> | <b>30 Jun 2020</b> |
|----------------------------------|--------------------|--------------------|--------------------|
|                                  | <b>\$</b>          | <b>\$</b>          | <b>\$</b>          |
| Net tangible assets per security | 0.28               | 0.24               | 0.27               |

Additional information supporting the Appendix 4E disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the year ended 30 June 2021.

This report is based on the consolidated financial statements for the year ended 30 June 2021 which have been audited by Grant Thornton.



# Annual Financial Report

GenusPlus Group Ltd and controlled entities  
For the year ended 30 June 2021

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# Directors' Report

The Directors of GenusPlus Group Ltd present their report together with the financial statements of the Consolidated Entity, being GenusPlus Group Ltd and its controlled entities (the Group) for the year ended 30 June 2021 and the Independent Auditor's Report thereon.

## Directors details

The names and details of the Company's directors in office during the financial year and until the date of this report are set out below. Directors of GenusPlus Group Ltd were in office for the entire period unless otherwise stated.

### Mr David Riches

David Riches is the Managing Director and CEO of the GenusPlus Group Ltd. David is the founder of Powerlines Plus Pty Ltd and is a third-generation recognised industry expert. David has led the business growth with a successful year on year track record.

During the past three years he has also served as a director of the following listed companies: Nil.

### Mr Paul Gavazzi

Paul Gavazzi is a Non-Executive Director and member of the Audit and Risk and Remuneration and Nominations Committees. Paul has over 35 years' experience in commercial law, specialising in construction, projects and infrastructure. Paul is a senior partner of law firm Sparke Helmore Lawyers. Paul is an associate of the Chartered Institute of Arbitrators (UK), member of the Society of Construction Lawyers and member of the Australian Institute of Company Directors.

During the past three years he has also served as a director of the following listed companies: Nil.

### Mr Simon High

Simon High is the Non-Executive Chairman of the Group. Simon is a qualified Civil Engineer, Fellow of the Institute of Engineers Australia and Fellow of the Australian Institute of Company Directors.

Simon has over 45 years' experience globally in the Oil & Gas, Mining and Industrial Infrastructure industries. Simon held Senior Executive roles with Kvaerner Oil & Gas, United Construction, Clough Ltd, Southern Cross Electrical Engineers and Ausgroup Ltd.

During the past three years he has also served as a director of the following listed companies: Nil.

### Mr José Martins

José Martins is a Non-Executive Director and Member of the Audit and Risk Committee and Remuneration and Nominations Committees and brings over 25 years' experience in the financial management of public and private companies. Jose is the former CFO of ASX listed Ausdrill Ltd and Macmahon Holdings Ltd. José is the current CFO of Alliance Mining Commodities.

During the past three years he has also served as a director of the following listed companies: Nil.

## Company Secretary

Damian Wright is the Chief Financial Officer and Company Secretary of GenusPlus Group Ltd. Damian has held senior finance positions including CFO and Company Secretary for private and ASX listed entities. Damian holds a Degree in Commerce, and is a fellow of CPA Australia and the Governance Institute of Australia.

#### Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of GenusPlus Group Ltd were:

| Director   | Number of ordinary shares |
|------------|---------------------------|
| D. Riches  | 91,722,947                |
| S. High    | 304,167                   |
| J. Martins | 100,000                   |
| P. Gavazzi | 204,167                   |

## Principal activities

The principal activities of the Group during the financial year were the installation, construction and maintenance of power and communication systems.

There have been no significant changes in the nature of these activities during the year.

## Review of operations and financial results

A review of the operations of the Group during the financial year and the results of those operations saw an increase in contract revenue from \$169,955,735 to \$318,207,504. The profit of the Group for the financial year after providing for income tax amounted to \$13,348,769 (2020: \$10,689,642).

The increases reflect improved performance of the Group with an improved capability to deliver to meet customer requirements on larger scale projects across the nation. The 24.9% increase in profit was delivered during a year in which the company listed on the Australian Securities Exchange (ASX) incurring costs of \$2,736,076 (after tax \$2,062,900), costs associated with ongoing recovery claims relating to the pre-acquisition debtors of ECM of \$2,158,662 (included in general and administrative expenses) (after tax \$1,511,063), Director and employee share issue costs of \$700,000 and mark to market revaluation increase of investments of \$461,000 (after tax \$322,700)

The Group's net assets increased by 32% compared to the previous year (FY20: 74%), which is due predominantly to the increase in retained earnings.

The acquisitions which have occurred during the year are in line with the Group's strategy to increase its geographical position to take advantage of significant infrastructure investment in new markets. Refer to Note 32.

A comparison of the Group's performance from continuing operations is set out below:

|                                      | <b>FY2021</b><br>\$ | <b>FY2020</b><br>\$ | <b>Change</b><br>% | <b>Prospectus Full<br/>Year 2021<br/>Forecast</b><br>\$ | <b>% of FY 2021<br/>Forecast<br/>Achieved</b><br>% |
|--------------------------------------|---------------------|---------------------|--------------------|---|--|
| <b>Revenue</b>                       | 318,207,504         | 169,955,735         | 87.2%              | 303,332,000   | 104.9%   |
| <b>EBITDA<sup>1</sup></b>            | 27,272,044          | 20,394,885          |                    |   |  |
| <b>EBITDA Normalised<sup>2</sup></b> | 32,405,782          | 19,556,885          | 65.7%              | 32,258,000  | 100.5%   |
| <b>EBIT<sup>1</sup></b>              | 19,858,515          | 15,129,179          |                    |   |  |
| <b>EBIT Normalised<sup>2</sup></b>   | 24,992,253          | 14,291,179          | 74.9%              | 25,490,000  | 98.0%  |
| <b>NPAT</b>                          | 13,348,769          | 10,689,642          | 24.9%              |   |  |
| <b>NPAT Normalised<sup>2</sup></b>   | 17,300,033          | 10,164,642          | 70.2%              | 17,268,000  | 100.2%   |

1. These are non-IFRS measures that are unaudited but derived from auditor reviewed FY21 Financial Statements. These measures are presented to provide further insight into GenusPlus Group's performance.

2. FY 2021 Normalised EBITDA / EBIT / NPAT excluding Listing costs of \$2.7 million, ECM Claim costs of \$2.2 million, Director & employee share issue costs of \$0.7 million and Mark to market revaluation increase of investment of (\$0.5) million. FY 2020 Normalised EBITDA / EBIT / NPAT excludes ECM claim costs of \$0.6 million, redundancy & acquisition costs of \$0.1 million, Mark to market revaluation increase of investment of (\$1.5) million and includes (\$0.5) million listing costs..

### Pipeline

The Group continues to achieve significant growth in its business underpinned by existing contracted work, recurring revenue from regular clients, and anticipated revenue from its existing tender pipeline of works.

GenusPlus has secured 74% of the FY2022 forecast revenue of circa \$400 million based on revenue from contracts awarded and recurring revenue expected to be completed by 30 June 2022.

GenusPlus has approximately \$232 million of contracted revenues secured for FY2022 & FY2023 which, when combined with its history of recurring revenues currently at \$88m per annum and its current \$610 million tender pipeline, provides a strong platform for continued growth.

In addition to the tendered pipeline there are further significant budgets and opportunities in progress that represent circa \$2 billion horizon which is a significant milestone for the Group. Work on initial budgets for clients, which are not yet at formal tender stage, is common in our industry.

### Outlook

The FY2022 expected revenue is forecast to be circa \$400 million with EBITDA expected to be in the range \$34 - 38 million.

The Group derives a significant amount of its revenue from Western Australia so the impact from Covid related matters has not been material to date. The traction of the expansion of the business on the east coast is expected to see some project delays in the coming months, although as the industries we participate in are considered "essential services" we do not expect to be materially impacted during the year.

We have seen some impact from shortages of labour resource in electrical trades in our substation division which has been factored into our forecast.

Genus is rebranding and restructuring some of its divisions to make better use of the "Genus" name, branding and logo. This will simplify the offering to clients and enable better cross selling of the Group's services.

## Growth Strategy

Whilst the Group derives the majority of earnings from the core Powerlines Plus business in Western Australia, it continues to progress its growth strategy of expanding the Powerlines Plus business into the much larger east coast markets.

During the year the company acquired Connect Engineering in New South Wales. This expands the growing east coast presence of the Group in NSW and follows previous bolt on acquisitions of Powerlines Plus (QLD) Pty Ltd (previously Burton Power) and Powerlines Plus (NSW) Pty Ltd (previously Picton Power Lines) with the addition of a presence in Wagga Wagga in the Riverina district of New South Wales through the purchase of the assets of Great Southern Electrical.

Since the end of the financial year the Group acquired selected key contracts, intellectual property, IT systems, plant and equipment and employee contracts of Tandem Corp Pty Ltd (Administrators Appointed). This acquisition greatly extends the capability of the Group's communications division, and significantly expands the Group's ongoing relationship with Telstra and provides a national presence in the communications sector.

The Group is focused on replicating its Western Australian business model into the larger east coast market which is dependent on the Group's ability to continue to grow the new operations or execute and integrate further bolt-on acquisitions.

## Significant changes in the state of affairs

During the year, the following changes occurred within the Group:

- On 14 December 2020, the Group commenced trading on the ASX following initial public offering of 34,177,497 shares at an offer price of \$0.96 per Share, outlined in the GenusPlus Group Ltd Prospectus dated 6 November 2020 and lodged with ASIC on that date.
- In March 2021, GenusPlus Group Ltd launched a new division in renewable energy to prioritise work related to the design, engineering, procurement, construction and installation of power projects within the broader renewables industry.
- On 1 June 2021 GenusPlus Group Ltd completed a Share Sale and Purchase Agreement to acquire 100% of the shares in Connect Engineering Pty Ltd and its wholly owned subsidiaries for a total consideration of \$5.55 million, including \$500,000 in shares.

## Dividends

The Board has resolved to declare a dividend in respect of the year ended 30 June 2021 of 1.8 cents per share fully franked for a total of \$2,800,619. (30 June 2020: \$1,230,150). The ex-Dividend Date for this dividend will be 5 October 2021, the Record Date is 6 October 2021 and the Payment Date will be 28 October 2021.

## Events arising since the end of the reporting period

On 6 August 2021, GenusPlus Group Ltd through its wholly owned subsidiary Diamond Underground Services Pty Ltd finalised the purchase of selected key contracts, intellectual property, IT systems, plant and equipment and employee contracts of Tandem Corp Pty Ltd (Administrators Appointed). This acquisition greatly extends the capability of the Group's communications division, and significantly expands the Group's ongoing relationship with Telstra. For further details refer to the ASX announcement.

On 27 August 2021, the Directors declared a final fully franked dividend of 1.8 cents per share with a record date of 6 October 2021 and a payment date of 28 October 2021. The total dividend payable is an aggregate of \$2,800,619.

Other than the matter mentioned above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## Likely developments

The Group will continue to seek opportunities to provide its services in installation, construction and maintenance of power and communication systems across Australia.

The Group's strategy includes:

- Continuing to replicate its successful business model to penetrate the large east coast markets, including growing its recent strategic acquisitions in QLD and NSW;
- Rebuilding of the ECM business into a scale but sustainable business, utilising the ability to be more selective on projects given the strength of the Genus platform;
- Taking advantage of the expected growth in electrical network infrastructure spending by public and private utility companies in Australia;
- Taking advantage of the expected growth in resources sector activity and related electrical network infrastructure construction;
- Continuing to grow the Diamond business in the large telecommunications sector, which Diamond currently only has a small market share;
- Continuing to maintain and develop new customer relationships;
- Continuing to maintain Genus' culture and significant investment into staff training;
- Continuing to maintain its diversification between the Government utilities and the private sectors; and
- Continuing to maintain and grow its panel contract positions to provide a stable base line of year on year revenue.

## Directors' meetings

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

| Board Member              | Board Meetings |    | Audit and Risk Committee |   | Remuneration and Nominations Committee |   |
|---------------------------|----------------|----|--------------------------|---|--|---|
|                           | A              | B  | A                        | B | A                                      | B |
| David Riches <sup>1</sup> | 12             | 12 | -                        | - | 1                                      | 1 |
| Simon High <sup>2</sup>   | 12             | 12 | 2                        | 2 | -                                      | - |
| Paul Gavazzi              | 12             | 11 | 3                        | 3 | 3                                      | 3 |
| José Martins              | 12             | 11 | 3                        | 3 | 3                                      | 3 |

1 – Mr David Riches was appointed to the Remuneration and Nominations Committee on 14 December 2020.

2 – Mr Simon High was appointed to the Audit and Risk Committee on 14 December 2020.

Where:

- **column A:** is the number of meetings the Director was entitled to attend
- **column B:** is the number of meetings the Director attended

## Options

No options over issued shares or interests in the Group were granted during or since the end of the financial year and there were no options outstanding at the date of this report.



## Remuneration Report (audited)

The Directors of GenusPlus Group Ltd (the Group) present the Remuneration Report for Non-Executive Directors, Executive Directors and other Key Management Personnel, prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*.

The Remuneration Report is set out under the following main headings:

- a Principles used to determine the nature and amount of remuneration
- b Details of remuneration
- c Service agreements
- d Share-based remuneration; and
- e Other information

### **a Principles used to determine the nature and amount of remuneration**

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- to align rewards to business outcomes that deliver value to shareholders
- to drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- to ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent

GenusPlus Group Ltd has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The Board has established a Nomination and Remuneration Committee which operates in accordance with its charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the Directors and the Executive Team.

The Committee has engaged independent remuneration consultants to provide any necessary information to assist in the discharge of its responsibilities (refer to the disclosures below).

The remuneration structure that has been adopted by the Group consists of the following components:

- fixed remuneration being annual salary; and
- short term incentives, being employee share schemes and bonuses

The Nomination and Remuneration Committee assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive Team.

The payment of bonuses, share options and other incentive payments are reviewed by the Nomination and Remuneration Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to pre-determined performance criteria.

### Short Term Incentive (STI)

GenusPlus Group Ltd performance measures involve the use of annual performance objectives, metrics, performance appraisals and continuing emphasis on living the Company values.

The performance measures are set annually after consultation with the Directors and executives and are specifically tailored to the areas where each executive has a level of control. The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

The Key Performance Indicators (KPIs) for the Executive Team are summarised as follows:

#### Performance areas

- **financial:** operating profit and earnings per share; and
- **non-financial:** strategic goals set by each individual business unit based on job descriptions

The STI Program incorporates only cash components for the Executive Team and other employees.

The Board may, at its discretion, award bonuses for exceptional performance in relation to each person's pre-agreed KPIs.

#### Voting and comments made at the Company's last Annual General Meeting

GenusPlus Group Ltd was not listed at its Annual General meeting held on 20 November 2020. As a result there was no requirement to vote on the Remuneration Report for the financial year ending 30 June 2020.

#### Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous two financial years:

| Item                        | 2021   | 2020   | 2019  |
|-----------------------------|--------|--------|-------|
| EPS (cents)                 | 8.6    | 7.5    | 4.3   |
| Dividends (cents per share) | 1.8    | 0.88   | -     |
| Net profit (\$'000)         | 13,349 | 10,689 | 6,013 |
| Share price (\$)            | 0.94   | n/a    | n/a   |

## b Details of remuneration

Details of the nature and amount of each element of the remuneration of each Key Management Personnel (KMP) of GenusPlus Group Ltd are shown in the table below:

| Director and other Key Management Personnel |             | Cash salary and fees | Short-term employee benefits |                       | Post-employment benefits<br>Superannuation | Long-term benefits<br>Long service leave | Termination benefits | Share-based payments | Total            | Performance based % of remuneration |
|---|-------------|----------------------|------------------------------|-----------------------|--|--|----------------------|----------------------|------------------|-------------------------------------|
| Employee                                    | Year        |                      | Cash bonus                   | Non-monetary benefits |  |  |                      |                      |                  |                                     |
| <b>Executive Directors</b>                  |             | \$                   | \$                           | \$                    | \$   | \$                                       | \$                   | \$                   | \$               |                                     |
| David Riches <sup>1,2</sup>                 | 2021        | 334,901              | 111,600                      | -                     | 21,749                                     | 8,789                                    | -                    | -                    | 477,039          | 23.4%                               |
| CEO and Managing Director                   | 2020        | 330,770              | -                            | -                     | 21,003                                     | 16,092                                   | -                    | -                    | 367,865          | -                                   |
| <b>Non-executive Directors</b>              |             |                      |                              |                       |  |  |                      |                      |                  |                                     |
| Simon High                                  | 2021        | 92,115               | -                            | -                     | 8,751                                      | -  | -                    | 200,000              | 300,866          |                                     |
| Chairman                                    | 2020        | 79,998               | -                            | -                     | 7,600                                      | -  | -                    | -                    | 87,598           | -                                   |
| José Martins                                | 2021        | 55,653               | -                            | -                     | 5,287                                      | -  | -                    | 100,000              | 160,940          |                                     |
| Independent                                 | 2020        | 45,000               | -                            | -                     | 4,275                                      | -  | -                    | -                    | 49,275           | -                                   |
| Paul Gavazzi                                | 2021        | 55,653               | -                            | -                     | 5,287                                      | -  | -                    | 100,000              | 160,940          |                                     |
| Independent                                 | 2020        | 45,000               | -                            | -                     | 4,275                                      | -  | -                    | -                    | 49,275           | -                                   |
| <b>2021 Total</b>                           | <b>2021</b> | <b>538,322</b>       | <b>111,600</b>               | <b>-</b>              | <b>41,074</b>                              | <b>8,789</b>                             | <b>-</b>             | <b>400,000</b>       | <b>1,099,785</b> | <b>10.2%</b>                        |
| <b>2020 Total</b>                           | <b>2020</b> | <b>500,769</b>       | <b>-</b>                     | <b>-</b>              | <b>37,153</b>                              | <b>16,092</b>                            | <b>-</b>             | <b>-</b>             | <b>554,013</b>   |                                     |

1 - David Riches elected to forego 50% of his eligible bonus for FY2021.

