



Australia's future in bioenergy and renewables

Annual Report 2022

Delorean Corporation Limited

ACN 638 111 127





Vision Statement

To be recognised as Australia and New Zealand’s leading emerging renewable energy generator and retailer, led by its fast-growing bioenergy infrastructure footprint.

Mission Statement

To build, own and operate the largest portfolio of commercially successful renewable energy infrastructure in Australia and New Zealand, measured by value of developed assets and quantity of renewable electricity, heat and gas produced.



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Corporate Directory

Directors

Mr Hamish Jolly
Mr Joseph Oliver
Mr David McArthur
Mr Steve Gostlow

Company Secretary

Mr David McArthur

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Level 2, 267 St Georges Terrace
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ASX Code

Shares: DEL

Legal Form of Entity

Public Company

Country of Incorporation and Domicile

Australia



Blue Lake Milling Project

FY2022 at a Glance

- Group Revenue up 41% on FY2022 to \$39.3m, with reported Group underlying EBITDA of (\$1.7m)
- Energy Retail Division 48% growth in revenue on underlying EBITDA of \$1.2m
- Construction project challenges through longer tail of COVID and global economic environment.
- Blue Lake Milling project achieved practical completion on 29th September 2022 with nameplate generation capacity over 23MW per day
- Planum Partners mandated to arrange \$200M project pipeline finance, with initial project finance package now in the advanced stages of completion.
- Delorean awarded \$45M Yarra Valley Water waste to energy project
- Landmark collaboration with Brickworks Building Products (Market cap \$2.86B) signed, with first project reaching Development stage.
- Delorean's SA1 project pre-approved for inclusion in pilot for Australia's first renewable natural gas certification scheme
- Landmark collaboration with Australian Gas Networks (part of AGIG) signed
- Delorean awarded Gas Retail Licence for Victoria
- Delorean named as Top 5 Leader in Australian Financial Review Sustainability Awards 2022 (Resources, Energy and Utilities category)



Chairman's Address



Delorean Corporation's (**Delorean**) first full financial year as an ASX-listed company saw mixed results across the Company's business units in the backdrop of a very complex and difficult global business environment, punctuated by the achievement of some major milestones and successes for which the Company remains very proud.

ENERGY RETAIL DIVISION

Delorean's Energy Retail division delivered further growth with an uplift in revenue of FY22 35.4M (FY21 22.8M) and underlying EBITDA of \$1.2m. In recognition of expected volatility in the National Energy Market, Delorean confined its retail operations to the Wholesale Energy Market in Western Australia where energy price increases were modest, and where

Delorean was able to reset its retail pricing to WA customers to preserve retail margins. Energy Retail also made some sound strategic decisions in management of its Large Scale Generation certificate portfolio, which delivered \$718k in earnings for the year and which will carry value into FY23.

ENGINEERING DIVISION

At the start of the financial year, Delorean's Engineering Division had two third party construction contracts on foot, with the \$10.1M Ecogas bioenergy project in New Zealand just starting and the \$7.8M Blue Lake Milling (BLM) bioenergy project in South Australia in advanced stages of construction. Both projects were impacted by the longer tail of COVID restricting project site access and subcontractor availability, as well as unexpected increases in global shipping and material costs and the abnormal levels of inflation experienced by all sectors. These events have caused project delays and significant escalations in cost of project delivery. Losses on these projects have adversely affected the Company's results for the year. Delorean has persevered despite these difficulties. The BLM project achieved first gas in June 2021 and has produced 2200MWh of electricity for BLM to date with practical completion achieved on 29 September 2022.

After negotiating a project variation, the Ecogas bioenergy project is scheduled for completion in November 2022, enabling Ecogas to start accepting food waste from Auckland City Council from April 2023 for the generation of 15,400 MWh green electricity per annum and 170TJ green biomethane per annum. Delorean retains good relations with these project owners, both of whom would attest to Delorean's preparedness to underwrite its engineering construction projects to ensure a successful project outcome.

In April 2022, Delorean's Engineering Division signed contracts with Victoria's third largest water utility to build Yarra Valley Water's \$45M bioenergy plant in Lilydale, coupled with an Operations and Maintenance contract worth \$8.4M over two years. This project is significant for two reasons. It will be the largest anaerobic digestion project in Australia and is Yarra Valley Water's second bioenergy project after the successful operation of its first facility in Wollert since 2017. Yarra Valley Water's commitment to a second larger bioenergy plant is a strong signal for the commercial viability of anaerobic digestion technology in Australia for the diversion of organics from landfill, and the generation of renewable electricity, heat and production of renewable gas.

Importantly, the Yarra Valley Water construction contract was entered into post-COVID and informed by Delorean's experience on the Ecogas and BLM project and the current complex global logistics and materials markets. It is reflective of the current and expected costs of shipping, materials and labour, and includes escalations and contingencies to protect contract margins. Delorean has completed Initial Phase Works with detailed design continuing and Notice to Proceed to construction expected in Q3 of FY23.



INFRASTRUCTURE DIVISION

Since listing in April 2021, the main focus of Delorean has been the development of its own portfolio of bioenergy infrastructure assets, with the objective of diversifying and growing the Company's income streams with the inclusion of predictable free cashflows from infrastructure ownership and operation.

Following a structured process led by energy project finance specialist Planum Partners, Delorean is in the advanced stages of completion of that process with announcements expected in the first quarter of FY23.

In FY22, siteworks commenced on the 90% owned VIC1 project in Stanhope Victoria, while Delorean recovered 100% ownership of the SA1 project (including land and all project assets) and prepared it for Financial Investment Decision (FID), subject to project finance. The SA1 project has received approval by Greenpower (Australia's national renewable energy certifier) for inclusion in a pilot for its renewable natural gas certification scheme, joining Sydney Water and Jemena's biomethane project as the other facility in that scheme.

Meantime, in October 2021, Delorean announced its partnership with national brick and tile manufacturer Brickworks for the development, construction and operation of bioenergy plants co-located with Brickworks' main manufacturing operations, starting with a project in NSW. In July 22, this collaboration moved into the Development phase with project development to be completed over the next 12 months towards a FID in that timeframe.

As a microcap, Delorean's engagement with companies at the scale of Brickworks and Yarra Valley Water is a demonstration of the company's capability, capacity and recognition as a credible emerging player in Australia's renewable energy sector.

ENVIRONMENT, SOCIAL AND GOVERNANCE

From its early beginnings, Delorean was founded on key Environment, Social and Governance (ESG) principles. Pioneering Australia's diversion of organics from landfill, and delivering renewable gas, electricity and heat means that Delorean directly delivers on climate action and the clean energy transition. ***Delorean's business is, at its core, truly green.***

In recognition of this, in July 2022 Delorean was named as a top 5 finalist in the Australian Financial Review's inaugural Sustainability Awards 2022, in the Resources, Energy and Utilities category.

Listing on the ASX in 2021, and now with a pipeline of bioenergy infrastructure projects in development and under construction, we want to go further. We want to embrace ESG more widely as a driver of performance and a guideline for our values.

The Company has now developed an ESG strategy articulating our impact framework, prioritising our sustainability goals and focus areas and explaining how we are going to achieve our ESG aspirations, and how we plan to measure our progress.

This includes formal alignment to the Task Force on Climate Related Financial Disclosures (TCFD) and in July 2022 Delorean became a signatory to the UN Global Compact.

With the adoption of Delorean's first ESG strategy in 2022, we fully embrace recognised ESG principals on our journey to Shaping a Cleaner Future.



CONCLUSION

While it has been a difficult 12 months for Delorean's construction projects, I am very proud that the Company has demonstrated the strength, fortitude and commitment to weather this complex economic and social environment and come out set for significant growth in the coming financial year. We have insulated our energy retail business from national energy market price volatility, and we have reset our position for current and forward construction contracts to protect margins. We are well advanced in securing project finance for our infrastructure pipeline, and we are being recognised as one of Australia's leaders in recycling of organics and sustainable delivery of renewable energy.

Delorean Corporation continues to 'kick with the big kids' in Australia's industrial, utility and energy landscape and, with the formalisation of our ESG strategy and credentials, we expect to increasingly attract interest and support from the impact investment community, paving the way for Delorean to become a major renewable energy player in Australia.

On behalf of Executive Director Joe Oliver and the Delorean Board, I would like to thank our team at Delorean and all shareholders who have invested in the company, sharing our vision for bioenergy as a significant force in the Australian Energy landscape.

Yours sincerely,

Hamish Jolly
Executive Chair



Directors' Report

The Directors' present their report together with the financial statements of Delorean Corporation Limited ("Delorean" or "the Company" or "DEL") and its subsidiaries ("the Consolidated Entity") for the financial year ended 30 June 2022 and the auditor's report thereon.

Our Board

Delorean's Board comprises a balance of strong and committed executive leadership through its co-founders, Executive Chair Hamish Jolly and Managing Director Joe Oliver, matched with Steve Gostlow's deep experience and company growth track record in the Australian waste sector with Tox Free Solutions Ltd, and David McArthur's decades of experience in the complexities of ASX-listed businesses. The Board functions well with the Non-Executive Directors providing guidance on finance, performance management and M&A strategy. Together, the Directors hold 42.19% of DEL's issued capital and are motivated to guide the Company to meet its growth and profitability targets and realise the Company's vision.

Strong Leadership



Hamish Jolly
Executive Chair & Co-Founder

Hamish is a seasoned executive and holds a Bachelor of Business (Business Law and Accounting) and is a Member of the Institute of Chartered Accountants in Australia and New Zealand. He is a former Director of Strategy and Ventures at Bankwest, and former CEO of Greening Australia, one of Australia's largest environmental NGO's.



Joe Oliver
Managing Director & Co-Founder

Joe has 15 years' experience in engineering, power generation and renewable energy across both Australasia and Europe. Prior to Delorean, Joe worked for Edina Ltd, specialising in power generation. Joe has been involved in developing the UK Anaerobic Digestion sector delivering over 10 facilities nationwide through both Farmgen Ltd and Monsal Ltd.



Steve Gostlow
Non-Executive Director

Steve has over 20 years' experience in the waste management industry. He was Managing Director of Tox Free Solutions Ltd (Toxfree) for 16 years where he developed Toxfree into one of Australia's largest waste management companies. Steve has formal governance qualifications as a Graduate of the Australian Institute of Company Directors.



David McArthur
Non-Executive Director & Company Secretary

David is a Chartered Accountant, with over 30 years' experience. David has sat on the board and been company secretary for a number of listed companies including Lodestar Minerals Ltd (ASX: LSR), Xstate Resources Ltd (ASX:XST) as well as Harvest Technology Ltd (ASX:HTC). Additionally, he was also chair of Audit and Risk Management Committee for all three.



Directors' Report (continued)

Operating and Financial Review

Principal Activities

Delorean is a leading builder and developer of bioenergy infrastructure and a retailer of electricity throughout Australia. The principal activities of the Consolidated Entity during the financial year were:

- Renewable energy asset investment
- Development
- Construction
- Tank and infrastructure fabrication
- Energy retail, focused on renewable energy

Overview

During the 2022 Financial Year Delorean has continued to advance the Company's mission through the achievement of several key milestones, in spite of challenges associated with the tail of COVID19 restricting project site access and subcontractor availability, as well as unexpected increases in global shipping and materials costs, and abnormal levels of inflation experienced by all sectors. These milestones have set the stage for the Company to move onto the next important stage of development and growth.

With a pipeline of projects in early-stage engagement, feasibility, development and construction, and funding in advanced stages for the immediate priority South Australian and Victorian projects, the Company is entering into an active period of progress.

FY2022 has seen Delorean collaborate with recognised industry leaders, solidifying the Company's position as one of Australia's bioenergy pioneers. These included Memorandums of Understanding (MOUs) with Australian Gas Infrastructure Group, one of Australia's largest energy infrastructure businesses, and Brickworks Building Products (Market Cap \$2.86B). The MOU with Brickworks has now formally progressed from the Concept Stage to the Development Stage.

Delorean was also awarded the \$45 million contract to build Yarra Valley Water's second waste to energy project. Yarra Valley Water is the largest of three Victorian Government owned retail water corporations.

Existing projects for Ecogas and Blue Lake Milling (BLM) have also progressed to near completion. At Ecogas, the first anaerobic digester has been completed and passed the hydro test, leading to seed being brought to site to initiate commissioning of the plant.

The BLM plant is operational and exporting power and to date the facility has produced 220MWh of green electricity. The site is also producing biofertilizer, with potential markets for this high demand product being investigated. This world first bioenergy plant is demonstrating significantly higher gas yields than widely accepted knowledge, and at shorter treatment times. The system is also showing promise for conversion to other cellulose wastes. These are highly exciting developments that validate Delorean's innovation and leadership in the bioenergy sector in Australia.