2 – David Riches elected not to participate in the FY2020 bonus scheme.

| Director and other Key Management Personnel                                   |             | Short-term employee benefits |                |                       | Post-employment benefits | Long-term benefits | Termination benefits | Share-based payments | Total            | Performance based % of remuneration |
|---|-------------|------------------------------|----------------|-----------------------|--------------------------|--------------------|----------------------|----------------------|------------------|-------------------------------------|
| Employee  | Year        | Cash salary and fees         | Cash bonus     | Non-monetary benefits | Superannuation           | Long service leave |                      |                      |                  |                                     |
| Other Key Management Personnel  |             | \$                           | \$             | \$                    | \$                       | \$                 | \$                   | \$                   | \$               |                                     |
| Damian Wright   | 2021        | 225,054                      | 88,830         | -                     | 21,250                   | -                  | -                    | -                    | 335,134          | 26.5%                               |
| CFO and Company Secretary   | 2020        | 214,162                      | 130,425        | -                     | 19,911                   | -                  | -                    | -                    | 364,498          | 35.8%                               |
| Michael Green   | 2021        | 215,477                      | 85,050         | -                     | 23,986                   | 8,408              | -                    | -                    | 332,921          | 25.6%                               |
| EGM Corporate Services  | 2020        | 205,480                      | 124,875        | -                     | 19,901                   | 11,395             | -                    | -                    | 361,651          | 34.5%                               |
| George Lloyd, EGM National Business Development                               | 2021        | 273,148                      | 103,623        | -                     | 21,746                   | -                  | -                    | -                    | 398,517          | 26.0%                               |
|   | 2020        | 259,469                      | 154,000        | -                     | 21,003                   | -                  | -                    | -                    | 434,472          | 35.4%                               |
| Andy Griffin  | 2021        | 264,313                      | 49,292         | -                     | 19,190                   | -                  | -                    | -                    | 332,796          | 14.8%                               |
| GM Powerlines Plus  | 2020        | -                            | -              | -                     | -                        | -                  | -                    | -                    | -                | -                                   |
| Hasan Murad   | 2021        | 320,000                      | 114,467        | -                     | 21,694                   | -                  | -                    | -                    | 456,161          | 25.1%                               |
| EGM Commercial  | 2020        | 307,692                      | 189,257        | -                     | 25,197                   | -                  | -                    | -                    | 522,146          | 36.2%                               |
| Stewart Furness   | 2021        | 253,846                      | -              | -                     | 32,713                   | -                  | 133,514              | -                    | 420,073          | 0.0%                                |
| GM Diamond Underground <sup>1</sup>   | 2020        | 258,462                      | 44,960         | -                     | 20,951                   | -                  | -                    | -                    | 324,373          | 13.9%                               |
| Simon Higgins <sup>4</sup>  | 2021        | 328,997                      | -              | -                     | 26,475                   | 1,617              | -                    | -                    | 357,089          | 0.0%                                |
| EGM KEC Power   | 2020        | 126,537                      | -              | -                     | 11,261                   | 3,369              | -                    | -                    | 141,167          | 0.0%                                |
| Megan Rivers, Group GM – Safety, Health, Environment and Quality <sup>2</sup> | 2021        | 113,294                      | -              | -                     | 11,871                   | -                  | -                    | -                    | 125,165          | 0.0%                                |
|   | 2020        | 176,154                      | 21,878         | -                     | 16,735                   | -                  | -                    | -                    | 214,767          | 10.2%                               |
| Kira McNeill, Group GM – Safety, Health, Environment and Quality <sup>3</sup> | 2021        | 80,211                       | 20,987         | -                     | 8,095                    | -                  | -                    | -                    | 109,293          | 19.2%                               |
|   | 2020        | -                            | -              | -                     | -                        | -                  | -                    | -                    | -                | -                                   |
| <b>2021 Total</b>   | <b>2021</b> | <b>2,074,340</b>             | <b>462,249</b> | <b>-</b>              | <b>187,020</b>           | <b>10,025</b>      | <b>133,514</b>       | <b>-</b>             | <b>2,867,149</b> | <b>16.1%</b>                        |
| <b>2020 Total</b>   | <b>2020</b> | <b>1,547,956</b>             | <b>665,395</b> | <b>-</b>              | <b>134,959</b>           | <b>14,764</b>      | <b>-</b>             | <b>-</b>             | <b>2,363,074</b> | <b>28.2%</b>                        |

1 – Stewart Furness ceased employment with the Group on 26 April 2021.

2 – Megan Rivers ceased employment with the Group on 6 January 2021.

3 – Kira McNeill was appointed to Group GM Safety, Health, Environment and Quality on 6 January 2021.

4 – Simon Higgins resigned effective from 16 August 2021.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

| Employee                              | Fixed remuneration | At risk: Short Term Incentives (STI) | At risk: options |
|---------------------------------------|--------------------|--------------------------------------|------------------|
| <b>Executive Directors</b>            |                    |                                      |                  |
| David Riches                          | 43%                | 57%                                  | 0%               |
| <b>Other Key Management Personnel</b> |                    |                                      |                  |
| Damian Wright                         | 61%                | 39%                                  | 0%               |
| Michael Green                         | 61%                | 39%                                  | 0%               |
| George Lloyd                          | 61%                | 39%                                  | 0%               |
| Andy Griffin                          | 66%                | 34%                                  | 0%               |
| Hasan Murad                           | 61%                | 39%                                  | 0%               |
| Simon Higgins <sup>1</sup>            | 100%               | 0%                                   | 0%               |
| Kira McNeill                          | 100%               | 0%                                   | 0%               |

1 – Under the terms of his employment contract, S Higgins will not be entitled to participate in the STI plan until December 2022.

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration are set out below:

| Employee        | Base salary (incl super) | Term of agreement     | Notice period |
|-----------------|--------------------------|-----------------------|---------------|
| David Riches    | \$357,000                | Unspecified           | Six months    |
| Damian Wright   | \$246,750                | Unspecified           | Three months  |
| Michael Green   | \$236,250                | Unspecified           | Three months  |
| George Lloyd    | \$295,221                | Unspecified           | Six months    |
| Andy Griffin    | \$350,000                | Unspecified           | One month     |
| Hasan Murad     | \$341,694                | Unspecified           | Three months  |
| Stewart Furness | \$300,000                | Unspecified           | Three months  |
| Simon Higgins   | \$350,000                | Three years (initial) | Three months  |
| Kira McNeill    | \$200,000                | Unspecified           | One month     |

### c Share-based remuneration

During the year, conditions in the contracts of Non-Executive Directors related to the vesting of shares were realised upon the successful listing of GenusPlus Group Ltd (ASX: GNP) on the Australian Stock Exchange. The Non-Executive Directors were issued with \$400,000 in shares in accordance with their contracts.

As disclosed in the Prospectus, Mr Simon Higgins has been issued 4,784,689 performance rights. The performance rights have been issued with non-market based conditions attached including a requirement relating to three years continued service with the Group. The conditions precedent can only be exercised if the underlying non-market based conditions are met. The Group has assessed the probability of achieving each non-market based condition to be less than probable resulting in no valuation being assigned to the performance rights.

No other member of the Key Management Personnel has an entitlement to be paid in shares.

#### d Bonuses included in remuneration

Details of the short-term incentive cash bonuses awarded as remuneration to each key management personnel, the percentage of the available bonus that was paid in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years.

| Employee                              | Included in remuneration (\$) | Percentage vested during the year | Percentage forfeited during the year |
|---------------------------------------|-------------------------------|-----------------------------------|--------------------------------------|
| <b>Executive Directors</b>            |                               |                                   |                                      |
| David Riches <sup>1</sup>             | 111,600                       | 50%                               | 50%                                  |
| <b>Other Key Management Personnel</b> |                               |                                   |                                      |
| Damian Wright                         | 88,830                        | 100%                              | -                                    |
| Michael Green                         | 85,050                        | 100%                              | -                                    |
| George Lloyd                          | 103,623                       | 100%                              | -                                    |
| Andy Griffin                          | 49,292                        | -                                 | -                                    |
| Hasan Murad                           | 114,467                       | 100%                              | -                                    |
| Stewart Furness                       | -                             | 100%                              | -                                    |
| Simon Higgins                         | -                             | -                                 | -                                    |
| Megan Rivers                          | -                             | -                                 | -                                    |
| Kira McNeil                           | 20,987                        | 100%                              | -                                    |

1 – D. Riches elected to forego 50% of his eligible bonus for FY2021.

## e Shares held by key management personnel

The number of ordinary shares in the Company during the 2021 reporting period held by each of the Group's key management personnel, including their related parties, is set out below:

| Employee                       | Balance at start of year | Granted as remuneration | Purchases | Sales        | Held at the end of reporting period |
|--------------------------------|--------------------------|-------------------------|-----------|--------------|-------------------------------------|
| <b>Year ended 30 June 2021</b> |                          |                         |           |              |                                     |
| David Riches <sup>1</sup>      | 125,900,444              | -                       | -         | (34,177,497) | 91,722,947                          |
| Damian Wright                  | -                        | -                       | 72,917    | -            | 72,917                              |
| Michael Green                  | -                        | -                       | 130,208   | -            | 130,208                             |
| George Lloyd                   | 1,600,000                | -                       | 26,042    | -            | 1,626,042                           |
| Andy Griffin                   | -                        | -                       | 104,567   | -            | 104,567                             |
| Hasan Murad                    | -                        | -                       | 72,917    | -            | 72,917                              |
| Simon Higgins                  | -                        | -                       | 520,833   | -            | 520,833                             |

1 During FY21, GenusPlus Group Ltd completed an IPO, under which D Riches disposed of his beneficial interest in 34,177,497 shares amounting to 22.1% of issued shares.

None of the shares included in the table above are held nominally by key management personnel.

## Loans to key management personnel

The Group allows its employees to take up limited short-term loans to fund merchandise and other purchases through the Group's business contacts. This facility is also available to the Group's key management personnel. No member of the key management personnel received a loan during the reporting period.

The Group does not have an allowance account for receivables relating to outstanding loans and has not recognised any expense for impaired receivables during reporting period.

There were no individuals with loans above \$100,000 during the financial year.

#### Other transactions with key management personnel and their related parties

*(i) Details and terms and conditions of other transactions with KMP and their related parties:*

#### Purchases

##### *Legal services*

During 2021, the Group used the legal services of one Company Director (Mr Paul Gavazzi) and the law firm over which he exercises significant influence. The amounts billed related to this legal service amounted to \$1,144,517 (2020: \$128,838), based on normal market rates. \$87,472 was un-paid as of the reporting date.

##### *Property leases*

During 2021, the Group rented various properties from D. Riches and his related parties as part of normal business operations. The amount for which each property was leased was negotiated on commercial terms in accordance with lease agreements verified by the board. During 2021 \$1,096,668 was recognised as an expense in relation to these properties and was fully paid as of the reporting date.

##### *Engineering services*

During 2021, the Group utilised the engineering services of Partum Engineering Pty Ltd, of which D Riches is also a Director, for design and other work related to FMG sub-station and powerlines. \$6,673,059 was recognised as an expense in relation to these services and was fully paid as of the reporting date.

##### *Injury management*

During 2021, Edge People Management Pty Ltd, in which D. Riches holds an interest, provided injury management services to the Group. \$15,662 was recognised as an expense in relation to these services and was fully paid as of the reporting date.

##### *End of audited Remuneration Report.*

## Environmental regulations

The Group's operations are subject to the environmental regulations that apply to our clients.

There have been no significant breaches during the period covered by this report.

## Indemnities given to, and insurance premiums paid for, auditors and officers

#### Insurance of officers

During the year, GenusPlus Group Ltd paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.



Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Group against a liability incurred as such by an officer.

### Indemnity of auditors

The Group has agreed to indemnify its auditors, Grant Thornton Audit Pty Ltd, to the extent permitted by law, against any claim by a third party arising from the Group's breach of its agreement. The indemnity requires the Group to meet the full amount of any such liabilities including a reasonable amount of legal costs.

## Non-audit services

During the year, Grant Thornton, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 29 to the financial statements.

## Proceedings on behalf of Group

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

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

## Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 15 and forms part of this Directors' Report.

Signed in accordance with a resolution of the Board of Directors.



David Riches  
Director

30 August 2021

## Auditor's Independence Declaration

### To the Directors of GenusPlus Group Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of GenusPlus Group Ltd for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



L A Stella  
Partner – Audit & Assurance

Perth, 30 August 2021

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Grant Thornton Audit Pty Ltd ACN 130 913 594  
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## Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, GenusPlus Group Ltd and its Controlled Entities (the Group) have adopted the fourth edition of the *Corporate Governance Principles and Recommendations*<sup>1</sup> which was released by the ASX Corporate Governance Council on 27 February 2019 and became effective for financial years beginning on or after 1 January 2020.

The Group's Corporate Governance Statement for the financial year ended 30 June 2021 is dated as at 30 June 2021 and was approved by the Board on 20 August 2021. The Corporate Governance Statement is available on GenusPlus Group's website at [www.genusplusgroup.com.au/who-we-are/corporate-governance](http://www.genusplusgroup.com.au/who-we-are/corporate-governance).

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<sup>1</sup> The fourth edition of ASX *Corporate Governance Principles and Recommendations* requires an entity's Corporate Governance Statement (CGS) to state the date it is current (which must be the entity's balance date or later) and state that it has been approved by the Board. The fourth edition also allows an entity to include its CGS either on its website or in the annual report. Where the website presentation is chosen, the annual report needs to include the website address of where the CGS can be found, and a copy of CGS needs to be lodged with the ASX at the same time the annual report is lodged. In the interest of streamlining the annual report, we have chosen the website presentation of CGS in this annual report.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

|   | Notes | 2021<br>\$        | 2020<br>\$        |
|---|-------|-------------------|-------------------|
| Revenue   | 6     | 318,207,504       | 169,955,735       |
| Other income  | 7     | 3,467,546         | 5,526,992         |
| Employee expenses   | 23    | (87,150,489)      | (55,776,253)      |
| Raw materials and consumables used  |       | (96,660,619)      | (44,712,878)      |
| Contractors and labour hire expenses  |       | (87,414,689)      | (43,182,490)      |
| Motor vehicle expenses  |       | (10,743,266)      | (5,689,793)       |
| Depreciation expense  | 17    | (7,413,528)       | (5,265,706)       |
| Other expenses  |       | (9,697,868)       | (5,726,428)       |
| Initial Public Offering costs   |       | (2,736,076)       | -                 |
| Operating profit  |       | 19,858,515        | 15,129,179        |
| Finance income  | 8     | 3,216             | 11,861            |
| Finance costs   | 8     | (707,343)         | (686,679)         |
| <b>Profit before income tax</b>   |       | <b>19,154,388</b> | <b>14,454,361</b> |
| Income tax expense  | 9     | (5,805,619)       | (3,764,719)       |
| <b>Profit for the year</b>  |       | <b>13,348,769</b> | <b>10,689,642</b> |
| <b>Other comprehensive income for the year, net of income tax</b>                   |       |                   |                   |
| Exchange differences on monetary items denominated in foreign currency (net of tax) |       | 8,275             | -                 |
| <b>Total comprehensive income for the year</b>                                      |       | <b>13,357,044</b> | <b>10,689,642</b> |
| <b>Attributable to</b>  |       |                   |                   |
| Owners of the company   |       | 13,357,044        | 10,689,642        |
| <b>Earnings per share</b>   |       |                   |                   |
| - Basic earnings per share (cents)  | 10    | 8.63              | 7.50              |
| - Diluted earnings per share (cents)  | 10    | 8.63              | 7.50              |

This statement should be read in conjunction with the notes to the financial statements.

# Consolidated Statement of Financial Position

As at 30 June 2021

|                                | Notes | 2021<br>\$  | 2020<br>\$  |
|--------------------------------|-------|-------------|-------------|
| <b>Current assets</b>          |       |             |             |
| Cash and cash equivalents      | 11    | 34,181,508  | 39,798,707  |
| Trade and other receivables    | 12    | 57,698,845  | 33,575,545  |
| Contract assets                | 13    | 20,351,162  | 8,244,464   |
| Inventories                    | 15    | 2,044,909   | 1,499,852   |
| Current tax asset              | 9     | 1,482,484   | -           |
| Other assets                   | 16    | 3,449,926   | 2,146,732   |
| Total current assets           |       | 119,208,834 | 85,265,300  |
| <b>Non-current assets</b>      |       |             |             |
| Financial assets               | 14    | 1,483,049   | 922,000     |
| Property, plant and equipment  | 17    | 15,767,432  | 15,780,968  |
| Right-of-use assets            | 18    | 13,550,857  | 6,908,051   |
| Intangible assets              | 19    | 5,545,578   | 1,613,914   |
| Total non-current assets       |       | 36,346,916  | 25,224,933  |
| <b>Total assets</b>            |       | 155,555,750 | 110,490,233 |
| <b>Current liabilities</b>     |       |             |             |
| Trade and other payables       | 20    | 64,012,279  | 26,073,881  |
| Contract liabilities           | 21    | 5,225,354   | 26,707,361  |
| Financial liabilities          | 22    | 1,920,000   | 1,170,119   |
| Lease liabilities              | 18    | 4,285,659   | 2,312,281   |
| Current tax liabilities        | 9     | -           | 233,274     |
| Employee benefits              | 23    | 6,456,002   | 3,423,018   |
| Provisions                     | 24    | 50,000      | 50,000      |
| Total current liabilities      |       | 81,949,294  | 59,969,934  |
| <b>Non-current liabilities</b> |       |             |             |
| Financial liabilities          | 22    | 4,920,000   | 1,840,000   |
| Lease liabilities              | 18    | 8,758,718   | 4,096,347   |
| Deferred tax liabilities       | 9     | 1,195,098   | 758,629     |
| Employee benefits              | 23    | 1,022,430   | 665,002     |
| Total non-current liabilities  |       | 15,896,246  | 7,359,978   |
| <b>Total liabilities</b>       |       | 97,845,540  | 67,329,912  |
| <b>Net assets</b>              |       | 57,710,210  | 43,160,321  |
| <b>Equity</b>                  |       |             |             |
| Issued capital                 | 25    | 28,925,754  | 27,732,909  |
| Reserves                       | 26    | (503,559)   | (511,834)   |
| Retained earnings              |       | 29,288,015  | 15,939,246  |
| <b>Total equity</b>            |       | 57,710,210  | 43,160,321  |

This statement should be read in conjunction with the notes to the financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

|  | Notes | Share capital     | Retained earnings | Corporate Restructure Reserve | Foreign currency translation reserve | Total             |
|--|-------|-------------------|-------------------|-------------------------------|--------------------------------------|-------------------|
|  |       | \$                | \$                | \$                            |                                      | \$                |
| <b>Balance at 1 July 2019</b>                                |       | <b>18,800,695</b> | <b>6,503,494</b>  | <b>(511,834)</b>              | -                                    | <b>24,792,355</b> |
| Profit for the year  |       | -                 | 10,689,642        | -                             | -                                    | 10,689,642        |
| Other comprehensive income                                   |       | -                 | -                 | -                             | -                                    | -                 |
| <b>Total comprehensive income for the year</b>               |       | -                 | 10,689,642        | -                             | -                                    | 10,689,642        |
| <b>Transactions with owners in their capacity as owners:</b> |       |                   |                   |                               |                                      |                   |
| • contributions of equity                                    | 25    | 9,625,000         | -                 | -                             | -                                    | 9,625,000         |
| • costs of equity raising                                    | 25    | (692,786)         | -                 | -                             | -                                    | (692,786)         |
| • dividends paid   | 27    | -                 | (1,230,150)       | -                             | -                                    | (1,230,150)       |
|  |       | 8,932,214         | (1,230,150)       | -                             | -                                    | 7,702,064         |
| <b>Changes in ownership interests</b>                        |       |                   |                   |                               |                                      |                   |
| • disposal of Genus Engineering                              |       | -                 | (23,740)          | -                             | -                                    | (23,740)          |
|  |       | -                 | (23,740)          | -                             | -                                    | (23,740)          |
| <b>Sub-total</b>   |       | 8,932,214         | 9,435,752         | -                             | -                                    | 18,367,966        |
| <b>Balance at 30 June 2020</b>                               |       | <b>27,732,909</b> | <b>15,939,246</b> | <b>(511,834)</b>              | -                                    | <b>43,160,321</b> |
| <b>Balance at 1 July 2020</b>                                |       | <b>27,732,909</b> | <b>15,939,246</b> | <b>(511,834)</b>              | -                                    | <b>43,160,321</b> |
| Profit for the year  |       | -                 | 13,348,769        | -                             | -                                    | 13,348,769        |
| Other comprehensive income                                   |       | -                 | -                 | -                             | 8,275                                | 8,275             |
| <b>Total comprehensive income for the year</b>               |       | -                 | 13,348,769        | -                             | 8,275                                | 13,357,044        |
| <b>Transactions with owners in their capacity as owners:</b> |       |                   |                   |                               |                                      |                   |
| • share issues to Directors                                  | 25,34 | 400,000           | -                 | -                             | -                                    | 400,000           |
| • share issues as employee compensation                      | 25,34 | 300,000           | -                 | -                             | -                                    | 300,000           |
| • share issues pursuant to a business combination            | 25,32 | 500,000           | -                 | -                             | -                                    | 500,000           |
| • cost of share issues                                       |       | (7,155)           | -                 | -                             | -                                    | (7,155)           |
|  |       | 1,192,845         | -                 | -                             | -                                    | 1,192,845         |
| <b>Sub-total</b>   |       | 1,192,845         | 13,348,769        | -                             | 8,275                                | 14,549,889        |
| <b>Balance at 30 June 2021</b>                               |       | <b>28,925,754</b> | <b>29,288,015</b> | <b>(511,834)</b>              | <b>8,275</b>                         | <b>57,710,210</b> |

This statement should be read in conjunction with the notes to the financial statements.