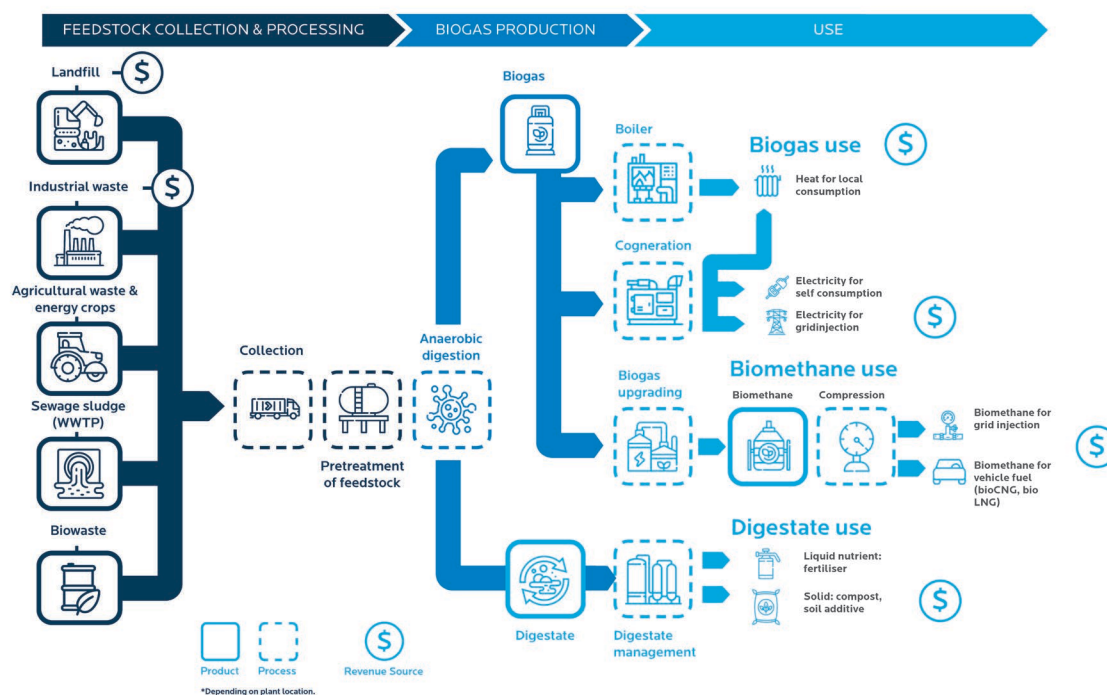
Although there have been challenges brought about by the broader global financial environment, Delorean is pleased to have achieved continued progress with these significant milestones.



Directors' Report (continued)

Operating and Financial Review (continued)

Bioenergy Utilising Anaerobic Digestion



Organics Market Across Australia

The organic waste market across Australia is significant, providing a large stream of supply in every State and Territory for Delorean's Anaerobic Digestion (AD) plants. Coupled with a highly supportive regulatory environment, accessible supply is assured in the both the immediate and long term. In addition, escalating landfill levies across the nation will further increase Delorean's return from gate fees, leading to increases in revenue.

Organics Market Across Australia

Driven by 2019 National Waste Policy to:
"Halve the amount of Organic Waste sent to landfill by 2030"

Commercial and Industrial Waste
Australia produces approximately **12.5M tonnes** of Organic Waste (excluding agriculture and fishery) every year.

Agricultural Waste
The National Waste Database highlights an additional **28M tonnes / annum** of organic waste is produced by the **Agriculture and Fisheries industries** nationally that is suitable for Bioenergy

< 40M tonnes/annum (C&I and Agricultural Waste)

Source: 2018/19 data taken from the National Waste Database 2020 developed by the Australian Government's Department of Agriculture, Water and the Environment



Directors' Report (continued)

Operating and Financial Review (continued)

Vertically Integrated Renewable Energy Business

Delorean is a vertically integrated business operating in the organic waste management sector and the renewable energy sector (in particularly renewable gas). Both sectors have strong macro drivers for growth and are rapidly developing.

Within this structure, Delorean has the inhouse capability to deliver bioenergy projects across the full lifecycle, from project conception to commissioning and operation; processing organic waste and generating and monetising renewable electricity, heat and gas.



Engineering Division

EPC⁽¹⁾ and O&M⁽²⁾ contractor that builds bioenergy facilities.

(1) EPC: Engineering, procurement and construction
(2) O&M: Operation and maintenance

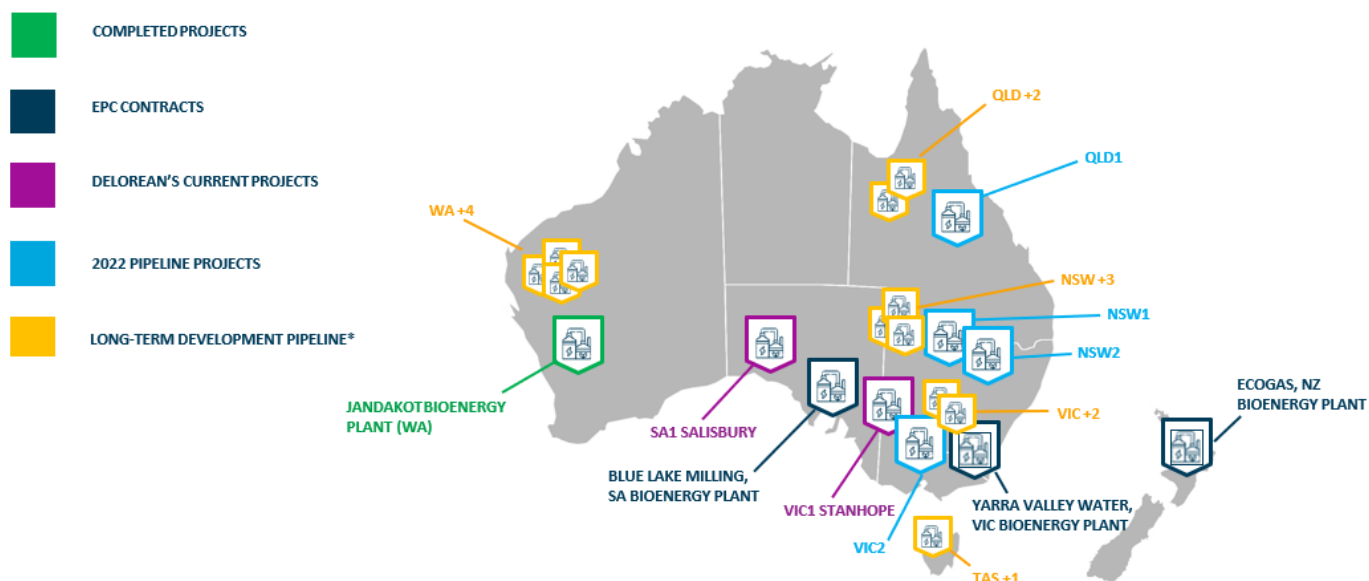
Infrastructure Division

Infrastructure development and management of Delorean Corporation owned and operated bioenergy plants.