# Consolidated Statement of Cash Flows

For the year ended 30 June 2021

|  | Notes | 2021<br>\$    | 2020<br>\$    |
|--|-------|---------------|---------------|
| <b>Operating activities</b>                                  |       |               |               |
| Receipts from customers                                      |       | 318,433,388   | 170,954,038   |
| Payments to suppliers and employees                          |       | (306,762,419) | (131,416,822) |
| Government grant income received (JobKeeper)                 |       | 2,093,000     | 1,658,000     |
| Income tax paid  |       | (6,776,048)   | (3,786,587)   |
| <b>Net cash provided by operating activities</b>             | 28    | 6,987,921     | 37,408,629    |
| <b>Investing activities</b>                                  |       |               |               |
| Proceeds from sale of property, plant and equipment          |       | 1,190,843     | 849,874       |
| Purchase of property, plant and equipment                    |       | (11,294,484)  | (7,472,158)   |
| Loans to associated entities with a non-controlling interest |       | (100,000)     | -             |
| Proceeds from disposal of investments                        |       | -             | 66,923        |
| Purchase of listed securities                                |       | -             | (250,916)     |
| Acquisition of subsidiaries (net of cash)                    | 32    | (2,220,677)   | (2,613,712)   |
| <b>Net cash used in investing activities</b>                 |       | (12,424,318)  | (9,419,989)   |
| <b>Financing activities</b>                                  |       |               |               |
| Proceeds from borrowings                                     |       | 5,000,000     | -             |
| Repayments of borrowings                                     |       | (1,170,119)   | (1,022,388)   |
| Payment of lease liabilities principal                       |       | (3,314,831)   | (2,186,392)   |
| Proceeds from issue of share capital, net of cost            |       | -             | 8,932,214     |
| Dividends paid   | 27    | -             | (1,230,150)   |
| Interest received  |       | 3,216         | 11,861        |
| Finance costs  |       | (707,343)     | (686,679)     |
| <b>Net cash (used in) / provided by financing activities</b> |       | (189,077)     | 3,818,466     |
| <b>Net change in cash and cash equivalents held</b>          |       | (5,625,474)   | 31,807,106    |
| Cash and cash equivalents at beginning of financial year     |       | 39,798,707    | 7,991,601     |
| Effect of exchange rate fluctuations on cash held            |       | 8,275         | -             |
| <b>Cash and cash equivalents at end of financial year</b>    | 11    | 34,181,508    | 39,798,707    |

This statement should be read in conjunction with the notes to the financial statements.

# Notes to the Consolidated Financial Statements

## 1 Nature of operations

GenusPlus Group Ltd and its subsidiaries' (the Group) principal activities include the construction and maintenance of transmission and distribution power lines and substations servicing the Western Australian, Queensland and New South Wales power networks as well as providing specialist Engineering, testing and commissioning services to the electrical and communications industries.

## 2 General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards ("AASBs") and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). GenusPlus Group Ltd is a for-profit entity for the purpose of preparing the financial statements.

GenusPlus Group Ltd is the Group's Ultimate Parent Company. GenusPlus Group Ltd is an ASX listed Public Company (ASX Code: GNP) incorporated and domiciled in Australia. The address of its registered office and its principal place of business is Level 1, 63 – 69 Abernethy Road, Belmont, Australia.

The consolidated financial statements for the year ended 30 June 2021 were approved and authorised for issue by the Board of Directors on 27 August 2021.

## 3 Changes in accounting policies

### 3.1 New standards adopted as at 1 July 2020

Certain new accounting standards and interpretations have been published that are mandatory for 30 June 2021 reporting periods and have not been adopted by the Group. The Group's assessment of the impact of these new standards do not have a material impact on the entity in the current reporting periods.

### 3.2 Standards, amendments and interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

The following new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods, have not been early adopted by the Group, and are as follows:

#### *i) AASB 138 Intangible Assets - Agenda Decision*

The Agenda Decision requires that management capitalise those elements of expenditure that meet the definition of an "Intangible Asset" as defined by AASB 138 Intangible Assets and recognise any additional amounts as an expense as the entity benefits from the expenditure – either by applying AASB 138 or applying another accounting standard. The Agenda Decision then clarified:

- The nature of expenditure that met the definition of an Intangible Asset;
- Methods of differentiating between Intangible Assets and expenses; and
- The pattern in which the entity benefits from expenditure that does not qualify as an Intangible Asset.

When this policy is first adopted for the reporting period ending 31 December 2021, there will be no material impact on the transactions and balances recognised in the financial statements.



### 3 Changes in accounting policies(continued)

#### ***ii) Amendments to AASB 101: Classification of Liabilities as Current or Non-current***

The amendment specifies the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group's assessment of the impact of the new standard is not expected to have a material impact on the entity in future reporting periods.

#### ***iii) Amendments to AASB 3 Business Combinations - Reference to the Conceptual Framework***

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of AASB 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of AASB 137 or AASB Interpretation 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in AASB 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

#### ***iv) Onerous Contracts - Costs of Fulfilling a Contract - Amendments to AASB 137***

The amendments to AASB 137 specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

#### ***v) AASB 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities***

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

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

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

## 4 Statement of accounting policies

### Basis of preparation

The Group's financial statements have been prepared on an accrual basis and under the historical cost convention except for the revaluation of investments. Monetary amounts are expressed in Australian Dollars (AUD) are rounded to the nearest whole dollar.

### Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2021. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

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

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

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

### Business combination

The Group applies the acquisition method in accounting for business combinations.

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred; (b) the recognised amount of any non-controlling interest in the acquiree; and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e., gain on a bargain purchase) is recognised in profit or loss immediately.

### Foreign currency translation

#### Functional and presentation currency

The consolidated financial statements are presented in Australian Dollars (\$AUD), which is also the functional currency of the Parent Company.

## 4 Statement of accounting policies(continued)

### Foreign currency translation (continued)

#### Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group Entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

### Segment reporting

The Group has four operating segments: overhead power infrastructure, underground power and telecommunications, electrical services and mechanical fabrication, and high voltage testing and commissioning.

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in stand-alone sales of identical goods and services.

During the year to 30 June 2021, there have been no changes from prior periods in the measurement methods used to determine operating segments.

### Revenue from contracts with customers

The Group recognises revenue when a customer obtains control of the goods or services, in accordance with AASB 15 *Revenue from contracts with customers*. Revenue is measured at the fair value of the consideration received or receivable. Determining the timing of the transfer of control: either at a point in time or over time requires judgement.

Revenue is recognised over time if one of the following is met:

- The customer simultaneously receives and consumes the benefits as the Group performs;
- The customer controls the asset as the Group creates or enhances it; or
- The Group's performance does not create an asset for which the Group has an alternative use and there is a right to payment for the performance to date.

To determine whether to recognise revenue, the Group follows the 5-step revenue recognition model introduced by AASB 15 *Revenue from contracts with customers*:

1. Identifying the contract(s) with a customer
2. Identifying the performance obligations in the contract
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations in the contract
5. Recognising revenue when/as performance obligation(s) are satisfied.

## 4 Statement of accounting policies(continued)

### Revenue from contracts with customers (continued)

The Group often enters into transactions involving a range of the Group's products and services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position (see Note 21). Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

#### Construction Contracts

Revenue from construction contracts is recognised when the benefits transfer to the customer as the work is performed and as such revenue is recognised over the duration of the project according to the percentage of costs completed, or input method. Under this method revenue is calculated based on the proportion of the contract costs incurred for work performed to date relative to the estimated total contract costs. Revenue recognised under this method is predominantly derived from projects containing one performance obligation.

#### Services revenue

Revenue from the provision of services is recognised as the service is provided. Typically, under the performance obligations of a service contract, the customer consumes and receives the benefit of the service as it is provided. As such, service revenue is recognised over time as the services are provided, with each service deemed a separate performance obligation. The transaction price is allocated to each obligation based on contract prices.

#### Transaction price and contract modifications

The transaction price is the amount of consideration to which the company expects to be entitled to under the customer contract and which is used to value total revenue and is allocated to each performance obligation. The determination of this amount includes "fixed remuneration", (for example lump sum, schedule of rates or pricing for services) and "variable consideration".

The main variable consideration elements are claims (contract modifications) and consideration for optional works and provisional sums each of which needs to be assessed. Contract modifications are changes to the contract approved by the parties to the contract.

The Group applies the guidance given in AASB 15 in relation to variable consideration. The estimate of variable consideration can only be recognised to the extent that it is highly probable that there will not be a significant reversal of revenue in the future.

The measurement of additional consideration arising from claims is subject to a high level of uncertainty, both in terms of the amount that customers will pay and the collection times, which usually depend on the outcome of negotiations between the parties or decisions taken by judicial/arbitration bodies. The Group considers all relevant aspects in circumstances such as the contract terms, business in negotiating practices of the sector, the Group's historical experiences with similar contracts and consideration of those factors that affect the variable consideration that are out of control of the Group or other supporting evidence when making the above decision.

#### Loss making contracts

A provision is made for the difference between expected cost of fulfilling a contract and expected on and portion of the transaction price whether forecast costs are greater than forecast revenue. The provision is recognised in full in a period in which the loss-making contract is identified under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

## 4 Statement of accounting policies(continued)

### Revenue from contracts with customers (continued)

#### Loss making contracts (continued)

Under AASB 137, the assessment of whether a provision needs to be recognised takes place at the contract level and there are no segmentation criteria to apply. As a result, there are some instances where loss provisions recognised in the past have not been recognised under AASB 15 because the contract as a whole is profitable. In addition, when two or more contracts entered into at or near the same time are required to be combined for accounting purposes, AASB 15 requires the Group to perform the assessment of whether the contract is onerous at the level of the combined contracts. The Group also notes that the amount of loss accrued in respect of a loss contract under AASB 111 takes into account an appropriate allocation of construction overheads. This contrasts with AASB 137 where loss accruals may be lower as they are based on the identification of 'unavoidable costs'.

#### Interest and dividend income

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividend income, other than those from investments in associates, are recognised at the time the right to receive payment is established.

#### Operating Expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

#### Borrowing costs

Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs' (see Note 8).

#### Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See Business Combinations (above) for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to impairment testing note below for a description of impairment testing procedures.

#### Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost, less any recognised impairment loss.

Properties held for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

## 4 Statement of accounting policies(continued)

### Property, plant and equipment (continued)

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

| <i>Class of fixed asset</i>       | <i>Depreciation rate</i> |
|-----------------------------------|--------------------------|
| Buildings:                        | 10%                      |
| Leasehold improvements:           | 10%-33%                  |
| Plant and equipment:              | 10%-33%                  |
| Furniture, fixtures and fittings: | 10% - 33%                |
| Tools and low value assets        | 18.8%-33%                |
| Software and technology           | 33%                      |
| Motor vehicles                    | 20% - 25%                |

Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

Assets held under leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### Leased assets

#### The Group as lessee

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

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

## 4 Statement of accounting policies(continued)

### Leased assets (continued)

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

In respect of leased properties, at lease commencement date the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). All other leased assets are recorded under property, plant and equipment according to the category of asset.

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

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

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

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

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

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

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

The lease liability is presented as a separate line in the consolidated statement of financial position.

### Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

## 4 Statement of accounting policies(continued)

### **Impairment testing of goodwill, other intangible assets and property, plant and equipment (continued)**

The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

### **Financial instruments**

#### **Recognition and derecognition**

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

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

#### **Classification and initial measurement**

Financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

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

In the periods presented, the Group does not have any financial assets categorized as FVOCI.

The classification is determined by both:

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

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



## 4 Statement of accounting policies(continued)

### Financial instruments (continued)

#### Subsequent measurement of financial assets

##### Financial assets at amortised cost

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

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

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

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in Volt Power Pty Ltd at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost.

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

##### Impairment of financial assets

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

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

## 4 Statement of accounting policies(continued)

### Financial instruments (continued)

#### Impairment of financial assets (continued)

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

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

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

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

#### Trade and other receivables and contract assets

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

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 35 for a detailed analysis of how the impairment requirements of AASB 9 are applied.

#### Classification and measurement of financial liabilities

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

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

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

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

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

## 4 Statement of accounting policies(continued)

### Taxation

#### Tax consolidation

The Company and its wholly-owned Australian resident entities are members of a tax-consolidated group under Australian tax law. The Company is the head entity within the tax-consolidated group. In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group.

Amounts payable or receivable under the tax-funding arrangement between the Company and the entities in the tax consolidated group are determined using a 'separate taxpayer within group' approach to determine the tax contribution amounts payable or receivable by each member of the tax-consolidated group. This approach results in the tax effect of transactions being recognised in the legal entity where that transaction occurred, and does not tax effect transactions that have no tax consequences to the group. The same basis is used for tax allocation within the tax-consolidated group.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the Company or that have a different tax consequence at the level of the entity.

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the Company or that have a different tax consequence at the level of the entity.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

## 4 Statement of accounting policies(continued)

### Taxation (continued)

#### Deferred tax (continued)

##### Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Management has applied a risk weighted measurement to the tax treatments used in the Group and has determined that there is no change required under *IFRIC 23 Uncertainty over Income Tax Treatments*.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity include the following:

- **Corporate restructure reserve:** comprises amounts recognised upon the introduction of a new ultimate parent entity.
- **Foreign currency translation reserve:** comprises amounts recognised upon translation of certain amounts denominated in foreign currencies (\$USD) into the presentation currency (\$AUD)

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been declared by the Board prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

### Employee benefits

#### Short-term and long-term employee benefits

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

### Share-based payment transactions

The Group provides remuneration to certain employees, including Directors, of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

## 4 Statement of accounting policies(continued)

### Share-based payment transactions (continued)

The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are vested. The fair value is measured using a variation of the binomial option pricing model that takes into account the terms and conditions on which the instruments were granted and the current likelihood of achieving the specified target. Further, the cost of equity-settled transactions is recognised, on the date on which they become fully entitled to the award ('vesting date').

### 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 the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

### Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government assistance which does not have conditions attached specifically relating to the operating activities of the Group is recognised in accordance with the accounting policies above.

## 4 Statement of accounting policies(continued)

### Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the Group's consolidated financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, revenue and expenses.

### Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### Construction contract revenue

Recognised amounts of construction contract revenues and related receivables reflect management's best estimate of each contract's outcome and stage of completion. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below or elsewhere in the financial statements:

#### Impairment of non-financial assets and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

#### Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Group maintains insurance against Domestic Trade Credit defaults and therefore considers the risk of loss to be minimal.

#### Useful lives of property, plant and equipment

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

## 4 Statement of accounting policies(continued)

### Key sources of estimation uncertainty (continued)

#### Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available.

#### Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination. Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability.

#### Leases – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

#### Recognition of Deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

## 5 Segment Reporting

Management currently identifies the Group's four business lines as its operating segments: overhead power infrastructure, underground power and telecommunications, electrical services and mechanical fabrication, and high voltage testing and commissioning. The Group's Chief Operating Decision Maker (CODM) is its chief executive and he monitors the performance of these operating segments as well as deciding on the allocation of resources to them. Segment performance is monitored using adjusted segment operating results.

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in stand-alone sales of identical goods and services.

During the year to 30 June 2021, there have been no changes from prior periods in the measurement methods used to determine operating segments.

The revenues and profit generated by each of the Group's operating segments and segment assets and liabilities are summarised as follows:

|   | Year to 30 June 2021             |  |  |   |                    |                      |                    |
|---|----------------------------------|--|--|---|--------------------|----------------------|--------------------|
|   | Overhead Power<br>Infrastructure | Underground Power<br>and<br>Telecommunications | Electrical Services<br>and Mechanical<br>Fabrication | High Voltage Testing<br>and Commissioning | Total Segments     | Other / Eliminations | Total              |
|   | \$                               | \$   | \$   | \$  | \$                 | \$                   | \$                 |
| Revenues                                | 254,621,652                      | 27,102,456                                     | 26,597,628   | 9,684,339                                 | 318,006,075        | 201,429              | 318,207,504        |
| Inter-segment                           | 2,457,212                        | 5,234,821                                      | 5,679,849  | 1,454,695                                 | 14,826,577         | (14,826,577)         | -                  |
| <b>Segment revenues</b>                 | <b>257,078,864</b>               | <b>32,337,277</b>                              | <b>32,277,477</b>                                    | <b>11,139,034</b>                         | <b>332,832,652</b> | <b>(14,625,148)</b>  | <b>318,207,504</b> |
| Employment expenses                     | (45,637,272)                     | (12,327,579)                                   | (16,088,965)   | (4,021,284)                               | (78,075,100)       | -                    | (78,075,100)       |
| Consumables and materials used          | (81,687,912)                     | (7,420,788)                                    | (9,307,953)  | (2,395,599)                               | (100,812,252)      | -                    | (100,812,252)      |
| Contractors and labour hire expenses    | (84,842,802)                     | (9,077,881)                                    | (5,228,085)  | (3,042,926)                               | (102,191,694)      | 14,826,577           | (87,365,117)       |
| Motor vehicle expenses                  | (5,859,471)                      | (1,656,823)                                    | (415,428)  | (101,990)                                 | (8,033,712)        | -                    | (8,033,712)        |
| Depreciation and amortisation expenses  | (4,095,336)                      | (1,133,361)                                    | (657,543)  | (160,080)                                 | (6,046,320)        | -                    | (6,046,320)        |
| Other expenses                          | (10,195,349)                     | (2,026,411)                                    | (2,687,349)  | (192,572)                                 | (15,101,681)       | -                    | (15,101,681)       |
| <b>Segment Profit before Income Tax</b> | <b>24,760,722</b>                | <b>(1,305,566)</b>                             | <b>(2,107,846)</b>                                   | <b>1,224,583</b>                          | <b>22,571,893</b>  | <b>201,429</b>       | <b>22,773,322</b>  |
| Assets                                  | 102,359,236                      | 26,499,328                                     | 18,506,196   | 5,382,449                                 | 152,747,209        | (3,604,626)          | 149,142,583        |
| Liabilities                             | 50,204,895                       | 17,072,426                                     | 18,878,209   | 2,140,774                                 | 88,296,304         | 3,604,626            | 91,900,930         |



|   | Year to 30 June 2020             |  |  |   |                    |                      |                    |
|---|----------------------------------|--|--|---|--------------------|----------------------|--------------------|
|   | Overhead Power<br>Infrastructure | Underground Power<br>and<br>Telecommunications | Electrical Services<br>and Mechanical<br>Fabrication | High Voltage Testing<br>and Commissioning | Total Segments     | Other / Eliminations | Total              |
|   | \$                               | \$   | \$   | \$  | \$                 | \$                   | \$                 |
| Revenues                                | 127,030,035                      | 28,598,680                                     | 7,566,377  | 6,747,882                                 | 169,942,974        | 12,761               | 169,955,735        |
| Inter-segment                           | 2,030,376                        | 4,939,853                                      | 262,991  | 1,404,365                                 | 8,637,585          | (8,637,585)          | -                  |
| <b>Segment revenues</b>                 | <b>129,060,411</b>               | <b>33,538,533</b>                              | <b>7,829,368</b>                                     | <b>8,152,247</b>                          | <b>178,580,559</b> | <b>(8,624,824)</b>   | <b>169,955,735</b> |
| Employment expenses                     | (27,412,625)                     | (14,022,659)                                   | (4,988,269)  | (3,430,922)                               | (49,854,475)       | -                    | (49,854,475)       |
| Consumables and materials used          | (35,319,940)                     | (4,551,877)                                    | (2,742,749)  | (2,005,864)                               | (44,620,430)       | -                    | (44,620,430)       |
| Contractors and labour hire expenses    | (40,169,136)                     | (11,245,033)                                   | (274,310)  | (1,105,631)                               | (52,794,110)       | 8,637,585            | (44,156,525)       |
| Motor vehicle expenses                  | (3,852,504)                      | (1,385,557)                                    | (246,497)  | (76,843)                                  | (5,561,401)        | -                    | (5,561,401)        |
| Depreciation and amortisation expenses  | (2,535,617)                      | (1,131,800)                                    | (292,320)  | (151,967)                                 | (4,111,704)        | -                    | (4,111,704)        |
| Other expenses                          | (6,742,271)                      | (2,346,834)                                    | (316,896)  | (509,440)                                 | (9,915,441)        | -                    | (9,915,441)        |
| <b>Segment Profit before Income Tax</b> | <b>13,028,318</b>                | <b>(1,145,227)</b>                             | <b>(1,031,673)</b>                                   | <b>871,580</b>                            | <b>11,722,998</b>  | <b>12,761</b>        | <b>11,735,759</b>  |
| Assets                                  | 80,510,026                       | 13,875,012                                     | 9,218,432  | 4,033,319                                 | 107,636,789        | (1,164,343)          | 106,472,446        |
| Liabilities                             | 45,778,571                       | 6,009,670                                      | 8,860,919  | 1,857,583                                 | 62,506,743         | 1,164,343            | 63,671,086         |

## 5 Segment reporting(continued)

The totals presented for the Group's operating segments reconcile to the key financial figures as presented in its consolidated financial statements as follows:

|   | Note | 2021<br>\$         | 2020<br>\$         |
|---|------|--------------------|--------------------|
| <b>Revenues</b>                           |      |                    |                    |
| Total reportable segment revenues         |      | 318,207,504        | 169,955,735        |
| Other segment revenues                    |      | 15,049,992         | 13,296,997         |
| Elimination of intersegment revenues      |      | (11,582,446)       | (7,770,005)        |
| <b>Group Revenues</b>                     |      | <b>321,675,050</b> | <b>175,482,727</b> |
| <b>Profit or loss</b>                     |      |                    |                    |
| Total reportable segment operating profit |      | 22,773,322         | 11,735,759         |
| Other segment profit                      |      |                    |                    |
| Employment expenses                       |      | (9,075,389)        | (5,921,778)        |
| Consumables and materials used            |      | (319,744)          | (92,448)           |
| Contractors and labour hire expenses      |      | (49,572)           | 20,661             |
| Motor vehicle expenses                    |      | (2,709,554)        | (128,392)          |
| Depreciation and amortisation expenses    |      | (1,367,208)        | (1,154,002)        |
| Other expenses                            |      | (5,918,109)        | (3,186,860)        |
| Elimination of intersegment profits       |      | 16,524,769         | 13,856,239         |
| <b>Group operating profit</b>             |      | <b>19,858,515</b>  | <b>15,129,179</b>  |
| Finance costs                             |      | (707,343)          | (686,679)          |
| Finance income                            |      | 3,216              | 11,861             |
| <b>Group profit before tax</b>            |      | <b>19,154,388</b>  | <b>14,454,361</b>  |
| <b>Assets</b>                             |      |                    |                    |
| Total reportable segment assets           |      | 149,142,583        | 106,472,446        |
| Other segment assets                      |      | 6,413,167          | 4,017,787          |
| <b>Group assets</b>                       |      | <b>155,555,750</b> | <b>110,490,233</b> |
| <b>Liabilities</b>                        |      |                    |                    |
| Total reportable segment liabilities      |      | 91,900,930         | 63,671,086         |
| Other segment liabilities                 |      | 5,944,609          | 3,658,826          |
| <b>Group liabilities</b>                  |      | <b>97,845,539</b>  | <b>67,329,912</b>  |

## 6 Revenue

The Group's revenue disaggregated by type is as follows:

|              | Note | 2021<br>\$         | 2020<br>\$  |
|--------------|------|--------------------|-------------|
| Construction |      | 257,514,742        | 142,212,400 |
| Services     |      | 60,692,762         | 27,743,335  |
|              |      | <b>318,207,504</b> | 169,955,735 |

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

|   | Note | Construction |             | Services   |            |
|---|------|--------------|-------------|------------|------------|
|   |      | 2021<br>\$   | 2020<br>\$  | 2021<br>\$ | 2020<br>\$ |
| Products and services transferred over time |      | 257,514,742  | 142,212,400 | 60,692,762 | 27,743,335 |

|                          | Note | 2021<br>\$        | 2020<br>\$ |
|--------------------------|------|-------------------|------------|
| <b>Contract balances</b> |      |                   |            |
| Trade receivables        | 12   | 57,678,803        | 31,106,745 |
| Contract assets          | 13   | 20,351,162        | 8,244,464  |
|                          |      | <b>78,029,965</b> | 39,351,209 |

Trade receivables are non-interest bearing and are generally on 30 to 90 day terms. In 2021 (\$147,530) (2020: \$77,449) was recognised as provision for expected credit losses on trade receivables. The increase in trade receivables and contract assets for 2021 is representative of the increase in business volume and revenue for the Group during the period, as well as the timing of recognition of significant claims related to work undertaken on the FMG (Pilbara Energy) Transmission and Sub-station projects.

Contract assets and revenue includes contract modifications recognised in accordance with the Group's accounting policy for which amounts are not yet finalised with customers.

The following amounts are included in revenue from contracts for the year ended 30 June 2021.

|  | Note | 2021<br>\$ | 2020<br>\$ |
|--|------|------------|------------|
| Revenue recognised as a contract liability in prior period |      | 16,922,957 | 627,177    |

The amounts recognised as revenue from contract liabilities represents work undertaken on FMG (Pilbara Energy) projects, for which a \$17.7M advance payment was received in 2020 and for works performed on another transmission project for which payments were made on a milestone basis.

## 6 Revenue (continued)

### Unsatisfied performance obligations

Transaction price expected to be recognised in future years for unsatisfied performance obligations at 30 June 2021.

|                      | Note | 2021<br>\$         | 2020<br>\$         |
|----------------------|------|--------------------|--------------------|
| Construction revenue |      | 219,100,000        | 241,000,000        |
| Services revenue     |      | 12,500,000         | 10,000,000         |
|                      |      | <b>231,600,000</b> | <b>251,000,000</b> |

## 7 Other income

|   | Note | 2021<br>\$       | 2020<br>\$       |
|---|------|------------------|------------------|
| Net gain on disposal of property, plant and equipment                         |      | 186,258          | 182,239          |
| Insurance claims and recoveries   | (A)  | 105,670          | 2,012,117        |
| Government grant income   | (B)  | 2,093,000        | 1,658,000        |
| Gain recognised on acquisition of assets from ECM Limited (in administration) |      | -                | 860,950          |
| Change in fair value of equity accounted investments                          |      | 461,000          | 671,084          |
| Other income  |      | 621,618          | 142,602          |
|   |      | <b>3,467,546</b> | <b>5,526,992</b> |

(A) – Insurance claims recognised in FY2020 in relation to non-compliant materials supplied for several contracts were settled in full by the insurer in December 2020.

(B) – As part of economic stimulus measures introduced by the Australian Government related to the COVID19 pandemic, during 2021 Group companies received or were eligible to receive \$2,093,000 (2020: \$1,658,000) in 'JobKeeper' wage subsidies.

## 8 Finance costs and finance income

### Finance income for the reporting periods consist of the following:

|  | Note | 2021<br>\$   | 2020<br>\$    |
|--|------|--------------|---------------|
| Interest income from cash and cash equivalents |      | 3,216        | 11,861        |
|  |      | <b>3,216</b> | <b>11,861</b> |

### Finance costs for the reporting periods consist of the following:

|   | Note | 2021<br>\$     | 2020<br>\$     |
|---|------|----------------|----------------|
| Interest expenses for borrowings at amortised cost: |      |                |                |
| Bank loans  |      | 46,093         | 46,746         |
| Lease liabilities                                   |      | 433,865        | 235,083        |
| Total interest expense                              |      | <b>479,958</b> | <b>281,829</b> |
| Other finance costs                                 |      |                |                |
| Bank fees and charges                               |      | 218,335        | 400,669        |
| Borrowing costs                                     |      | 9,050          | 4,181          |
| Total other finance costs                           |      | <b>227,385</b> | <b>404,850</b> |
| <b>Total finance costs</b>                          |      | <b>707,343</b> | <b>686,679</b> |

## 9 Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of GenusPlus Group Ltd at 30% (2020: 30%) and the reported tax expense in profit or loss are as follows:

| Note  | 2021<br>\$       | 2020<br>\$       |
|---|------------------|------------------|
| <b>Reconciliation between tax expense and pre-tax accounting profit</b>       |                  |                  |
| Profit before tax   | 19,154,388       | 14,454,361       |
| Domestic tax rate for GenusPlus Group Ltd                                     | 30%              | 30%              |
| Expected tax expense  | 5,746,316        | 4,336,308        |
| Adjustment for tax-exempt income:   |                  |                  |
| other tax-exempt income   | (30,000)         | (30,000)         |
| Adjustment for non-deductible expenses:                                       |                  |                  |
| other non-deductible expenses   | 357,647          | 11,001           |
| Adjustments in the current year in relation to the current tax of prior years | (268,344)        | (552,590)        |
| <b>Actual tax expense</b>   | <b>5,805,619</b> | <b>3,764,719</b> |
| Tax expense comprises:  |                  |                  |
| Income tax payable  | 5,597,645        | 3,587,540        |
| Deferred tax (income) / expense:  |                  |                  |
| Origination and reversal of temporary differences                             | 476,318          | 729,769          |
| (Over) provision in respect of prior years                                    | (268,344)        | (552,590)        |
| <b>Income tax expense reported in the income statement</b>                    | <b>5,805,619</b> | <b>3,764,719</b> |
| <b>The applicable effective tax rates are:</b>                                | <b>30.3%</b>     | <b>26.0%</b>     |

## 9 Income tax expense (continued)

### (a) Recognised deferred tax assets and liabilities

Deferred income tax balances relate to the following:

|                                 | 1 July 2019        | Recognised in<br>profit and loss | 1 July 2020        | Recognised in<br>profit and loss | 30 June 2021       |
|---------------------------------|--------------------|----------------------------------|--------------------|----------------------------------|--------------------|
|                                 | \$                 | \$                               | \$                 | \$                               | \$                 |
| <b>Deferred tax liabilities</b> |                    |                                  |                    |                                  |                    |
| Trade and other receivables     | (36)               | (14,646)                         | (14,682)           | 14,682                           | -                  |
| Contract assets                 | (725,931)          | (1,255,461)                      | (1,981,392)        | (4,123,957)                      | (6,105,349)        |
| Financial assets                | -                  | -                                | -                  | (339,625)                        | (339,625)          |
| Property, plant and equipment   | (829,789)          | 405,347                          | (424,442)          | 410,563                          | (13,879)           |
| Prepayments                     | (56,494)           | 56,494                           | -                  | -                                | -                  |
| Right-of-use assets             | -                  | (1,210,088)                      | (1,210,088)        | (78,164)                         | (1,288,252)        |
|                                 | <b>(1,612,250)</b> | <b>(2,018,354)</b>               | <b>(3,630,604)</b> | <b>(4,116,501)</b>               | <b>(7,747,105)</b> |
| <b>Deferred tax assets</b>      |                    |                                  |                    |                                  |                    |
| Trade and other receivables     | -                  | -                                | -                  | 34,015                           | 34,015             |
| Other current assets            | -                  | 1,395                            | 1,395              | (1,395)                          | -                  |
| Accrued expenses                | 7,936              | (7,936)                          | -                  | -                                | -                  |
| Contract liabilities            | -                  | -                                | -                  | 1,567,606                        | 1,567,606          |
| Lease liabilities               | -                  | 1,221,776                        | 1,221,776          | 368,105                          | 1,589,881          |
| Statutory liabilities           | 247,758            | 37,855                           | 285,613            | 158,615                          | 444,228            |
| Employee benefits               | 583,404            | 643,002                          | 1,226,406          | 1,016,611                        | 2,243,117          |
| Blackhole expenditure           | 97,185             | (33,984)                         | 63,201             | 531,089                          | 594,290            |
| Capital losses – Australia      | 61,178             | -                                | 61,178             | -                                | 61,178             |
| Transferred tax losses          | 33,339             | (33,339)                         | -                  | -                                | -                  |
| Borrowing costs                 | -                  | 12,405                           | 12,405             | 5,387                            | 17,792             |
|                                 | <b>1,030,800</b>   | <b>1,841,174</b>                 | <b>2,871,975</b>   | <b>3,680,033</b>                 | <b>6,552,007</b>   |
|                                 | <b>(581,450)</b>   | <b>(177,180)</b>                 | <b>(758,629)</b>   | <b>(436,468)</b>                 | <b>(1,195,098)</b> |

All deferred tax assets (including tax losses and other tax credits) have been recognised in the statement of financial position.

### (b) Current Income tax

|                                   | Note | 2021<br>\$       | 2020<br>\$ |
|-----------------------------------|------|------------------|------------|
| Income tax receivable / (payable) |      | <b>1,482,484</b> | (233,274)  |

## 10 Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company (GenusPlus Group Ltd) as the numerator, i.e. no adjustments to profits were necessary during the year ended 30 June 2021 and 30 June 2020.

| Note   | 2021<br>\$         | 2020<br>\$         |
|--|--------------------|--------------------|
| Profit for the period  | 13,348,769         | 10,689,643         |
| The weighted average number of shares for the purpose of calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows: |                    |                    |
| Note   | 2021<br>No.        | 2020<br>No.        |
| Weighted average number of shares used in basic earnings per share   | 154,742,031        | 142,436,970        |
| Shares deemed to be issued for no consideration  | -                  | -                  |
| <b>Weighted average number of shares used in diluted earnings per share</b>  | <b>154,742,031</b> | <b>142,436,970</b> |
| <b>Earnings per share (basic)</b>  | <b>8.63</b>        | 7.50               |
| <b>Earnings per share (diluted)</b>  | <b>8.63</b>        | 7.50               |

## 11 Cash and cash equivalents

| Note   | 2021<br>\$        | 2020<br>\$        |
|--|-------------------|-------------------|
| Cash at bank and in hand                                   |                   |                   |
| Australian Dollar (\$AUD) – unrestricted                   | 29,345,153        | 22,026,611        |
| Australian Dollar (\$AUD) – held as guarantee <sup>1</sup> | 611,326           | -                 |
| American Dollar (\$USD)                                    | 4,137,779         | 17,684,846        |
| Short-term bank deposits                                   | 87,250            | 87,250            |
| <b>Total cash and cash equivalents</b>                     | <b>34,181,508</b> | <b>39,798,707</b> |

1 – In accordance with certain contractual agreements, agreed amounts of cash at bank are held in guarantee to meet ongoing performance obligations.

The effective interest rate on cash and cash equivalents was 0.0% (2020: 0.0%); these deposits are either at call or on short term deposit.

## 12 Trade and other receivables

|  | Note | 2021<br>\$        | 2020<br>\$        |
|--|------|-------------------|-------------------|
| <b>Current</b>                           |      |                   |                   |
| Trade receivables, gross                 |      | 57,826,333        | 31,184,194        |
| Allowance for expected credit losses     |      | (147,530)         | (77,449)          |
| Trade receivables                        |      | 57,678,803        | 31,106,745        |
| Other receivables                        |      | 20,042            | 2,468,800         |
| <b>Total trade and other receivables</b> |      | <b>57,698,845</b> | <b>33,575,545</b> |

Trade receivables are non-interest bearing and are generally on 30 to 90 day terms. The Group has a policy of only dealing with credit worthy customers and therefore will only recognise an allowance for expected credit losses when some uncertainty as to collection exists. When the Group is reasonably certain that no recovery of the amount owing is possible, the amount is considered irrecoverable and written off against the financial asset directly. Once an item is considered uncollectable, all other amounts relating to the same customer are then also assessed for recoverability. The Group will continue to strongly pursue all debts provided for. Due to their short-term nature, the net carrying value of trade receivables is considered a reasonable approximation of fair value.

The movement in the allowance for expected credit losses in respect of Trade receivables during the year was as follows:

|  | Note | 2021<br>\$       | 2020<br>\$      |
|--|------|------------------|-----------------|
| <b>Movement in provision for expected credit losses</b>          |      |                  |                 |
| Balance at start of year   |      | (77,449)         | (76,966)        |
| Impairment losses recognised                                     |      | (20,927)         | (483)           |
| Amounts recognised in acquisition of Connect Engineering Pty Ltd |      | (49,154)         | -               |
| <b>Balance at 30 June</b>  |      | <b>(147,530)</b> | <b>(77,449)</b> |

An analysis of unimpaired trade receivables that are past due is given in Note 35. All write-offs of bad debts are made when there is no reasonable prospect of recovering the contractual cash flows.