Energy Retail Division

Established energy retailer with licenses to operate in the national market.

EPC Projects progressing with DEL-owned Project Development and Build Pipeline



**Indicative per State not geographically identified*



Directors' Report (continued)

Operating and Financial Review (continued)

Delorean Engineering Division

	FY22	1HY22	FY21	Change*
	\$	\$	\$	%
Revenue	3,563,459	1,463,663	5,049,913	-29.4%
Underlying EBIDTA	(2,225,770)	(378,210)	1,827,105	-221.8%

- Incurred a net loss on Ecogas (NZ) and Blue Lake Milling (SA) projects from impacts of COVID, global materials and shipping cost uplift and access to site.
- Contracted for construction of Yarra Valley Water \$45M++. Contract executed with key commercial terms to manage future escalations. Initial phase works completed profitably.

*%Change in FY21 and FY22

Ecogas, NZ Bioenergy Plant

Project Background

Location: Reparoa, New Zealand - \$10.1M contract value

Delorean Corporation's Engineering Division is contracted for the design, turnkey build and commissioning of this bioenergy project in Reparoa, New Zealand. The completed project for Ecogas/Pioneer will take food organics from Auckland City Council collections and utilise the process of AD to create clean energy that will supply a major local greenhouse operation. The project commenced construction in Q1 2021.

Project Update

The first anaerobic digester has been completed and passed the externally assessed hydro test. Hydrotesting is shortly due to occur on the hydrolysis/inlet tank. The biofilters have been installed, construction is underway on the other tanks and piping is now being installed. Although COVID has caused further impacts to staffing and shipping, work has continued to move forward. The project is scheduled for completion in November 2022.



Image 1: Ecogas tanks



Directors' Report (continued)

Operating and Financial Review (continued)

Delorean Engineering Division (continued)

Blue Lake Milling, SA Bioenergy Plant

Project Background

Location: Bordertown, South Australia - \$7.8M contract value

Delorean Corporation's Engineering Division is contracted for the design, turnkey EPC, commissioning, and operation of this world-first grain milling operation bioenergy plant. The plant will supply renewable electricity, heat and biofertiliser from ground out milled feed.

Project Update

The AD facility for Blue Lake Milling is now operational and exporting power. To date the facility has produced 2200MWh of green electricity. The site is also producing biofertiliser, with potential markets for this high demand product being investigated.

Technical expert Dr Ralf Cordruwisch* was engaged by Delorean to formally assess the project and has provided the following analysis: *"The fundamental performance of this bioenergy plant has substantially exceeded widely accepted knowledge on bio-methanation of oat husks and similar cellulosic agricultural wastes. It is demonstrating significantly higher gas yields than expected from published results, and at shorter treatment times than existing processes. The system also shows promise to convert to other cellulose wastes such as wheat straw, rice straw, corn waste and so on."*

Practical completion was achieved on this project on 29 September 2022.

**Dr. Ralf Cordruwisch is a Water and Bio-processing Scientist and Consultant, the Director of Biofilmtech Pty Ltd, and a broadly published scholar in microbiology and environmental engineering*



Image 2: Blue Lake Milling bioenergy facility



Directors' Report (continued)

Operating and Financial Review (continued)

Delorean Engineering Division (continued)

Yarra Valley Water, VIC Bioenergy Plant

Project Background

Location: Lilydale, Victoria - \$45M contract value

Delorean Corporation's Engineering Division has been awarded the contract for the design, construction, operation, and maintenance of Yarra Valley Water's second food waste to energy plant at Lilydale, Victoria. This new facility will be one of the largest food waste to energy facilities of its kind in Victoria.

The contract was awarded to Delorean based on a competitive tender, with a total design and construction contract sum of \$45M. Additionally, the contract includes a two-year agreement for operations and maintenance (and an option for digestate management) by Delorean with a value of \$8.4M.

Project Update

Work has commenced with the client on pre-construction development and planning. Subject to completion of planning, regulatory and Ministerial approvals the project will proceed, with full construction expected to begin on site in Q1 2023.

Further updates will be shared as the project progresses.



Image 3: Yarra Valley Water Bioenergy Plant Render



Directors' Report (continued)

Operating and Financial Review (continued)

Delorean Infrastructure Division

	FY22	1HY22	FY21	Change*
	\$	\$	\$	%
Revenue	365,022	101,654	50,000	630%
Underlying EBIDTA	205,687	20,380	(255,076)	180.6%

- Invested in project pipeline progressing SA1, VIC1 and QLD1 and other projects across Australia
- Invested in the project delivery and operations team across engineering, infrastructure and corporate,
- Infrastructure projects on foot to close out aligning to institutional investment key objectives to align to FID requirements for direct investment

*%Change in FY21 and FY22

Project Finance

Following a structured process led by energy project finance specialist Planum Partners, Delorean is in the advanced stages of completion of that process with announcements expected in the first quarter of FY23.



Directors' Report (continued)

Operating and Financial Review (continued)

Delorean Infrastructure Division (continued)

VIC1 Stanhope Bioenergy Plant

Project Background

Location: Stanhope, Victoria

In stage one, this facility will process 54,000TPA of organic waste. It will generate 15,400 MWh per annum of green electricity and contribute to emissions reduction of 69,400tCO₂e/annum. ***This is equivalent to powering 3,850 homes with green energy every year.***

Project Update

During Q4 2021, final Council approval was granted for this project. Delorean's Infrastructure Division has since progressed geotechnical and site accommodation upgrade work and long lead items have been ordered. Final design work is now being completed.

Final Investment Decision (**FID**) for this project is anticipated during Q4 2022 in accordance with project financing under the Planum Partners project finance mandate.



Image 4: VIC1 Stanhope Bioenergy Plant Render



Directors' Report (continued)

Operating and Financial Review (continued)

Delorean Infrastructure Division (continued)

SA1 Salisbury Bioenergy Plant

Project Background

Location: Salisbury, South Australia

This project will be one of Australia's first to create green gas to mains utilising organic waste.

In Stage 1 it will process 70,000TPA of organic waste, generating 200 TJs of biomethane per annum. This will contribute to 92,200 tonnes/annum emissions reduction, ***the equivalent of powering 5,120 homes with green energy per year.***

Project Update

Delorean's Infrastructure Division commenced site mobilisation in September 2021 with preparation and groundwork. FID for this project is anticipated during Q4 2022 in accordance with project financing under the Planum Partners project finance mandate.

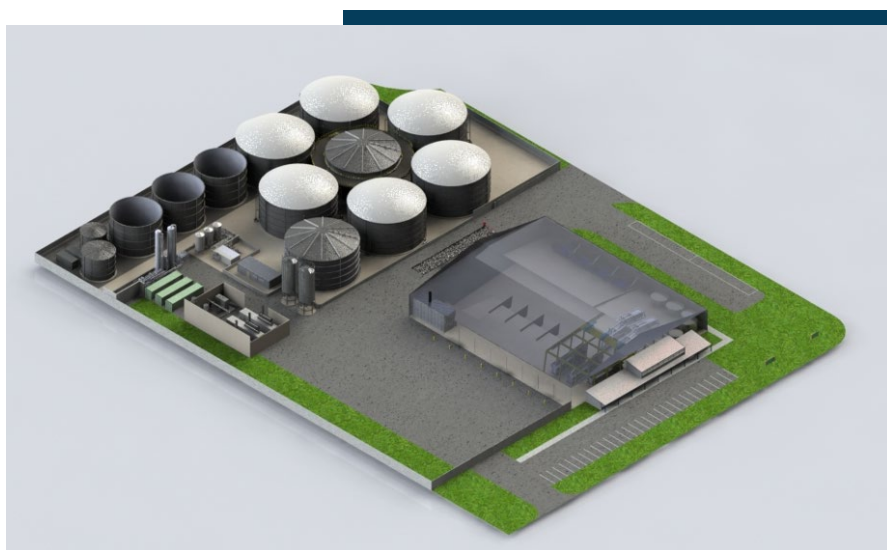


Image 5: SA1 Salisbury Bioenergy Plant Render



Directors' Report (continued)

Operating and Financial Review (continued)

Delorean Infrastructure Division (continued)

Brickworks

Project Background

Brickworks Building Products (ASX: BKW) and Delorean have signed a landmark collaboration agreement to build and operate bioenergy facilities that will be co-located at Brickworks' brick manufacturing sites. The facilities will convert organic waste to green gas and electricity for use in Brickworks' operations.

The collaboration has commenced with Brickworks' NSW brick manufacturing sites, and if successful there is the potential for the model to be rolled out on a national basis.

Project Update

Brickworks and Delorean have now completed the Concept Stage of their Master Services Agreement (**MSA**) and formally progressed to the Development Stage. The MSA is derived from the Memorandum of Understanding (**MOU**) between the two companies.

The Concept Stage included project development services relating to facility designs, desktop environmental and planning assessments, feedstock discussions and commercial feasibility assessments for NSW sites.

The companies are currently executing the Development Stage of the collaboration. This stage includes Brickworks retaining Delorean to undertake the feasibility study for the initial NSW plant(s).

The feasibility study will address the key prerequisites for developing a model for commercially viable and sustainably driven bioenergy facilities. The results of this study will inform the next stage of FID.



Image 6: NSW1 Bioenergy Plant Render



Directors' Report (continued)

Operating and Financial Review (continued)

Delorean Infrastructure Division (continued)

QLD1 Bioenergy Plant

Project Background

At full capacity, this site will process approximately 130,000T per annum of organic waste with the primary energy output being either biomethane or green electricity. The facility is likely to be developed with a staged approach, with Stage 1 seeing 70,000 tonnes per annum of waste accepted. ***This is equivalent to powering 9,000 homes with green energy every year (based on full capacity).***

Project Update

Discussions are underway with AGIG for mains gas pipeline connection as outlined under the scope of the DEL-AGIG MOU. Approvals are due to be submitted within the coming months. FID is expected in late 2022, with the site anticipated to become operational early 2024.

Energy Retail FY 2022 Report

	FY22	1HY22	FY21	Change*
	\$	\$		%
Revenue	35,398,813	16,136,698	22,827,642	55%
Underlying EBIDTA	1,222,692	571,238	825,177	48.2%

- Returned a profit from operations retailing energy and managing forward contracts for LGC's

*%Change in FY21 and FY22

Overview

The full year performance by Delorean's Energy Retail Division has been solid.

Energy Retail's operations are confined to the West Australian Electricity Market (WEM) with only one 'pilot' customer in the National Energy Market (NEM). While the NEM experienced significant electricity price increases, Energy Retail was not exposed. In the more structurally stable WEM, while energy prices increased DER was able to reset pricing with customers and protect forward margins.



Although challenges were posed by COVID19, and these increased commodity costs through the bumpy renewable energy transition, Energy Retail has been able to achieve an underlying profit. This division also made several advantageous decisions regarding management of its Large Scale Generation certificate portfolio and commitments resulting in shareholder value and earnings.



Directors' Report (continued)

Operating and Financial Review (continued)

Energy Retail (continued)

Review of FY2022

The first half of FY22 saw Energy Retail adopt a highly strategic approach to growth utilising targeted sales activity. This delivered impressive growth of 30% to annualised contracted volumes. During this time, Energy Retail was also building up a platform for market entry to the NEM. The Division was successful in being awarded retail licences and had begun to engage market participants and prospective customers. The environment changed significantly in Q3 2022 when the national market became highly volatile, and electricity prices soared. This led to a considered decision to review the Division's schedule for market entry.

With NEM market volatility in evidence this Division is further assessing when the most opportune time to enter the market might be. Energy Retail remains ready to support the pipeline of Delorean bioenergy projects and to ensure delivery on the vertically integrated model as the projects roll out across the NEM.

The WEM also faced challenges of price increases and volatility. However due to a different market structure, a domestic gas policy, and other mitigating factors, Energy Retail has been able to execute a range of trading decisions and contractual management that has produced a positive outcome in this market. Energy Retail has been able to achieve an underlying EBITDA of [\$1.2m] on [\$35.4m] revenue, with customer accounts at over 400 for the first time in our history.

Energy Retail has elected to again strategically shortfall the Large Gas Certificate (LGC) position from CAL21, which effectively means we have provided the Clean Energy Regulator a fine of \$1.9M and this has flowed through to our statutory EBIT. Energy Retail will review whether to clear this position within FY23, and take up the benefit in next years' statutory financials.



Directors' Report (continued)

Operating and Financial Review (continued)

ESG Strategy

Delorean is proud to be advancing our commitment to sustainability and ESG principles through the formal development of an ESG Strategy.

From its early beginnings Delorean was founded on key Environment, Social and Governance (ESG) principles. Pioneering Australia's diversion of organics from landfill and delivering renewable gas, electricity and heat means that Delorean directly delivers on climate action and the clean energy transition.

Delorean has commenced the process of aligning with the Task Force on Climate Related Financial Disclosure (TCFD), scoring highly on United Nations Sustainability Development Goals of Affordable and Clean Energy, Climate Action, Sustainable Cities and Communities and Responsible Consumption and Production.