## 13 Contract assets

|                              | Note | 2021<br>\$        | 2020<br>\$       |
|------------------------------|------|-------------------|------------------|
| <b>Current</b>               |      |                   |                  |
| Contract assets              |      | 20,351,162        | 8,244,464        |
| <b>Total contract assets</b> |      | <b>20,351,162</b> | <b>8,244,464</b> |

Contract assets represents the unbilled amounts expected to be collected from customers for contract work performed to date. The contract assets are transferred to trade receivables when the rights have become unconditional. This usually occurs when the Group issues an invoice in accordance with contractual terms to the customer. The increase from 2020 is largely represented by claims for work performed for FMG (Pilbara Energy) Transmission project at \$7.2M (FY2020: \$1.3M) and for progress on the Robe Valley substation expansion (\$1.4M), Kwinana Waste to Energy Plant (\$0.97M) and Southflank Industrial Facilities (\$0.9M).



## 13 Contract assets (continued)

### Remaining performance obligations

As of 30 June 2021, the aggregate amount of the transaction price allocated to the remaining performance obligations is \$231.6 million (2020: \$251.0 million). The Group will recognise this revenue when the performance obligations are satisfied. Approximately 100% of remaining performance obligations are expected to occur within the next 12 months.

The remaining performance obligations balances for both 30 June 2021 and 30 June 2020 presented above relate to the revenue expected to be recognised from ongoing construction type contracts which were not wholly performed at each of those dates.

## 14 Financial assets and liabilities

### Categories of financial assets and liabilities

Note 4 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

| 30 June 2021                  |      |                      |                  |                   |
|-------------------------------|------|----------------------|------------------|-------------------|
|                               | Note | Amortised cost<br>\$ | FVTPL<br>\$      | Total<br>\$       |
| <b>Financial assets</b>       |      |                      |                  |                   |
| Cash and cash equivalents     | 11   | 34,181,508           | -                | 34,181,508        |
| Trade and other receivables   | 12   | 57,698,845           | -                | 57,698,845        |
| Other financial assets        |      | 100,049              | -                | 100,049           |
| Listed equity securities      |      | -                    | 1,383,000        | 1,383,000         |
| <b>Total financial assets</b> |      | <b>91,980,402</b>    | <b>1,383,000</b> | <b>93,363,402</b> |

(a) The total value of other financial assets and listed equity securities is \$1,483,049.

| 30 June 2021                       |      |   |                                  |                   |
|------------------------------------|------|---|----------------------------------|-------------------|
|                                    | Note | Other liabilities<br>amortised cost<br>\$ | Other liabilities<br>FVTPL<br>\$ | Total<br>\$       |
| <b>Financial liabilities</b>       |      |   |                                  |                   |
| Bank borrowings                    | 22   | 1,920,000                                 | -                                | 1,920,000         |
| Leases                             | 18   | 4,285,659                                 | -                                | 4,285,659         |
| Trade and other payables           | 20   | 64,012,279                                | -                                | 64,012,279        |
| Non-current - bank borrowings      | 22   | 4,920,000                                 | -                                | 4,920,000         |
| Non-current - leases               | 18   | 8,758,718                                 | -                                | 8,758,718         |
| <b>Total financial liabilities</b> |      | <b>83,896,656</b>                         | <b>-</b>                         | <b>83,896,656</b> |

| 30 June 2020                  |      |                      |                |                   |
|-------------------------------|------|----------------------|----------------|-------------------|
|                               | Note | Amortised cost<br>\$ | FVTPL<br>\$    | Total<br>\$       |
| <b>Financial assets</b>       |      |                      |                |                   |
| Cash and cash equivalents     | 11   | 39,798,707           | -              | 39,798,707        |
| Trade and other receivables   | 12   | 33,575,545           | -              | 33,575,545        |
| Listed equity securities      |      | -                    | 922,000        | 922,000           |
| <b>Total financial assets</b> |      | <b>73,374,252</b>    | <b>922,000</b> | <b>74,296,252</b> |

## 14 Financial assets and liabilities (continued)

| 30 June 2020                       |      | Other liabilities<br>amortised cost | Other liabilities<br>FVTPL | Total             |
|------------------------------------|------|-------------------------------------|----------------------------|-------------------|
|                                    | Note | \$                                  | \$                         | \$                |
| <b>Financial liabilities</b>       |      |                                     |                            |                   |
| Bank borrowings                    | 22   | 1,170,119                           | -                          | 1,170,119         |
| Leases                             | 18   | 2,312,281                           | -                          | 2,312,281         |
| Trade and other payables           | 20   | 26,073,881                          | -                          | 26,073,881        |
| Non-current - bank borrowings      | 22   | 1,840,000                           | -                          | 1,840,000         |
| Non-current - leases               | 18   | 4,096,347                           | -                          | 4,096,347         |
| <b>Total financial liabilities</b> |      | <b>35,492,628</b>                   | <b>-</b>                   | <b>35,492,628</b> |

A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 35.

The methods used to measure financial assets and liabilities reported at fair value are described in Note 35.

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

Financial assets at FVTPL include the equity investment in Volt Power Ltd (VPR). The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for it at FVOCI.

|   | Note | 2021             | 2020    |
|---|------|------------------|---------|
|   |      | \$               | \$      |
| Listed investment in Volt Power Ltd (VPR) |      | <b>1,383,000</b> | 922,000 |
|   |      | <b>1,383,000</b> | 922,000 |

### Borrowings

Borrowings include the following financial liabilities:

|                          | 2021             | Current<br>2020 | 2021             | Non-current<br>2020 |
|--------------------------|------------------|-----------------|------------------|---------------------|
|                          | \$               | \$              | \$               | \$                  |
| <b>At amortised cost</b> |                  |                 |                  |                     |
| Bank borrowings          | <b>1,920,000</b> | 1,170,119       | <b>4,920,000</b> | 1,840,000           |
| <b>Total borrowings</b>  | <b>1,920,000</b> | 1,170,119       | <b>4,920,000</b> | 1,840,000           |

Bank borrowings are secured by a floating charge over the assets of the Group (see Note 22). Current interest rates are variable and average 0.07% (2020: 0.45%). The carrying amount of the other bank borrowings is considered to be a reasonable approximation of the fair value.

### Other financial instruments

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables
- cash and cash equivalents
- trade and other payables.

## 15 Inventories

|                          | Note | 2021<br>\$       | 2020<br>\$       |
|--------------------------|------|------------------|------------------|
| Current                  |      |                  |                  |
| <b>At cost:</b>          |      |                  |                  |
| Raw materials and stores |      | 2,044,909        | 1,499,852        |
| <b>Total inventories</b> |      | <b>2,044,909</b> | <b>1,499,852</b> |

In 2021, a total of \$96,660,619 of materials was included in profit and loss as an expense (2020: \$44,712,878). This includes an amount of \$19,219 resulting from write down of inventories (2020: \$1,269).

## 16 Other assets

|                           | Note | 2021<br>\$       | 2020<br>\$       |
|---------------------------|------|------------------|------------------|
| Current                   |      |                  |                  |
| Deferred expense          |      | -                | 8,958            |
| Prepayments               |      | 3,371,850        | 2,056,665        |
| Security deposits         |      | 78,076           | 81,109           |
| <b>Total other assets</b> |      | <b>3,449,926</b> | <b>2,146,732</b> |

## 17 Property, plant and equipment

| For the year ended 30 June 2021                       | Land and<br>buildings | Leasehold<br>improvements | Motor vehicles     | Plant and<br>equipment | Furniture,<br>fixtures and<br>fittings | Software and<br>technology | Tooling and<br>low value<br>assets | Total               |
|---|-----------------------|---------------------------|--------------------|------------------------|--|----------------------------|------------------------------------|---------------------|
|   | \$                    | \$                        | \$                 | \$                     | \$                                     | \$                         | \$                                 | \$                  |
| <b>Gross carrying amount</b>                          |                       |                           |                    |                        |  |                            |                                    |                     |
| <b>Balance at 1 July 2020</b>                         | 492,820               | 1,011,022                 | 14,707,385         | 18,962,252             | 374,365                                | 573,231                    | 358,354                            | 36,479,429          |
| Additions   | 120,750               | 56,732                    | 780,736            | 2,635,587              | 73,745                                 | 434,499                    | 210,145                            | 4,312,194           |
| Acquisition through business combinations             | -                     | 5,000                     | 936,000            | 1,491,150              | 27,526                                 | 152,550                    | -                                  | 2,612,226           |
| Re-classification                                     | 32,100                | -                         | 1,339,157          | (1,458,314)            | -                                      | -                          | 87,057                             | -                   |
| Re-classification as right-of-use assets <sup>1</sup> | -                     | -                         | (351,750)          | (648,800)              | -                                      | -                          | -                                  | (1,000,550)         |
| Disposals   | -                     | (59,495)                  | (1,953,550)        | (688,357)              | (9,135)                                | (54,534)                   | (55,416)                           | (2,820,487)         |
| <b>Balance at 30 June 2021</b>                        | <b>645,670</b>        | <b>1,013,259</b>          | <b>15,457,978</b>  | <b>20,293,518</b>      | <b>466,501</b>                         | <b>1,105,746</b>           | <b>600,140</b>                     | <b>39,582,812</b>   |
| <b>Depreciation and impairment</b>                    |                       |                           |                    |                        |  |                            |                                    |                     |
| <b>Balance at 1 July 2020</b>                         | (16,134)              | (112,732)                 | (7,474,391)        | (12,446,256)           | (135,569)                              | (273,840)                  | (239,539)                          | (20,698,461)        |
| Disposals   | -                     | 45,035                    | 1,043,541          | 565,754                | 3,773                                  | 49,472                     | 55,416                             | 1,762,991           |
| Re-classification                                     | (3,210)               | -                         | (101,206)          | 125,651                | -                                      | -                          | (21,235)                           | -                   |
| Depreciation  | (70,489)              | (130,766)                 | (2,290,148)        | (1,985,607)            | (83,933)                               | (180,560)                  | (138,407)                          | (4,879,910)         |
| <b>Balance at 30 June 2021</b>                        | <b>(89,833)</b>       | <b>(198,463)</b>          | <b>(8,822,204)</b> | <b>(13,740,458)</b>    | <b>(215,729)</b>                       | <b>(404,928)</b>           | <b>(343,765)</b>                   | <b>(23,815,380)</b> |
| <b>Carrying amount 30 June 2021</b>                   | <b>555,837</b>        | <b>814,796</b>            | <b>6,635,774</b>   | <b>6,553,060</b>       | <b>250,772</b>                         | <b>700,818</b>             | <b>256,375</b>                     | <b>15,767,432</b>   |

1 – Certain items of motor vehicles and plant and equipment were re-classified to right-of-use assets subsequent to acquisition (Note 18)

| For the year ended 30 June 2020           | Land and<br>buildings | Leasehold<br>improvements | Motor vehicles     | Plant and<br>equipment | Furniture,<br>fixtures and<br>fittings | Software and<br>technology | Tooling and<br>low value<br>assets | Total               |
|---|-----------------------|---------------------------|--------------------|------------------------|--|----------------------------|------------------------------------|---------------------|
|   | \$                    | \$                        | \$                 | \$                     | \$                                     | \$                         | \$                                 | \$                  |
| <b>Gross carrying amount</b>              |                       |                           |                    |                        |  |                            |                                    |                     |
| <b>Balance at 1 July 2019</b>             | 225,602               | 300,323                   | 13,247,380         | 17,265,805             | 200,231                                | 316,904                    | 254,711                            | 31,810,956          |
| Additions                                 | 267,218               | 710,699                   | 2,887,445          | 1,514,456              | 174,134                                | 264,652                    | 53,643                             | 5,872,247           |
| Acquisition through business combinations | -                     | -                         | 205,000            | 2,667,086              | -                                      | -                          | 50,000                             | 2,922,086           |
| Disposals                                 | -                     | -                         | (1,632,440)        | (2,485,095)            | -                                      | (8,325)                    | -                                  | (4,125,860)         |
| <b>Balance at 30 June 2020</b>            | <b>492,820</b>        | <b>1,011,022</b>          | <b>14,707,385</b>  | <b>18,962,252</b>      | <b>374,365</b>                         | <b>573,231</b>             | <b>358,354</b>                     | <b>36,479,429</b>   |
| <b>Depreciation and impairment</b>        |                       |                           |                    |                        |  |                            |                                    |                     |
| <b>Balance at 1 July 2019</b>             | (11,727)              | (58,984)                  | (6,815,488)        | (12,990,860)           | (65,641)                               | (214,607)                  | (171,372)                          | (20,328,679)        |
| Disposals                                 | -                     | -                         | 1,239,054          | 2,191,535              | 1,582                                  | 8,325                      | -                                  | 3,440,496           |
| Depreciation                              | (4,407)               | (53,748)                  | (1,897,957)        | (1,646,931)            | (71,510)                               | (67,558)                   | (68,167)                           | (3,810,278)         |
| <b>Balance at 30 June 2020</b>            | <b>(16,134)</b>       | <b>(112,732)</b>          | <b>(7,474,391)</b> | <b>(12,446,256)</b>    | <b>(135,569)</b>                       | <b>(273,840)</b>           | <b>(239,539)</b>                   | <b>(20,698,461)</b> |
| <b>Carrying amount 30 June 2020</b>       | <b>476,686</b>        | <b>898,290</b>            | <b>7,232,994</b>   | <b>6,515,996</b>       | <b>238,796</b>                         | <b>299,391</b>             | <b>118,815</b>                     | <b>15,780,968</b>   |

## 17 Property, plant and equipment (continued)

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

Total depreciation and amortisation recognised during the reporting period:

|   | Note | 2021<br>\$ | 2020<br>\$ |
|---|------|------------|------------|
| Depreciation                            |      |            |            |
| Buildings                               |      | 70,489     | 4,407      |
| Leasehold improvements                  |      | 130,766    | 53,748     |
| Motor vehicles                          |      | 2,290,148  | 1,897,957  |
| Plant and equipment                     |      | 1,985,607  | 1,646,931  |
| Furniture, fixtures and fittings        |      | 83,933     | 71,510     |
| Software and technology                 |      | 180,560    | 67,558     |
| Tooling and low value assets            |      | 138,407    | 68,167     |
| Total depreciation expense for the year |      | 4,879,910  | 3,810,278  |
| Depreciation – right of use assets      |      | 2,533,618  | 1,455,428  |
|   |      | 7,413,528  | 5,265,706  |

The net assets of the Group have been pledged as security for the Group's other bank borrowings (see Note 22).

## 18 Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

|                     | Note | 2021<br>\$        | 2020<br>\$       |
|---------------------|------|-------------------|------------------|
| Current             |      | 4,285,659         | 2,312,281        |
| Non-current         |      | 8,758,718         | 4,096,347        |
| <b>Total leases</b> |      | <b>13,044,377</b> | <b>6,408,628</b> |

### Group as a lessee

The Group has lease contracts for land and buildings and for various items of plant and equipment and motor vehicles used in its operations. Leases of plant and equipment and motor vehicles generally have lease terms between 3 and 5 years after which ownership of the underlying asset passes to the Group. Leases over land and buildings have lease terms of between 1 and 10 years. The Groups obligations under its leases are secured by the lessor title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

## 18 Lease liabilities (continued)

The Group also has certain leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

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

|   | Note | 2021<br>\$        | 2020<br>\$       |
|---|------|-------------------|------------------|
| <b>Right-of-use assets – Land and Buildings</b>                 |      |                   |                  |
| <b>As at 1 July</b>   |      | <b>4,457,451</b>  | -                |
| Additions   |      | 283,954           | 5,581,633        |
| Adjustments related to changes in lease conditions <sup>1</sup> |      | 256,001           | -                |
| Acquired under a business combination <sup>2</sup>              | 32   | 969,355           | -                |
| Depreciation expense  |      | (1,207,731)       | (1,056,669)      |
| De-recognised during the period <sup>3</sup>                    |      | (92,745)          | (67,513)         |
| <b>As at 30 June</b>  |      | <b>4,666,285</b>  | <b>4,457,451</b> |
| <b>Right-of-use assets – Plant and Equipment</b>                |      |                   |                  |
| <b>As at 1 July</b>   |      | <b>970,233</b>    | 933,742          |
| Additions   |      | 3,283,569         | 279,400          |
| Acquired under a business combination <sup>2</sup>              | 32   | 170,000           | -                |
| Re-classification from property, plant & equipment <sup>5</sup> |      | 648,800           | -                |
| Depreciation expense  |      | (836,368)         | (242,909)        |
| <b>As at 30 June</b>  |      | <b>4,236,234</b>  | <b>970,233</b>   |
| <b>Right-of-use asset – Motor Vehicles</b>                      |      |                   |                  |
| <b>As at 1 July</b>   |      | <b>1,480,367</b>  | 749,906          |
| Additions   |      | 2,571,740         | 886,311          |
| Acquired under a business combination <sup>4</sup>              | 32   | 734,000           | -                |
| Re-classification from property, plant & equipment <sup>5</sup> |      | 351,750           | -                |
| Depreciation expense  |      | (489,519)         | (155,850)        |
| <b>As at 30 June</b>  |      | <b>4,648,338</b>  | <b>1,480,367</b> |
| <b>Total Right-Of-Use Assets</b>                                |      | <b>13,550,857</b> | <b>6,908,051</b> |

1 Increase resulting from a change in the monthly lease payable to the owner.

2 Acquired as part of the acquisition of Connect Engineering Pty Ltd

3 Leases surrendered during the period.

4 Includes motor vehicles acquired as part of the acquisition of Connect Engineering Pty Ltd.

5 Includes plant and equipment and motor vehicles purchased from Great Southern Electrical Pty Ltd that were financed via a lease arrangement after transfer to the Group.

The following are the amounts recognised in profit or loss:

|  | Note | 2021<br>\$       | 2020<br>\$       |
|--|------|------------------|------------------|
| Depreciation of right-of-use assets                      |      | 2,533,618        | 1,455,428        |
| Interest expense on right-of-use asset lease liabilities |      | 433,865          | 235,083          |
| Expense relating to short-term leases                    |      | 5,320,931        | 4,697,208        |
|  |      | <b>8,288,414</b> | <b>6,387,719</b> |

The group had total cash outflows for leases of \$3,314,831 in 2021 (2020: \$2,769,177). The Group also had non-cash additions to right-of-use assets and lease liabilities of \$283,954 in 2021 (2019: \$5,147,433).