Sustainable Platform, a leading independent Sustainable Development Goals (SDG) and ESG data provider, has also ranked Delorean in the Top 1% of companies across the world on Environmental and Top 2% of companies across the world on Sustainable Technology.

In early July 2022, Delorean was extremely proud to have been named by the Australian Financial Review as one of Australasia's Top 5 Sustainability Leaders. This external recognition of the company's environmental and sustainability achievements has provided significant credibility for Delorean as a green investment proposition.

Our complete ESG Strategy further articulates our impact framework and key focus areas. The strategy defines Delorean's clear commitment to tangible deliverables and ongoing reporting metrics that objectively measure our continued progress on ESG principles.



Directors' Report (continued)

Operating and financial review (continued)

Planned Activity in 2023

The second half of 2022 will see completion and client handover of two significant projects for Delorean's Engineering Division. These include the world first bioenergy plant for Blue Lake Milling in South Australia, and the Ecogas Project in New Zealand.

Progress will also continue with the Brickworks/Delorean collaboration. The Concept Stage is complete, and the companies are now in the Development Stage of the project under the MOU. Once this stage is finalised, the companies can move towards FID.

Significant progress is anticipated with the Company's agreement with Planum Partners, now reaching the closing stages of execution. The focus of this mandate has been to secure project finance for the priority projects of VIC1 and SA1. This funding will enable the Company to confidently progress its vision of developing its own bioenergy infrastructure pipeline.

Energy Retail will continue to execute its strategy of focusing on risk management for the upcoming period.

The company is driven to providing economic and viable energy solutions that also address the waste crisis, ensuring Delorean will maintain its commitment to the fundamental ESG principles that inspired the inception of the business. Over the next year, Delorean is committed to aligning with globally recognised standards for ESG reporting.

Soaring energy prices are increasing the urgency of the shift towards renewable energy alternatives. Improved Governmental support has also created a highly favourable environment for renewable energy projects. As a result, bioenergy is predicted to play an increasing role in Australia's energy mix.

Delorean is ideally positioned to capitalise on these favourable conditions. They provide additional drive for the Company to continue its leadership in developing the Australasian bioenergy market during the upcoming financial year.



Directors' Report (continued)

Operating and Financial Review (continued)

Information on directors

Name and independence status	Experience, qualifications, special responsibilities, and other directorships
<p>Hamish Jolly Executive Chairman</p> <p>Appointed: 17 December 2019</p> <p><i>Interest in securities</i> Shares: 44,926,470 Performance rights: 6,835,857</p>	<p>Hamish Jolly is a Co-Founder of the Delorean Corporation group of companies and in that role has jointly led the Company from start-up through ASX-listing and to date.</p> <p>Hamish is a seasoned senior executive and board member with extensive public and private sector experience, including investment development, finance and innovation, renewable energy, and technology commercialisation. He is experienced in large scale strategic program and venture development.</p> <p>Hamish has formal governance qualifications as a member of the Australian Institute of Company Directors. He is a former Non-Executive Director of ASX listed entity Harvest Technology Group (ASX:HTG).</p> <p>With a Business degree (Business Law and Accounting double major), he is a Member of the Institute of Chartered Accountants in Australia and New Zealand.</p> <p>Hamish has previously served as Director of Strategy and Ventures (including M&A) at Bankwest.</p> <p>In 2006, Hamish was awarded in the WA Business News 40 Under 40, recognising the top 40 business leaders under 40 years of age.</p>
<p>Joseph Oliver Managing Director</p> <p>Appointed: 17 December 2019</p> <p><i>Interest in securities</i> Shares: 44,926,470 Performance rights: 6,835,857</p>	<p>Joe Oliver is a co-founder of the Delorean Corporation group of companies and in that role has jointly led the Company from start-up through ASX-listing and to date.</p> <p>Joe has an extensive background in engineering and renewable energy and the development, design, construction, commissioning, and operation of renewable energy infrastructure, and particularly in the bioenergy sector (over 15 years). Joe has a Higher National Diploma Conversion in Electrical and Electronic Engineering.</p> <p>Joe's Board role and executive management experience includes:</p> <ul style="list-style-type: none">(i) Management and business management of infrastructure development company specialising in bioenergy plants using mature-technology anaerobic digestion systems.(ii) Technical management of infrastructure projects and business management and operation of leading Australia Anaerobic Digestion (AD) Technology Provider, specialising in Design, Construction, Operating and Managing of AD plants across Australia.



Directors' Report (continued)

Operating and Financial Review (continued)

Information on directors

Name and independence status	Experience, qualifications, special responsibilities, and other directorships
	<p>(iii) Business management and operation of an AEMO-registered Australia energy retailer actively operating in Western Australia Energy Market and with licenses to operate in the National Energy Market.</p> <p>(iv) Business management and operation of tank manufacture and plant infrastructure fabrication operations.</p> <p>Prior to moving to Australia to join Biogas Renewables, Joe held Project Management and Engineering roles with Farmgen Ltd, UK's leading on-farm anaerobic digestion company specialising in developing, managing, and operating AD plants, and Monsal, a leading renewable process and technology provider specialising in AD and wastewater treatment industry.</p>
<p>David McArthur Non-Executive Director</p> <p>Appointed: 2 December 2020</p> <p><i>Interest in securities</i> Shares: 476,470 Options: 250,000</p>	<p>David is a Chartered Accountant, with over 30 years' experience in the accounting profession. David has worked for a major international accounting firm, as well as been actively involved in the financial and corporate management of numerous public listed companies, including roles as a director and company secretary of ASX listed entities.</p> <p>David is currently a Non-Executive Director of Lodestar Minerals Limited. In the last 3 years, David has held roles as a Non-Executive Director of Sargasco Limited until 1 June 2021 and Xstate Resources Limited until 7 June 2022. David is chair of the Audit Risk Committee and a member of the Remuneration and Nomination Committee.</p>
<p>Steve Gostlow Non-Executive Director</p> <p>Appointed: 3 February 2021</p> <p><i>Interest in securities</i> Shares: 676,470 Options: 6,000,000</p>	<p>Steve has over 20 years' experience in the waste management industry, of which, 16 years was spent as Managing Director of Tox Free Solutions Ltd (Toxfree) with overall responsibility for operations and strategic growth. During this time, he developed Toxfree into one of Australia's largest waste management companies.</p> <p>Steve has formal governance qualifications as a Graduate of the Australian Institute of Company Directors as well as significant expertise in waste treatment, waste treatment technologies and regulatory compliance. Steve has also worked as an Environmental Scientist in the mining sector as well as the State Government of Western Australia. Steve is chair of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee.</p>



Directors' Report (continued)

Operating and financial review (continued)

Company Secretary

Mr David McArthur is a Chartered Accountant and was appointed to the position of Company Secretary on 2 December 2020. David has over 30 years' experience in the corporate management of publicly listed companies.

Directors' meetings

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2022, and the number of meetings attended by each director were:

Director	Full meetings of Directors		Meeting of Audit and Risk Management Committee		Meeting of Remuneration and Nomination Committee	
	Meetings attended	Meetings held whilst Director	Meetings attended	Meetings held whilst Director	Meetings attended	Meetings held whilst Director
Hamish Jolly	13	13	2	2	1	3
Joe Oliver	13	13	2	2	1	3
David McArthur	12	13	2	2	3	3
Steve Gostlow	13	13	2	2	3	3

Financial results and conditions

The net loss for the financial year ended 30 June 2022 after income tax was \$10,888,11 (2021: \$3,209,551 loss) with an underlying EBITDA loss of \$1,740,081 (2021: \$2,925,361 profit) as summarised in the below table.

The Consolidated Entity has working capital of \$242,121 (2021: \$8,733,957) and net cash outflows of \$9,941,985 (2021: \$10,154,434 inflows).



Directors' Report (continued)

Operating and financial review (continued)

Financial results and conditions (continued)

Summary of results

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards.

Underlying EBITDA is defined as earnings before interest, taxes, depreciation and amortisation adjusted to eliminate one-off gains or losses that are unlikely to reoccur and are not part of the Consolidated Entity's day to day business operations.

	2022 \$	2021 \$
Actual Underlying EBITDA	(1,740,081)	2,925,361
EBITDA Adjustments:		
Costs of the IPO offer ⁽¹⁾	(120,000)	(657,459)
Share-based payments ⁽²⁾	(394,359)	(518,553)
LGC Shortfall Strategy ⁽³⁾	(1,471,299)	(1,288,644)
LGC Shortfall Strategy ⁽⁴⁾	-	(276,004)
Ecogas project ⁽⁵⁾	(1,256,999)	(1,299,408)
Ecogas project COVID impact ⁽⁶⁾	(2,990,000)	-
BLM project COVID impact ⁽⁷⁾	(494,000)	(775,979)
BLM project income ⁽⁸⁾	(350,012)	-
YVW project ⁽⁹⁾	(68,091)	-
Allowance for liquidated damages ⁽¹⁰⁾	(773,441)	-
Capital raise costs expensed ⁽¹¹⁾	(11,313)	-
Project earth costs ⁽¹²⁾	(221,027)	-
Infrastructure costs to be recouped ⁽¹³⁾	(60,283)	-
EBITDA	(9,950,905)	(1,890,686)
EBITDA add backs:		
Interest & financing costs	(260,717)	(126,899)
Interest income	770	10,133
Income tax expense	(115,044)	(675,006)
Depreciation	(454,025)	(428,736)
Amortisation	(108,090)	(98,357)
Loss after income tax expense:	(10,888,011)	(3,209,551)

There were several timing adjustments made to the statutory accounts which have been adjusted when calculating Underlying EBITDA.

(1) Costs related to DEL's April 2021 IPO that are not reoccurring or ongoing.

(2) Non-cash share-based payments as detailed in the Company's Prospectus.



Directors' Report (continued)

Operating and financial review (continued)

Financial results and conditions (continued)

Summary of results (continued)

(3) This amount to be returned in full as other income in FY24 until such time as the contracts are settled and upon satisfaction of the refund clause and relates to optimising returns against Delorean's Large-scale Generation Certificates ("LGC") commitment but recorded as an expense in the Income Statement.

(4) This amount to be returned in full as other income in FY25 until such time as the contracts are settled and upon satisfaction of the refund clause and relates to optimising returns against Delorean's Large-scale Generation Certificates ("LGC") commitment but recorded as an expense in the Income Statement.

(5) Difference in expected progress compared to actual progress on the Ecogas project for the financial year and represents a timing delay. These costs have not yet been imposed by the Consolidated Entity's vendors and subcontractors.

(6) The Ecogas project schedule has been impacted by unforeseen COVID-19 restrictions meaning a delay in anticipated revenue. There has been a permanent cost impact that is non-recurring. The Company has undertaken measures to mitigate the impacts of events which have caused permanent differences including recruitment of project-related personnel that are local to project sites.

(7) The BLM project schedule has been impacted by unforeseen COVID-19 restrictions meaning a delay in anticipated revenue. There has been a permanent cost impact that is non-recurring. The Company has undertaken measures to mitigate the impacts of events which have caused permanent differences including recruitment of project-related personnel that are local to project sites. Equipment is being pre-ordered in anticipation of international shipping delays and to protect against escalating freight costs due to COVID-19.

(8) This project income relates to works performed during the financial year, but the claim and subsequent invoicing is still to be completed. This results to additional time and materials relating to completing the BLM project, in line with extensions of time granted by the Client.

(9) Difference in expected progress compared to actual progress on the Yarra Valley Water project for the financial year and represents a timing delay. These costs have not yet been imposed by the Consolidated Entity's vendors and subcontractors.

(10) This amount represents a provision for potential liquidated damages (LD) relating to an EPC contract on foot. The contract parties are in without prejudice discussions regarding reaching practical completion of the contract, and contributory factors attributed to delays which include COVID impacts, feedstock composition and other factors. Both parties recognise the unique nature of this project being a global first and complexities around processing the feedstock and ramping up the biology to process. The Company expects to mediate a solution and expects some or all of this amount to be written back upon contract completions.

(11) Capital raise costs expensed resulting from the Placement and SPP during the financial year.

(12) Project earth costs relate to the costs incurred pursuant to the Planum Partners infrastructure finance deal.

(13) Infrastructure costs to be recouped once the infrastructure financing is closed out and the entity structure under this deal is effected

The Company remains acutely aware of the current economic climate and continues to assess potential cost-reduction measures across the business.