## 18 Lease liabilities (continued)

Future minimum lease payments at 30 June in respect of right-of-use assets were as follows:

|                           | Within 1<br>year | 1-2 years        | 2-3 years        | 3-4 years        | 4-5 Years      | After 5<br>years | Total             |
|---------------------------|------------------|------------------|------------------|------------------|----------------|------------------|-------------------|
|                           | \$               | \$               | \$               | \$               | \$             | \$               | \$                |
| <b>30 June 2021</b>       |                  |                  |                  |                  |                |                  |                   |
| Lease payments            | 4,829,671        | 3,943,431        | 3,243,232        | 1,252,352        | 516,462        | 219,512          | <b>14,004,660</b> |
| Finance charges           | (453,604)        | (285,892)        | (144,745)        | (51,738)         | (21,398)       | (2,906)          | <b>(960,283)</b>  |
| <b>Net present values</b> | <b>4,376,067</b> | <b>3,657,539</b> | <b>3,098,487</b> | <b>1,200,614</b> | <b>495,064</b> | <b>216,606</b>   | <b>13,044,377</b> |

|                           | Within 1<br>year | 1-2 years        | 2-3 years        | 3-4 years      | 4-5 Years      | After 5<br>years | Total            |
|---------------------------|------------------|------------------|------------------|----------------|----------------|------------------|------------------|
|                           | \$               | \$               | \$               | \$             | \$             | \$               | \$               |
| <b>30 June 2020</b>       |                  |                  |                  |                |                |                  |                  |
| Lease payments            | 2,249,149        | 1,580,023        | 1,306,362        | 893,322        | 469,591        | 653,521          | <b>7,151,968</b> |
| Finance charges           | (274,713)        | (188,319)        | (127,239)        | (75,909)       | (45,064)       | (32,096)         | <b>(743,340)</b> |
| <b>Net present values</b> | <b>1,974,436</b> | <b>1,391,704</b> | <b>1,179,123</b> | <b>817,413</b> | <b>424,527</b> | <b>621,425</b>   | <b>6,408,628</b> |

## 19 Intangible assets

The movements in the net carrying amount of intangible assets is as follows:

|  | Note | 2021<br>\$       | 2020<br>\$ |
|--|------|------------------|------------|
| <b>Goodwill</b>                                      |      |                  |            |
| Balance 1 July                                       |      | <b>1,613,914</b> | 1,746,479  |
| Acquired through business combination                |      | <b>3,891,774</b> | -          |
| Increase resulting from change in business valuation |      | -                | 50,000     |
| Disposal   |      | -                | (182,565)  |
| Balance 30 June                                      |      | <b>5,505,688</b> | 1,613,914  |
| Accumulated impairment losses                        |      | -                | -          |
| Accumulated amortisation                             |      | -                | -          |
| Carrying amount at 30 June                           |      | <b>5,505,688</b> | 1,613,914  |
| <b>Customer contracts</b>                            |      |                  |            |
| Balance 1 July                                       |      | -                | -          |
| Acquired as part of asset acquisition                |      | <b>39,890</b>    | -          |
| Balance 30 June                                      |      | <b>39,890</b>    | -          |
| Accumulated amortisation                             |      | -                | -          |
| Carrying amount at 30 June                           |      | <b>39,890</b>    | -          |
| <b>Total intangible assets</b>                       |      | <b>5,545,578</b> | 1,613,914  |

No adjustments to Goodwill were recognised during the reporting period. In 2020, Contingent consideration previously recognised under AASB3 *Business Combinations* for the purchase of Burton Power Pty Ltd (Powerlines Plus (Qld) Pty Ltd) was re-assessed in accordance with the terms of the purchase agreement. As a result of the review, \$50,000 was recognised as additional goodwill related to the acquisition.



## 19 Intangible Assets (continued)

### Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the following cash-generating units, which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises.

|                                       | Note | 2021<br>\$       | 2020<br>\$       |
|---------------------------------------|------|------------------|------------------|
| Powerlines Plus (Qld) Pty Ltd         |      | 1,179,147        | 1,179,147        |
| Proton Power Pty Ltd                  |      | 305,395          | 305,395          |
| KEC Power Pty Ltd                     |      | 129,372          | 129,372          |
| Connect Engineering Pty Ltd           |      | 3,891,774        | -                |
| <b>Goodwill allocation at 30 June</b> |      | <b>5,505,688</b> | <b>1,613,914</b> |

The recoverable amounts of the cash-generating units were determined based on value-in-use calculations, covering a three-year forecast, followed by an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates determined by management. The present value of the expected cash flows of each segment is determined by applying a suitable discount rate.

|                               | Growth rates |      | Discount rates |      |
|-------------------------------|--------------|------|----------------|------|
|                               | 2021         | 2020 | 2021           | 2020 |
| Powerlines Plus (Qld) Pty Ltd | 5%           | 3%   | 7%             | 5%   |
| Proton Power Pty Ltd          | 5%           | 3%   | 7%             | 5%   |
| KEC Power Pty Ltd             | 5%           | 3%   | 7%             | 5%   |
| Connect Engineering Pty Ltd   | 5%           | n/a  | 7%             | n/a  |

### Growth rates

The growth rates reflect the long-term average growth rates for the business of the segments and the markets they operate in.

### Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each unit.

### Cash flow assumptions

#### *Powerlines Plus (Qld) Pty Ltd, Proton Power Pty Ltd, KEC Power Pty Ltd & Connect Engineering Pty Ltd*

Management's key assumptions include stable profit margins, based on past experience in this market. The Group's management believes that this is the best available input for forecasting this mature market. Cash flow projections reflect stable profit margins achieved immediately before the budget period. No expected efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry.

## 20 Trade and other payables

| Note                                  | 2021              | 2020              |
|---------------------------------------|-------------------|-------------------|
|                                       | \$                | \$                |
| <b>Unsecured liabilities:</b>         |                   |                   |
| Trade payables                        | 37,462,511        | 18,027,689        |
| Goods and services tax payable        | 1,545,427         | 1,159,033         |
| Unpaid wages                          | 3,041,992         | 1,599,714         |
| Sundry payables and accrued expenses  | 21,962,349        | 5,287,445         |
| <b>Total trade and other payables</b> | <b>64,012,279</b> | <b>26,073,881</b> |

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

## 21 Contract liabilities

| Note  | 2021             | 2020              |
|---|------------------|-------------------|
|   | \$               | \$                |
| Short-term advances for materials             | 4,357,461        | 17,684,846        |
| Short-term advances for construction services | 867,893          | 9,022,515         |
|   | <b>5,225,354</b> | <b>26,707,361</b> |

Advances received for construction contract work represent customer payments received in advance of performance (contract liabilities) that are expected to be recognised as revenue in the next financial year. The amounts recognised in respect of construction contracts will generally be utilised within the next reporting period. The decrease from 2020 represents the subsequent recognition of revenue over time for a transmission project under which payments were made on a milestone basis, and for work performed on FMG (Pilbara Energy) Transmission and Sub-station projects, for which a \$17.7M advance payment was received in 2020.

## 22 Financial liabilities

| Note                                   | 2021             | 2020             |
|--|------------------|------------------|
|  | \$               | \$               |
| Secured borrowings – at amortised cost |                  |                  |
| <b>Bank loan – secured</b>             |                  |                  |
| Current                                | 1,920,000        | 1,170,119        |
| Non-current                            | 4,920,000        | 1,840,000        |
|  | <b>6,840,000</b> | <b>3,010,119</b> |

The bank debt facility comprises term loans with quarterly principal repayments with maturity dates between two and five years.

The group has an overdraft/trade finance facility with a limit of \$10,000,000 with \$5,000,000 available at 30 June 2021.

The group has an equipment finance facility with Commonwealth Bank of Australia Pty Ltd (CBA) with a limit of \$4,000,000 (FY20 - \$4,000,000) with \$2,840,000 available at 30 June 2021 (FY20 - \$3,232,000).

The group has an equipment finance facility with Mercedes Benz finance with a limit of \$2,000,000 (FY20 - \$2,000,000) with \$1,882,500 available at 30 June 2021 (FY20 - \$1,688,000).

The group has an equipment finance facility with Toyota Asset Finance with a limit of \$6,000,000 (FY20 - \$6,000,000) with \$594,000 available at 30 June 2021 (FY20 - \$5,823,000).

## 22 Financial liabilities (continued)

The group has an equipment finance facility with Australia and New Zealand Banking Group Limited (ANZ) with a limit of \$4,000,000 (FY20 - \$4,000,000) with \$2,481,000 available at 30 June 2021 (FY20 - \$3,440,000)

The bank debt is secured by a General Security Agreement of the group. The Group was not in breach of any loan agreements permitting the lender to demand accelerated repayments at year end, nor did any breach occur during the year. The Group was not in default of any loans payable recognised at year end during the year.

## 23 Employee benefits

### Employee benefits expense

Expenses recognised for employee benefits are analysed below:

|  | Note | 2021<br>\$        | 2020<br>\$        |
|--|------|-------------------|-------------------|
| Salaries and wages                         |      | 69,718,843        | 42,451,022        |
| Superannuation                             |      | 5,381,807         | 3,480,637         |
| Amounts provided for employee entitlements |      | 4,843,608         | 2,977,199         |
| Short term incentives                      |      | 1,300,000         | 1,000,000         |
| Share based payments expense               | 34   | 700,000           | -                 |
| Other allowances and expenses              |      | 5,206,231         | 5,867,395         |
| <b>Employee benefits expense</b>           |      | <b>87,150,489</b> | <b>55,776,253</b> |

During 2021 certain employees and Non-Executive Directors were issued shares in lieu of cash for meeting agreed targets. Inaugurating employees with Genus Renewables received a sign-on bonus and Non-Executive Directors received shares in accordance with their contracts for successful listing of the Group on the ASX.

### Employee benefits

The liabilities recognised for employee benefits consist of the following amounts:

|                                    | Note | 2021<br>\$       | 2020<br>\$       |
|------------------------------------|------|------------------|------------------|
| <b>Current</b>                     |      |                  |                  |
| Annual leave                       |      | 4,756,411        | 2,270,471        |
| Long service leave                 |      | 399,591          | 152,547          |
| Other short term employee benefits |      | 1,300,000        | 1,000,000        |
|                                    |      | <b>6,456,002</b> | <b>3,423,018</b> |
| <b>Non-current</b>                 |      |                  |                  |
| Long service leave                 |      | 1,022,430        | 665,002          |
| <b>Total employee benefits</b>     |      | <b>7,478,432</b> | <b>4,088,020</b> |

The current portion of these liabilities represents the groups obligations to which the employee has a current legal entitlement. These liabilities arise mainly from accrued annual leave entitlement at reporting date and for employees who have satisfied the service eligibility for long service leave – usually 10 years.

## 24 Provisions

|   | Note | 2021<br>\$    | 2020<br>\$    |
|---|------|---------------|---------------|
| <b>Current</b>  |      |               |               |
| Earn-out related to the acquisition of Burton Power (PLP Queensland)          | (a)  | -             | 50,000        |
| Contract losses provision recognised in acquisition of Connect Infrastructure | (b)  | 50,000        | -             |
| <b>Total provisions</b>   |      | <b>50,000</b> | <b>50,000</b> |

- (a) The estimated earn out for the purchase of Burton Power Pty Ltd to be payable within 12 months of the balance date. This amount was paid in full during the year.
- (b) Amounts recognised in the acquisition of Connect Infrastructure related to estimates of likely losses on contracts which have not been completed.

## 25 Share capital

The share capital of the Group consists only of fully paid ordinary shares; the shares do not have a par value. Ordinary shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held.

### Fully paid ordinary shares

|  | 2021<br>Shares     | 2020<br>Shares     | 2021<br>\$        | 2020<br>\$        |
|--|--------------------|--------------------|-------------------|-------------------|
| Beginning of the year  | 154,350,877        | 1,390              | 27,732,909        | 18,800,695        |
| Split of existing shares on a 1:100,000 basis <sup>1</sup>   | -                  | 138,998,610        | -                 | -                 |
| Private equity placement <sup>2</sup>                        | -                  | 15,350,877         | -                 | 9,625,000         |
| Shares issued to Directors <sup>3</sup>                      | 400,000            | -                  | 400,000           | -                 |
| Shares issued as part of a business combination <sup>4</sup> | 529,010            | -                  | 500,000           | -                 |
| Shares issued as employee benefits                           | 310,077            | -                  | 300,000           | -                 |
| Share issue costs  | -                  | -                  | (7,155)           | (692,786)         |
| <b>Total contributed equity at 30 June</b>                   | <b>155,589,964</b> | <b>154,350,877</b> | <b>28,925,754</b> | <b>27,732,909</b> |

- As part of a capital restructure, the existing shares on issue were split on a 1:100,000 basis to existing shareholders.
- The Group issued 15,350,877 shares on 31 March 2020 as part of a private equity placement, corresponding to 9.95% of total shares issued.
- 400,000 shares were issued to Directors in accordance with their contracts upon the successful listing of GenusPlus Group Ltd on the ASX. GenusPlus Group Ltd (ASX: GNP) officially listed on the ASX on 14 December 2020.
- 529,010 shares were issued as consideration for the acquisition of Connect Engineering Pty Ltd on 4 June 2021
- 310,077 shares were issued as consideration for certain employees entering new employment contracts on 31 March 2021 upon the commencement of Genus Renewables Pty Ltd.

Each share has the same right to receive dividend and the repayment of capital and represents one vote at the Shareholders' Meeting of GenusPlus Group Ltd.

## 26 Reserves

| Notes  | Foreign Currency<br>Translation reserve | Corporate<br>Restructure<br>reserve | Total            |
|--|---|-------------------------------------|------------------|
|  |   | \$                                  | \$               |
| <b>Balance at 1 July 2019</b>  | -                                       | (511,834)                           | (511,834)        |
| <b>Balance at 30 June 2020</b>   | -                                       | (511,834)                           | (511,834)        |
| <b>Balance at 1 July 2020</b>  | -                                       | (511,834)                           | (511,834)        |
| Movements in asset values measured in foreign currencies that will subsequently be re-classified to profit or loss | 8,275                                   | -                                   | 8,275            |
| <b>Balance at 30 June 2021</b>   | <b>8,275</b>                            | <b>(511,834)</b>                    | <b>(503,559)</b> |

### Corporate restructure reserve

The corporate reconstruction reserve recorded the transaction on the introduction of a new ultimate parent entity.

### Foreign currency translation reserve

The foreign currency translation reserve records the un-recognised gains / (losses) incurred on translation of monetary items held in US Dollars (\$USD). The balance will be subsequently reported in profit and loss when the underlying value of the monetary item (cash at bank) is utilised.

## 27 Dividends on equity instruments

|                            | Year ended 30 June 2021 |          | Year ended 30 June 2020 |           |
|----------------------------|-------------------------|----------|-------------------------|-----------|
|                            | Cent per share          | Total \$ | Cents per share         | Total \$  |
| <b>Recognised amounts</b>  |                         |          |                         |           |
| Fully paid ordinary shares |                         |          |                         |           |
| Final dividend             | -                       | -        | 0.885                   | 1,230,150 |

On 20 August 2021, the directors declared a fully franked dividend of 1.8c per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2021. At the time of reporting, the dividend of \$2,800,619 was unpaid. The record date is 6 October 2021 and the payment date is 28 October 2021.

### Distributions made and proposed

|  | 2021<br>\$        | 2020<br>\$ |
|--|-------------------|------------|
| <b>Franking credit balance</b>   |                   |            |
| The amount of franking credits available for the subsequent financial year are:  |                   |            |
| Franking account balances as at the end of the financial year at 30% (2020: 30%) | <b>20,268,588</b> | 13,718,641 |

## 28 Reconciliation of cash flows

### Reconciliation of cash flows from operating activities

|  | 2021<br>\$       | 2020<br>\$        |
|--|------------------|-------------------|
| <b>Cash flows from operating activities</b>          |                  |                   |
| Profit after income tax                              | 13,348,769       | 10,689,642        |
| Non-cash flows in profit:                            |                  |                   |
| • gain on disposal of plant and equipment            | (186,258)        | (182,239)         |
| • depreciation and amortisation                      | 7,413,528        | 5,265,706         |
| • increase in value of investments reported at FVTPL | (461,000)        | (671,084)         |
| • net finance costs                                  | 704,127          | 674,818           |
| • share based payments – net of other costs          | 692,798          | -                 |
| Changes in assets and liabilities:                   |                  |                   |
| • increase in trade and other receivables            | (30,928,713)     | (18,022,187)      |
| • increase in other assets                           | (1,393,440)      | (990,752)         |
| • increase / (decrease) in inventories               | 497,003          | (580,878)         |
| • increase in trade and other payables               | 17,301,107       | 41,225,603        |
| <b>Net cash provided by operating activities</b>     | <b>6,987,921</b> | <b>37,408,629</b> |

## 29 Auditor remuneration

| Note  | 2021<br>\$     | 2020<br>\$    |
|---|----------------|---------------|
| Remuneration of the auditor of the Group, Grant Thornton Audit Pty Ltd for: |                |               |
| Auditing the financial statements   | 70,000         | 48,000        |
| Investigating Accountant Report   | 175,000        | -             |
| Taxation governance review  | 22,000         | -             |
| Other   | 11,000         | -             |
| <b>Total auditor's remuneration</b>   | <b>278,000</b> | <b>48,000</b> |

## 30 Related party transactions

The Group's related parties include its key management personnel, related parties of its key management personnel, and others as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

## 30 Related part transactions (continued)

### Transactions with related parties

As part of normal business operations, the Group undertakes construction work through associated entities, as well as leasing rental properties and equipment. A summary of these transactions is included below.

|   | 2021<br>\$ | 2020<br>\$ |
|---|------------|------------|
| <b>Services provided by related parties</b>         |            |            |
| Pastoral Plus (Director D Riches)                   | 839,903    | 483,719    |
| Testing Plus WA (Director D Riches)                 | 96,545     | 174,727    |
| Partum Engineering (Director D Riches)              | 6,673,059  | 1,536,130  |
| Innotech Services <sup>1</sup> (Director D. Riches) | -          | 6,264,572  |
| Sparke Helmore Lawyers (Director P. Gavazzi)        | 1,144,517  | 128,838    |
| Matt Riches and Dave Riches (Director D Riches)     | 572,055    | 327,668    |
| Dave Riches (Director D Riches)                     | 524,613    | 657,339    |
| Genus Engineering <sup>1</sup> (Director D. Riches) | -          | 490,286    |
| Edge People Management (Director D Riches)          | 15,662     | -          |
| Maali Group – JV Partner                            | 2,133,961  | 86,501     |

1 – Ceased to be a related party during the reporting period.

|   | 2021<br>\$ | 2020<br>\$ |
|---|------------|------------|
| <b>Services provided to related parties</b>                 |            |            |
| AUSCON Construction Group <sup>1</sup> (Director D. Riches) | -          | 276,454    |
| Innotech Services <sup>1</sup> (Director D. Riches)         | -          | 25,205     |
| Partum Engineering (Director D Riches)                      | 102,394    | 14,569     |
| Testing Plus WA (Director D Riches)                         | 1,980      | 2,244      |
| Pastoral Plus (Director D Riches)                           | 30,533     | 4,816      |
| Genus Engineering <sup>1</sup> (Director D. Riches)         | -          | 200,630    |
| Maali Group - JV Partner                                    | 351,642    | -          |

All services were contracted at arms' length basis.

1 – Ceased to be a related party during the reporting period.

## 30 Related party transactions (continued)

|   | 2021<br>\$         | 2020<br>\$         |
|---|--------------------|--------------------|
| <b>Amounts due to related parties at reporting date</b>   |                    |                    |
| Pastoral Plus (Director D Riches)                         | 52,345             | 110,312            |
| Testing Plus WA (Director D Riches)                       | (1,019)            | 15,737             |
| Partum Engineering (Director D Riches)                    | 561,880            | 375,651            |
| Innotech Services <sup>1</sup> (Director D. Riches)       | 1,105,923          | 214,545            |
| Sparke Helmore Lawyers (Director P. Gavazzi)              | 87,472             | 27,500             |
| Genus Engineering <sup>1</sup> (Director D. Riches)       | -                  | 26,356             |
| Maali Group – JV Partner                                  | 357,878            | -                  |
|   | <b>2021<br/>\$</b> | <b>2020<br/>\$</b> |
| <b>Amounts due from related parties at reporting date</b> |                    |                    |
| Longfield Services (Director D. Riches)                   | -                  | 2,915              |
| Innotech Services (Director D. Riches)                    | -                  | 2,945              |
| Testing Plus WA (Director D. Riches)                      | -                  | 111                |
| Partum Engineering (Director D. Riches)                   | -                  | 9,836              |
| AUSCON Construction Group (Director D. Riches)            | 11,192             | 42,874             |
| Genus Engineering (Director D. Riches)                    | -                  | 166,232            |
| Maali Group – JV Partner                                  | 235,236            | -                  |

All amounts outstanding at reporting date were included in accounts payable or accounts receivable, and settled in accordance with commercial terms.

### Transactions with key management personnel

Key management of the Group are the Non-Executive members of the Group's Board of Directors, the Group's Chief Executive Officer and the other members of the Executive team reporting to the Managing Director. Key management personnel remuneration includes the following expenses:

|                            | 2021<br>\$       | 2020<br>\$       |
|----------------------------|------------------|------------------|
| Salaries including bonuses | 3,186,511        | 2,714,120        |
| Long service leave         | 18,814           | 30,856           |
| Superannuation             | 228,094          | 172,111          |
| Termination benefits       | 133,514          | -                |
| Share-based payment        | 400,000          | -                |
| <b>Total remuneration</b>  | <b>3,966,933</b> | <b>2,917,087</b> |

During 2021, the Group used the legal services of one Company Director (Mr Paul Gavazzi) a firm over which he exercises significant influence. The amounts billed related to this legal service amounted to \$1,144,517 (2020: \$128,838), based on normal market rates.



## 31 Contingent assets and contingent liabilities

The Group has no contingent assets.

There were no material warranty or legal claims brought against the Group during the year. Unless recognised as a provision, management considers these claims to be unjustified and the probability that they will require settlement at the Group's expense to be remote.

Further information on these contingencies is omitted so as not to prejudice the Group's position in the related disputes.

|   | 2021<br>\$        | 2020<br>\$ |
|---|-------------------|------------|
| <b>Estimates of the potential financial effect of contingent liabilities that may become payable:</b> |                   |            |
| Secured guarantee to company's bankers supported by a floating charge over the Group assets           | <b>33,129,277</b> | 31,852,117 |
| Surety bonds secured by the Group assets  | <b>11,372,443</b> | 14,230,062 |
|   | <b>44,501,720</b> | 46,082,179 |

The CBA guarantee facility has a limit of \$35,000,000 (FY20 - \$35,000,000).

The Surety bond facility has a limit of \$30,000,000 (FY20 - \$20,000,000).

## 32 Acquisitions and disposals

### Businesses acquired

During the year ended 30 June 2021, the Group acquired the net assets of Great Southern Electrical Pty Ltd (GSE) and all shares in Connect Engineering Pty Ltd (Connect). Each acquisition is aligned to the Groups growth strategy to expand its service offerings within the growing Eastern Australian market and to capitalise on planned future infrastructure investment within those markets. Details of the acquisitions are as follows:

#### Acquisition of net assets of Great Southern Electrical Pty Ltd

On 3 June 2021, Powerlines Plus (NSW) Pty Ltd acquired the net assets of Great Southern Electrical Pty Ltd including the business name, contracts and intellectual property (IP) for the consideration of \$1,150,000 payable fully in cash.

The property, plant and equipment value in the balance sheet was fair valued by Directors valuation to \$1,140,000.

Great Southern Electrical Pty Ltd contributed revenue of \$177,964 and (\$290,673) net loss to the consolidated group for the period following the acquisition.

#### Acquisition of share capital of Connect Engineering Pty Ltd

On 1 June 2021, GenusPlus Group Ltd acquired all shares in Connect Engineering Pty Ltd including the business name, contracts and intellectual property (IP) for the consideration of \$5,879,018. The acquisition was paid in cash \$5,379,018 and shares \$500,000 in GenusPlus Group Ltd

The property, plant and equipment value in the balance sheet was fair valued by Directors valuation to \$2,361,600.

Connect Engineering Pty Ltd contributed revenue of \$2,901,678 and (\$184,727) net loss before tax to the consolidated group for the period following the acquisition.

If Connect Engineering Pty Ltd had been a part of the consolidated group for the entire year the consolidated position would have been revenue of \$37,692,879 and \$2,538,682 net profit before tax.

## 32 Acquisitions and disposals (continued)

|   | Great Southern<br>Electrical Pty Ltd | Connect<br>Engineering Pty<br>Ltd |
|---|--------------------------------------|-----------------------------------|
|   | \$                                   | \$                                |
| <b>Consideration transferred</b>  |                                      |                                   |
| Cash  | 1,150,000                            | 5,151,421                         |
| Adjustment amount   | -                                    | 227,597                           |
| Shares  | -                                    | 500,000                           |
| <b>Total</b>  | <b>1,150,000</b>                     | <b>5,879,018</b>                  |
|   |                                      |                                   |
|   | Great Southern<br>Electrical Pty Ltd | Connect<br>Engineering Pty<br>Ltd |
|   | \$                                   | \$                                |
| <b>Assets acquired and liabilities assumed at the date of acquisition</b> |                                      |                                   |
| Cash and cash equivalents   | -                                    | 2,874,138                         |
| Trade and other receivables   | 180,000                              | 5,197,659                         |
| Inventory   | -                                    | 1,042,060                         |
| Plant and equipment   | 1,140,000                            | 1,457,600                         |
| Deferred tax assets   | -                                    | 278,352                           |
| Trade and other payables  | -                                    | (7,995,611)                       |
| Provisions  | (170,000)                            | (1,066,902)                       |
| Right-of-use assets   | -                                    | 1,873,355                         |
| Lease liabilities   | -                                    | (1,673,407)                       |
| <b>Total</b>  | <b>1,150,000</b>                     | <b>1,987,244</b>                  |
|   |                                      |                                   |
|   | Great Southern<br>Electrical Pty Ltd | Connect<br>Engineering Pty<br>Ltd |
|   | \$                                   | \$                                |
| <b>Net cash outflow on acquisition of businesses</b>                      |                                      |                                   |
| Consideration paid in cash  | 1,150,000                            | 5,151,421                         |
| Less: cash and cash equivalent balances acquired                          | -                                    | (2,874,138)                       |
| <b>Total</b>  | <b>1,150,000</b>                     | <b>2,277,283</b>                  |

In relation to the acquisition of Connect, the Group has performed a provisional assessment of the fair value of the assets and liabilities as at the date of acquisition. For the purposes of the balance sheet, the assets and liabilities have been recorded at their provisional fair values. Under Australian Accounting Standards, the Group has up to 12 months from the date of acquisition to complete its initial acquisition accounting. The Group has already commenced this exercise to consider the fair values of intangible assets acquired. As at the date of this report, this assessment is not complete.

During the year, the Group transferred the deferred acquisition consideration payable to the previous owners of Burton Power Pty Ltd (Powerlines Plus (Qld) Pty Ltd) – refer Note 24.

During the year, the Group obtained control of Burton Training & Consultancy (Burton Training). At the time of settlement Burton Training held \$106,606 in cash and \$14,626 in furniture.

### Businesses disposed

The Group did not dispose of its interest in any part of the business during the year.

## 33 Interests in subsidiaries

### Composition of the Group

Set out below details of the subsidiaries held directly by the Group:

|   | Country of<br>Incorporation | Percentage Ownership |      |
|---|-----------------------------|----------------------|------|
| Parent Entity:  |                             | 2021                 | 2020 |
| GenusPlus Group Ltd <sup>(a)</sup>                                  | Aust                        |                      |      |
| <b>Subsidiaries:</b>  |                             |                      |      |
| Powerlines Plus Pty Ltd <sup>(b)</sup>                              | Aust                        | 100%                 | 100% |
| Diamond Underground Services Pty Ltd <sup>(b)</sup>                 | Aust                        | 100%                 | 100% |
| Proton Power Pty Ltd <sup>(b)</sup>                                 | Aust                        | 100%                 | 100% |
| Complete Cabling and Construction Pty Ltd <sup>(b)</sup>            | Aust                        | 100%                 | 100% |
| Proton Technical Services Pty Ltd <sup>(b)</sup>                    | Aust                        | 100%                 | 100% |
| GPL (WA) Pty Ltd <sup>(b)</sup>                                     | Aust                        | 100%                 | 100% |
| Powerlines Plus (Qld) Pty Ltd (Burton Power Pty Ltd) <sup>(c)</sup> | Aust                        | 100%                 | 100% |
| Genus Services Pty Ltd  | Aust                        | 100%                 | 100% |
| KEC Power Pty Ltd <sup>(d)</sup>                                    | Aust                        | 100%                 | 100% |
| Powerlines Plus (NSW) Pty Ltd <sup>(e)</sup>                        | Aust                        | 100%                 | 100% |
| ECM Consultancy Pty Ltd <sup>(f)</sup>                              | Aust                        | 100%                 | 100% |
| Genus Renewables Pty Ltd <sup>(g)</sup>                             | Aust                        | 100%                 | -    |
| Connect Engineering Pty Ltd <sup>(h)</sup>                          | Aust                        | 100%                 | -    |
| Connect Infrastructure Pty Ltd <sup>(h)</sup>                       | Aust                        | 100%                 | -    |
| Connect Infrastructure Construction Pty Ltd <sup>(h)</sup>          | Aust                        | 100%                 | -    |
| Connect Infrastructure Design Pty Ltd <sup>(h)</sup>                | Aust                        | 100%                 | -    |
| Connect Design South Coast (NSW) Pty Ltd <sup>(h)</sup>             | Aust                        | 100%                 | -    |
| Burton Training & Consultancy Pty Ltd <sup>(i)</sup>                | Aust                        | 100%                 | -    |

(a) GenusPlus Group Ltd was incorporated on 6 July 2017.

(b) Powerlines Plus Pty Ltd was acquired on 17 May 2018. Powerlines Plus Pty Ltd was the 100% shareholder of Diamond Underground Services Pty Ltd, Proton Power Pty Ltd, Complete Cabling and Construction Pty Ltd, Proton Technical Services Pty Ltd, Proton E&I Pty Ltd and GPL (WA) Pty Ltd.

(c) Burton Power Pty Ltd was acquired 1 January 2019.

(d) KEC Power Pty Ltd was incorporated on 4 February 2019.

(e) Powerlines Plus (NSW) Pty Ltd was incorporated on 26 November 2019.

(f) ECM Consultancy was incorporated on 12 December 2019.

(g) Genus Renewables Pty Ltd was incorporated on 3 July 2020.

(h) Connect Engineering Pty Ltd and its subsidiaries were acquired on 1 June 2021.

(i) Burton Training acquisition was completed 15 January 2021.

## 34 Share based payments

Expense recognised in profit or loss

Share based payments expenses for the year comprises:

|                          | 2021<br>\$     | 2020<br>\$ |
|--------------------------|----------------|------------|
| Directors fees           | 400,000        | -          |
| Other employment expense | 300,000        | -          |
| <b>Total</b>             | <b>700,000</b> | <b>-</b>   |

During 2021 Non-Executive Directors, in accordance with their contracts, were issued shares in GenusPlus Group Ltd upon its successful listing on the Australian Stock Exchange (ASX: GNP).

Upon the initial business registration of Genus Renewables, certain inaugurating employees received a sign-on bonus in shares.

## 35 Financial risk management

### Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 14. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

### Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

### Foreign currency sensitivity

Most of the Group's transactions are carried out in Australian Dollars (AUD). Exposures to currency exchange rates arise from the Group's sales and purchases denominated in US-Dollars (USD). The Group holds a bank account in USD for this purpose.

To mitigate the Group's exposure to foreign currency risk, non-AUD cash flows are monitored in accordance with the Group's risk management policies.

Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no hedging activity is undertaken.

## 35 Financial risk management (continued)

### Foreign currency sensitivity (continued)

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into AUD at the closing rate:

|                       | 2021                | 2021               | 2020                | 2020               |
|-----------------------|---------------------|--------------------|---------------------|--------------------|
|                       | Short term exposure | Long term exposure | Short term exposure | Long term exposure |
|                       | USD                 | USD                | USD                 | USD                |
|                       | \$                  | \$                 | \$                  | \$                 |
| Financial assets      | 3,103,646           | -                  | 12,756,080          | -                  |
| Financial liabilities | -                   | -                  | -                   | -                  |
| <b>Total exposure</b> | <b>3,103,646</b>    | <b>-</b>           | <b>12,756,080</b>   | <b>-</b>           |

The following table illustrates the sensitivity of profit and equity in respect of the Group's financial assets and financial liabilities and the AUD/USD exchange rate 'all other things being equal'. It assumes a +/- 10% change of the AUD/USD exchange rate for the year ended 30 June 2021 (2020: 10%). The percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date. In any respect, the Group would elect not to realise the underlying value of the financial asset were it to result in a loss to the Group. Financial assets subject to currency sensitivity were received on 30 June 2020, and valued at the exchange rate applicable on that date.

If the Australian Dollar (AUD) had strengthened against the US-Dollar (USD) by 10% (2020: 10%) then this would have had the following impact:

|              | Profit for the year | Equity    |
|--------------|---------------------|-----------|
|              | USD                 | USD       |
|              | \$                  | \$        |
| 30 June 2021 | -                   | (376,192) |
| 30 June 2020 | -                   | -         |

If the AUD had weakened against the USD by 10% (2020: 10%) then this would have had the following impact:

|              | Profit for the year | Equity  |
|--------------|---------------------|---------|
|              | USD                 | USD     |
|              | \$                  | \$      |
| 30 June 2021 | -                   | 376,192 |
| 30 June 2020 | -                   | -       |

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

### Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At 30 June 2021, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the Group's money market funds is considered immaterial due to the current low interest rate setting, and long-term outlook provided by the Reserve Bank of Australia (RBA).

## 35 Financial risk management (continued)

### Interest rate sensitivity (continued)

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1.00% (2020: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

|              | Profit for the year |           | Equity    |           |
|--------------|---------------------|-----------|-----------|-----------|
|              | \$<br>+1%           | \$<br>-1% | \$<br>+1% | \$<br>-1% |
| 30 June 2021 | 68,400              | (68,400)  | (68,400)  | 68,400    |
| 30 June 2020 | 53,460              | (53,460)  | (53,460)  | 53,460    |

### Other price risk sensitivity

The Group is exposed to other price risk in respect of the investment in Volt Power Limited (ASX: VPR).

For the listed investment in Volt Power Limited, an average volatility of 33% has been observed during 2021 (2020: 50%). Volatility at the lower end of this scale is considered a suitable basis for estimating how profit or loss and equity would have been affected by changes in market risk that were reasonably possible at the reporting date due to the relatively low volumes traded. If the quoted stock price for VPR increased or decreased by that amount, profit or loss and equity would have changed by \$461,000 (2020: \$461,000).

The investment in VPR is considered a long-term, strategic investment. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to this investment. The investment is continuously monitored and voting rights arising from the equity instrument are utilised in the Group's favour.

### Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables and contract assets.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

|                                    | 2021<br>\$        | 2020<br>\$        |
|------------------------------------|-------------------|-------------------|
| <b>Classes of financial assets</b> |                   |                   |
| Carrying amounts:                  |                   |                   |
| • cash and cash equivalents        | 34,181,508        | 39,798,707        |
| • trade and other receivables      | 57,698,845        | 33,575,545        |
|                                    | <b>91,880,353</b> | <b>73,374,252</b> |

### Credit risk management

The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures.

### Cash and cash equivalents

The Group's cash and cash equivalents are held with major reputable financial institutions.

## 35 Financial risk management (continued)

### Credit risk analysis (continued)

#### Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which the customers operate, has less of an influence on credit risk. Geographically, the concentration of credit risk is within Australia and, by industry, the concentration is within the commercial infrastructure and resources industries.

The Group continuously monitors defaults of customers and other counterparties, identified either by individual or group and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

The Group does not require collateral in respect of trade receivables and contract assets.

To mitigate the impact of any single credit default, the Group maintains a policy of Trade Credit Insurance that provides protection in the event of default.

The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

#### Impairment losses

The ageing of the Group's trade and other receivables at the reporting date was:

|   |      | Gross<br>2021     | Allowance<br>for<br>Impairment<br>2021 | Gross<br>2020     | Allowance<br>for<br>Impairment<br>2020 |
|---|------|-------------------|--|-------------------|--|
|   | Note | \$                | \$                                     | \$                | \$                                     |
| Other receivables – not past due                    | 16   | 3,449,926         | -                                      | 2,468,800         | -                                      |
| Trade receivables:                                  |      |                   |  |                   |  |
| Not past due  |      | 51,039,101        | -                                      | 26,184,909        | -                                      |
| Not more than three months                          |      | 3,510,145         | -                                      | 3,621,684         | -                                      |
| More than three months but not more than six months |      | 777,774           | -                                      | 746,050           | -                                      |
| More than six months but not more than one year     |      | 1,738,465         | -                                      | 283,598           | -                                      |
| More than one year                                  |      | 760,848           | (147,530)                              | 347,953           | (77,449)                               |
|   | 12   | <b>57,826,333</b> | <b>(147,530)</b>                       | <b>31,184,194</b> | <b>(77,449)</b>                        |
|   |      | <b>61,276,259</b> | <b>(147,530)</b>                       | <b>33,652,994</b> | <b>(77,449)</b>                        |

The provision of \$147,530 relates to expected credit losses. Impairment provision related to specific debts that are more than one year overdue relating to a small number of customers. The Group continues to strongly pursue all debts provided for. The majority of un-impaired debtors exceeding one year relate to retention claims that are not due. The debtor aging is relative to the date of the original invoice claim against which the retention is held.

The Group has established an allowance for impairment that represents their expected credit losses in respect of trade receivables and contract assets.

The Group recognises a provision for impairment related to expected credit losses ("ECLs") for trade receivables, and other debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

## 35 Financial risk management (continued)

### Credit risk analysis (continued)

#### Impairment losses (continued)

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group uses a provision matrix to calculate the ECLs. The provision matrix is established based on the Group's historically observed default rates. The Group calibrates the matrix to adjust historical credit loss experience with forward looking factors specific to debtors and the economic environment where appropriate. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed. To date, the Group has not observed or expects to see material decline in its customers' abilities to pay as a result of the Coronavirus pandemic due in part to the nature of those customers, which mainly includes large private sector corporations and government organisations, meaning the risk of default of receivables is low. Accordingly, no additional expected credit loss allowance pertaining to the Coronavirus pandemic have been included.

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

The Group considers a financial asset's potential for default when contractual payments are more than 120 days past due, factoring in other qualitative indicators where appropriate. Exception shall apply to financial assets that relate to entities under common controls or covered by letter of credit or credit insurance. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180 to 360 day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables (see Note 8) significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within three months.



## 35 Financial risk management (continued)

### Liquidity risk analysis (continued)

As at 30 June 2021, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

|                          | Current               |                     | Non-current       |                |
|--------------------------|-----------------------|---------------------|-------------------|----------------|
|                          | Within 6 months<br>\$ | 6 - 12 months<br>\$ | 1 - 5 years<br>\$ | 5+ years<br>\$ |
| <b>30 June 2021</b>      |                       |                     |                   |                |
| Secured borrowings       | 960,000               | 960,000             | 4,920,000         | -              |
| Leases                   | 2,434,166             | 2,371,379           | 7,813,792         | 425,041        |
| Trade and other payables | 63,695,989            | 316,289             | -                 | -              |
| <b>Total</b>             | <b>67,090,155</b>     | <b>3,647,668</b>    | <b>12,733,792</b> | <b>425,041</b> |

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

|                          | Current               |                     | Non-current       |                |
|--------------------------|-----------------------|---------------------|-------------------|----------------|
|                          | Within 6 months<br>\$ | 6 - 12 months<br>\$ | 1 - 5 years<br>\$ | 5+ years<br>\$ |
| <b>30 June 2020</b>      |                       |                     |                   |                |
| Secured borrowings       | 710,119               | 460,000             | 1,840,000         | -              |
| Leases                   | 1,470,165             | 1,844,666           | 2,456,522         | 637,275        |
| Trade and other payables | 25,717,223            | 356,658             | -                 | -              |
| <b>Total</b>             | <b>27,897,507</b>     | <b>2,661,324</b>    | <b>4,296,522</b>  | <b>637,275</b> |

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

## 36 Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** Inputs other than quoted prices included within **Level 1** that are observable for the asset or liability, either directly or indirectly
- **Level 3:** Unobservable inputs for the asset or liability

## 36 Fair value measurement (continued)

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2021 and 30 June 2020:

|                              | Level 1<br>\$    | Level 2<br>\$       | Level 3<br>\$ | Total<br>\$         |
|------------------------------|------------------|---------------------|---------------|---------------------|
| <b>30 June 2021</b>          |                  |                     |               |                     |
| <b>Financial assets</b>      |                  |                     |               |                     |
| Listed securities            | 1,383,000        | -                   | -             | 1,383,000           |
| Other financial assets       | -                | 100,049             | -             | 100,049             |
| <b>Total assets</b>          | <b>1,383,000</b> | <b>100,049</b>      | <b>-</b>      | <b>1,483,049</b>    |
| <b>Financial liabilities</b> |                  |                     |               |                     |
| Bank loans                   | -                | (6,840,000)         | -             | (6,840,000)         |
| Other financial liabilities  | -                | (13,044,377)        | -             | (13,044,377)        |
| <b>Total liabilities</b>     | <b>-</b>         | <b>(19,884,377)</b> | <b>-</b>      | <b>(19,884,377)</b> |
| <b>Net fair value</b>        | <b>1,383,000</b> | <b>(19,784,328)</b> | <b>-</b>      | <b>(18,401,328)</b> |
| <b>30 June 2020</b>          |                  |                     |               |                     |
| <b>Financial assets</b>      |                  |                     |               |                     |
| Listed securities            | 922,000          | -                   | -             | 922,000             |
| <b>Total assets</b>          | <b>922,000</b>   | <b>-</b>            | <b>-</b>      | <b>922,000</b>      |
| <b>Financial liabilities</b> |                  |                     |               |                     |
| Bank loans                   | -                | (3,010,119)         | -             | (3,010,119)         |
| Other financial liabilities  | -                | (6,408,628)         | -             | (6,408,628)         |
| Contingent consideration     | -                | (50,000)            | -             | (50,000)            |
| <b>Total liabilities</b>     | <b>-</b>         | <b>(9,468,747)</b>  | <b>-</b>      | <b>(9,468,747)</b>  |
| <b>Net fair value</b>        | <b>922,000</b>   | <b>(9,468,747)</b>  | <b>-</b>      | <b>(8,546,747)</b>  |

There were no transfers between Level 1 and Level 2 in 2021 or 2020.

### Measurement of fair value of financial instruments

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports to the Audit Committee. Valuation processes and fair value changes are discussed among the Audit Committee and the valuation team at least every year, in line with the Group's reporting dates.

The valuation techniques used for instruments categorised in Levels 2 are described below. There were no instruments categorised as Level 3.

#### Level 2 fair value measurements

##### *Contingent consideration (Level 2)*

The fair value of contingent consideration related to the acquisition of Burton Power (see Note 31) has been determined through analysis of past profitability against management targets, estimated future cash-flows and achievement of targets agreed in the purchase agreement.

The following table provides information about the sensitivity of the fair value measurement to changes in the most significant inputs:

## 36 Fair value measurement (continued)

### Fair value measurement of non-financial assets

The following table shows the levels within the hierarchy of non-financial assets measured at fair value at 30 June 2021 and 30 June 2020:

|   | Level 1<br>\$ | Level 2<br>\$ | Level 3<br>\$ | Total<br>\$ |
|---|---------------|---------------|---------------|-------------|
| <b>30 June 2021</b>   |               |               |               |             |
| <b>Property, plant and equipment:</b>                               |               |               |               |             |
| • Industrial land and buildings acquired under business combination | -             | 181,000       | -             | 181,000     |
|   | Level 1<br>\$ | Level 2<br>\$ | Level 3<br>\$ | Total<br>\$ |
| <b>30 June 2020</b>   |               |               |               |             |
| <b>Property, plant and equipment:</b>                               |               |               |               |             |
| • Industrial land and buildings acquired under business combination | -             | 181,000       | -             | 181,000     |

Fair value of the Group's land assets acquired under business combination through the purchase of KEC Contracting is estimated based on an evaluation of current market price trends and with regards to the initial valuation of the land at the date of acquisition. The fair value is reviewed by the Board of Directors and Audit Committee at each reporting date.

## 37 Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity plus its bank loans and other financial liabilities, less cash and cash equivalents as presented on the face of the statement of financial position.

The Group's goal in capital management is to ensure compliance with the Group's covenants relating to its commercial financing arrangements. These covenants measure the Group's Debt Service Cover, Gross Leverage and Liquidity Ratios, as well as requiring maintenance of a minimum Tangible Net Worth. The Group has met all its covenant obligations, since the commercial loan was taken out.

## 37 Capital management policies and procedures (continued)

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

|   | 2021<br>\$        | 2020<br>\$        |
|---|-------------------|-------------------|
| Total equity                              | 57,710,210        | 42,810,655        |
| Financial liabilities                     | 15,463,682        | 5,346,159         |
| Cash and cash equivalents                 | (34,181,508)      | (39,798,707)      |
| <b>Capital</b>                            | <b>38,992,384</b> | <b>8,358,107</b>  |
| Total equity                              | 57,710,210        | 42,810,655        |
| Borrowings                                | 15,463,682        | 5,346,159         |
| <b>Overall financing</b>                  | <b>73,173,892</b> | <b>48,156,814</b> |
| <b>Capital-to-overall financing ratio</b> | <b>0.53</b>       | <b>0.17</b>       |

The ratio increase during 2021 is primarily a result of additional debt to fund the Groups expansion and to expand its operating capacity.

## 38 Parent entity information

Information relating to GenusPlus Group Ltd (the Parent Entity):

|   | 2021<br>\$         | 2020<br>\$        |
|---|--------------------|-------------------|
| <b>Statement of financial position</b>                            |                    |                   |
| Current assets  | 10,365,487         | 8,262,236         |
| <b>Total assets</b>   | <b>42,407,131</b>  | <b>34,898,999</b> |
| Current liabilities   | 2,608,463          | 5,396,952         |
| <b>Total liabilities</b>  | <b>18,141,008</b>  | <b>9,436,619</b>  |
| <b>Net assets</b>   | <b>24,266,123</b>  | <b>25,462,381</b> |
| Issued capital  | 28,925,754         | 27,732,909        |
| Retained earnings   | (4,659,631)        | (2,270,528)       |
| <b>Total equity</b>   | <b>24,266,123</b>  | <b>25,462,381</b> |
| <b>Statement of profit or loss and other comprehensive income</b> |                    |                   |
| (Loss) for the year   | (2,389,103)        | (665,548)         |
| <b>Total comprehensive income</b>                                 | <b>(2,389,103)</b> | <b>(665,548)</b>  |

The Parent Entity had no capital commitments at year end (2020:\$Nil).

## 39 Events after the reporting date

On 6 August 2021, GenusPlus Group Ltd through its wholly owned subsidiary Diamond Underground Services Pty Ltd finalised the purchase of selected key contracts, intellectual property, IT systems, plant and equipment and employee contracts of Tandem Corp Pty Ltd (Administrators Appointed). This acquisition greatly extends the capability of the Group's communications division, and significantly expands the Group's ongoing relationship with Telstra. For further details refer to the ASX announcement.

On 27 August 2021, the Directors declared a final fully franked dividend of 1.8 cents per share with a record date of 6 October 2021 and a payment date of 28 October 2021. The total dividend payable is an aggregate of \$2,800,619.

### 39 Events after the reporting date (continued)

Other than those mentioned above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### 40 Group details

The registered office and principal place of business of the Group is:

GenusPlus Group Ltd  
Level 1, 63 – 69 Abernethy Road  
Belmont WA 6104

## Directors' Declaration

In accordance with a resolution of the directors of GenusPlus Group Limited, I state that:

1. In the opinion of the directors:

(a) the financial statements and notes of GenusPlus Group Limited for the financial year ended 30 June 2021 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2; and

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

This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

On behalf of the board



David Riches  
Director

Dated the 30<sup>th</sup> day of August 2021

# Independent Auditor's Report

## To the Members of GenusPlus Group Ltd

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of GenusPlus Group Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

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

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

#### Key audit matters

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

## Key audit matter

### Contract revenue recognition Note 6

For the year ended 30 June 2021, the Group recognised revenue from construction contracts and service revenue of \$257,514,742 and \$60,692,762 respectively. Revenue for these contracts is recognised over time with reference to the input method to determine revenue to be recognised.

In accordance with AASB 15 *Revenue from Contracts with Customer*, revenues from goods and services are recognised based on the completion of performance obligations under each contract.

The determination of the appropriate timing of revenue recognition for construction contracts requires estimation of the inputs (costs) remaining in the contract and the expected margins earned on the contracts which requires management judgement.

This area is a key audit matter due to the high level of estimation and management judgement required to determine the revenue recognised from each contract.

## How our audit addressed the key audit matter

Our procedures included, amongst others:

- Understanding and documenting the design of internal controls and their operational effectiveness over revenue recognition process;
- Reviewing a sample of contracts and underlying obligations to consider and evaluate the key inputs required to determine revenue recognition;
- Reviewing management assumptions in determining the stage of completion, total contract price and costs and estimated costs to complete to supporting documentation
- Recalculating the stage of completion based on costs to date proportionate to forecasted costs or milestones, including testing a sample of progress billings and contract costs to ensure the allocation to revenue, contract assets and liabilities was appropriate and consistent to the requirements of AASB 15;
- Assessing estimated costs to complete by discussing with project managers and challenged the key assumptions connected to the stage of completion method including potential disputes and claims relating to variations to the original contract terms and agreeing to underlying support; and
- Assessing the adequacy of Group's presentation and disclosures in the financial statements.

### Business combination – Connect Infrastructure Pty Ltd Notes 32

During the period, the Group acquired all the shares of Connect Infrastructure Pty Ltd ("Connect"). The acquisitions were treated as business combinations as defined by AASB 3 *Business combinations* and accounted for on a provisional basis.

In performing the purchase price allocations for the acquisitions, the Group identified and estimated the fair value of all assets acquired and liabilities assumed.

The purchase price allocation has resulted in Goodwill of \$3,891,774.

This area is a key audit matter due to the management estimates and judgments applied in identifying separately identifiable intangible assets and in determining the fair value of any separately identifiable intangible assets and earn out liabilities.

Our procedures for the contracting services revenue stream included, amongst others:

- Obtaining and reviewing the terms and conditions contained in the Sales and Purchase agreements;
- Obtaining the acquisition trial balance and performing opening balance audit procedures to evaluate the completeness and accuracy of assets acquired and liabilities assumed;
- Ensuring the total cost of the combinations included all elements of consideration paid and payable with reference to signed purchase agreements;
- Tracing cash consideration paid to bank statements;
- Evaluating management's purchase price allocation documentation and challenging their assessment of separately identifiable intangible assets;
- Recalculating Goodwill balances reported by deducting the fair value of identifiable net assets acquired by the total costs of the combinations; and
- Ensuring the appropriateness of related financial statement disclosures.



## Goodwill Note 19

The Group has recorded goodwill totalling \$5,505,688 at 30 June 2021 across four Cash Generating Units (CGU). Goodwill is required to be assessed for impairment annually by management as prescribed in AASB 136 *Impairment of Assets*.

Management test each CGU for impairment by comparing their carrying amounts against their recoverable amounts determined by either, the greater of its fair value less costs to sell and its value in use.

This area is a key audit matter due to the significant balance carried by the Group that management have assess using estimates and judgement. The Group uses the discounted cash flow model (value in use) to determine the recoverable value, in doing so, consider the following key inputs;

- forecasted budgeted financial performance;
- estimated growth rates;
- working capital adjustments;
- estimated capital expenditure;
- discount rate; and
- terminal value.

This area is a key audit matter due to the level of estimation and judgements involved.

Our procedures included, amongst others:

- Understanding and documenting management's process and controls related to the assessment of impairment, including management's identification of CGUs and the calculation of the recoverable amount for each CGU;
- Evaluating the value in use models against the requirements of AASB 136, including consultation with our auditor's valuation expert;
- Challenging the appropriateness of management's revenue and cost forecasts by comparing the forecasted cash flows to actual growth rates achieved historically;
- Reviewing management's value in use calculations to:
  - Test the mathematical accuracy of the calculations;
  - Evaluate the forecast cash inflows and outflows to be derived by the CGUs assets for reasonableness;
  - Compare estimates and judgements for growth rates to available market and industry data;
  - Assess the discount rates applied to forecast future cash flows for reasonableness with assistance from internal valuation specialists.
- Performing sensitivity analysis on the significant inputs and assumptions made by management in preparing its calculation; and
- Assessing the adequacy of financial report disclosures.

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

## Responsibilities of the Directors for the financial report

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

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

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

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

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

### Report on the remuneration report

#### Opinion on the remuneration report

We have audited the Remuneration Report included in pages 6 to 13 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of GenusPlus Group Ltd, for the year ended 30 June 2021 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.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



L A Stella  
Partner – Audit & Assurance

Perth, 30 August 2021

## ASX Additional Information as at 25 August 2021

### Distribution of equity security holders

| Category         | Ordinary Shares    |
|------------------|--------------------|
| 1 – 1,000        | 51,091             |
| 1,001 – 5,000    | 390,729            |
| 5,001 – 10,000   | 846,187            |
| 10,001 – 100,000 | 6,614,827          |
| 100,001 and over | 147,687,130        |
| <b>Total</b>     | <b>155,589,964</b> |

### Twenty largest shareholders

|   | Number of ordinary shares held | Percentage of capital held |
|---|--------------------------------|----------------------------|
| David William Riches  | 78,922,947                     | 50.72%                     |
| Matthew Steven Riches & David William Riches Dave Riches & Matt Riches Unit | 12,800,000                     | 8.23%                      |
| Mr Neil Douglas Rae & Mrs Melanie Michelle Rae <Rae Family A/C>             | 7,154,064                      | 4.60%                      |
| Carjay Investments Pty Ltd  | 5,134,689                      | 3.30%                      |
| National Nominees Limited   | 4,750,824                      | 3.05%                      |
| Arrochar Pty Ltd  | 3,400,000                      | 2.19%                      |
| Neil Rae & Melaine Rae & Simeon Rae & Dominique Rae Rae Family Super Fund   | 2,392,344                      | 1.54%                      |
| Mr Kemper Shaw  | 2,148,684                      | 1.38%                      |
| William Taylor Nominees Pty Ltd   | 2,148,684                      | 1.38%                      |
| CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>                 | 1,994,498                      | 1.28%                      |
| BNP Paribas Nominees Pty Ltd <Agency Lending Drp A/C>                       | 1,947,526                      | 1.25%                      |
| Patrick Lloyd Pty Ltd Patrick Lloyd   | 1,600,000                      | 1.03%                      |
| George Lloyd Pty Ltd George Lloyd   | 1,600,000                      | 1.03%                      |
| Cedarfield Holdings Pty Ltd <Cedarfield A/C>                                | 1,600,000                      | 1.03%                      |
| Mr Kenneth Joseph Hall <Hall Park A/C>                                      | 1,550,000                      | 1.00%                      |
| J P Morgan Nominees Australia Pty Limited                                   | 1,311,704                      | 0.84%                      |
| Mr William James Beament <The Beament Family A/C>                           | 1,196,172                      | 0.77%                      |
| Sandini Pty Ltd <Karratha Rigging Unit A/C>                                 | 1,000,000                      | 0.64%                      |
| Botsis Holdings Pty Ltd   | 920,000                        | 0.59%                      |
| HSBC Custody Nominees (Australia) Limited                                   | 764,303                        | 0.49%                      |
|   | <b>134,336,439</b>             | <b>86.34%</b>              |

### Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

|  | Number     |
|--|------------|
| David William Riches & Matthew Steven Riches & David William Riches Dave Riches & Matt Riches Unit | 91,722,947 |

# Corporate Directory

## Directors

Simon High  
Chairman  
Independent Non-Executive Director

David Riches  
CEO and Managing Director

José Martins  
Independent Non-Executive Director

Paul Gavazzi  
Independent Non-Executive Director

## Company Secretary

Damian Wright

## Auditors

Grant Thornton  
Central Park  
Level 43, 152-158 St Georges Terrace  
Perth WA 6000

## Share Registry

Link Market Services Ltd  
Level 12, QV1 Building  
250 St Georges Terrace  
Perth WA 6000  
T: +61 8 9211 6670

## Registered Office

GenusPlus Group Ltd  
Level 1, 63 – 69 Abernethy Road  
Belmont WA 6104

**ASX Code: GNP**