Directors' Report (continued)

Operating and financial review (continued)

Financial results and conditions (continued)


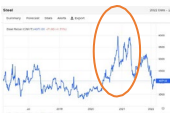
Explanatory Note: LGC Shortfall Strategy

- DEL's Energy Retail Division is required to surrender Large Scale Generation Certificates (LGCs) in February each calendar year to meet its regulatory commitments, or otherwise elect to incur statutory shortfall charges.
- DEL has entered into Future Contracts to secure LGC's to meet its commitment, which will be settled in FY24 (~\$2,292,500 market value)
- This will create the following benefits:

	FY23	FY24
	\$	\$
Profit and Loss	623,440	1,467,340
Cashflow	461,195	1,420,465

- Through this strategy, DEL has derived a net benefit of \$2,090,780

Explanatory Note: Ecogas Project Results

Area	Explanation	How Fixed	Business improvement and future benefit
Tanks	<ul style="list-style-type: none"> - Inability to send own specialist tank builders to site due to NZ border restrictions associated with COVID. - No skilled workforce in NZ for spiral wound tanks - Resource constraints for project delivery in NZ – over \$100/hour for on site trade assistants 	<ul style="list-style-type: none"> - Change of tanks to stainless steel 2205 panel tanks - cost impact relating to installation productivity and design changes \$2.5M impact - Negotiated deed of variation to cover legacy LD's related to program delays 	<ul style="list-style-type: none"> - Ability to complete panel tanks in house, review of facility design to suit more cost-effective stainless steel– 316L as opposed to 2205, due to height requirements - Ownership of panel installation equipment for future tanks and capability
Electrical installation and MCC	<ul style="list-style-type: none"> - Supply and shipping delays due to product shortages and supply chain issues - Cost increases due to resource availability and limited installation suppliers - Copper price ~125% increase 	<ul style="list-style-type: none"> - Identified alternative suppliers outside of NZ, early procurement and design management 	<ul style="list-style-type: none"> - Forward contracts - Approved suppliers - Offshore resource for installation - Pre-orders to secure critical materials and long-lead items - Price escalations factored in to future contracts
Steel pipework	<ul style="list-style-type: none"> - COVID related supply chain issues - Lack of available materials in NZ - Cost increases due to COVID - Steel price ~70% increase 	<ul style="list-style-type: none"> - Purchased and fabricated a large part of the pipework overseas at additional cost due to availability shortages 	<ul style="list-style-type: none"> - Forward contracts - Pre-orders to secure critical materials and long-lead items - Price escalations factored in to future contracts
Cost of Delays	<ul style="list-style-type: none"> - COVID related supply chain issues worldwide including shipping shortages - Access to site due to COVID restrictions for overseas skills - Increased local presence to support supply chain problems 	<ul style="list-style-type: none"> - Legacy LDs set aside by Deed of Variation. Future LD's less likely as program has been reset. 	<ul style="list-style-type: none"> - Recruitment of project-related personnel that are local to project sites, to manage on site



Directors' Report (continued)

Operating and financial review (continued)

Financial results and conditions (continued)

Explanatory Note: BLM Project Results

Area	Explanation	How Fixed	Business improvement and future benefit
Feedstock	<ul style="list-style-type: none"> - First of its kind in the world, processing GOMF (Ground Oat Milled Fines) for energy behind the meter - Variability in feedstock supplied by BLM led to a number of changes to the process plant due to particle size 	<ul style="list-style-type: none"> - Working with the client to manage the feedstock particle size and physical characteristics (particle size was not specified in the contract, out of specification against Australian grain standards) 	<ul style="list-style-type: none"> - Opens a new agricultural residue market for processing grain waste, and other agricultural waste streams for bioenergy feedstock, which has high energy yield - Potential multiple site deal in conversation for a BOOM style project, in WA with CBH
Process Design	<ul style="list-style-type: none"> - Supply and shipping delays - Cost increases due to COVID - Material and resource increases 	<ul style="list-style-type: none"> - Highlighted process problems to the client and agreed to implement a reporting system for oversized GOMF, rectifying with the client for future benefit. 	<ul style="list-style-type: none"> - Enhanced product management and process understanding now established in house, - Improved process and cost savings for future project roll outs
Covid	<ul style="list-style-type: none"> - COVID related supply chain issues in to Australia from overseas – a previous issue - Cost increases due to COVID and local resource 	<ul style="list-style-type: none"> - Operators trained, systems introduced for healthy digester management, lab testing implemented on site and in WA 	<ul style="list-style-type: none"> - Future operators and committed team to rely on for SA and east coast projects - Capability to understand digester health on and off site increased.
Cost of Delays	<ul style="list-style-type: none"> - COVID related supply chain issues - Access to site due to COVID restrictions, change in law and ability to get key specialist skills in to the country 	<ul style="list-style-type: none"> - Maintaining good relationship with the client to close out the project, employing local skills training resource to complete the tasks required 	<ul style="list-style-type: none"> - Recruitment of project-related personnel that are local and dedicated to project sites - Investment in to the on and offsite laboratory for analysis and testing.

Significant changes in the state of affairs

Other than as detailed in this report, there were no significant changes in the state of affairs of the Consolidated Entity during the financial year.

Dividends

In respect of the financial year ended 30 June 2022, no dividend has been declared (2021: \$nil).

Likely Developments

There are no likely developments to the Consolidated Entity's operations other than those described in the Operating and Financial Review section of the Directors' Report.



Directors' Report (continued)

Events Subsequent to Reporting Date

On 2 August 2022, Delorean and Brickworks have completed the concept stage of their Master Services Agreement and have now formally progressed to the development stage of collaboration.

On 29 September 2022, Delorean achieved practical completion on the Bioenergy facility for BLM.

The impact of the Coronavirus (COVID-19) pandemic is ongoing, and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than the above, there has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the Consolidated Entity.

Environmental Regulation

Waste management activities are subject to significant environmental and other regulation. Key legislation that the Consolidated Entity is required to comply with includes legislation relating to the environment and the protection of the environment.



Directors' Report (continued)

Share Options

Unissued shares under options

At the date of this report unissued ordinary shares of the Company under option are:

Expiry date	Exercise price (cents)	Number of options
31-03-25	20	6,250,000
12-04-25	25	14,000,000

All unissued shares are ordinary shares of the Company. These options do not entitle the holder to participate in any share issue of the Company. Further details in relation to the share-based payments to directors are included in the Remuneration Report.

Shares issued on exercise of options

During the financial year, no shares were issued as a result of the exercise of options. Since the end of the financial year, no options have been converted.

Indemnification and Insurance of Officers

During the financial year, the Company paid an insurance premium to insure the Directors and Key Management Personnel of the Company. 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 coverage commenced 30 April 2022.

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 Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from 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 or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The Company has agreed to indemnify each of the Directors and the Company Secretary of the Company and its subsidiaries, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and Company Secretary of the Company and its subsidiaries, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.



Directors' Report (continued)

Indemnification and Insurance of Auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of these non-audit services during the year by the auditor 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
- the non-audit services provided 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 or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 29 to the financial statements.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.



Directors' Report (continued)

Remuneration Report - Audited

The Directors present the Consolidated Entity's 2022 Remuneration Report prepared in accordance with the Corporations Act 2001 and its regulations. The Report sets out the detailed remuneration information for Non-Executive Directors, Executive Directors and other Key Management Personnel (**KMP**) of the Consolidated Entity.

The report contains the following sections:

- (a) Remuneration governance
- (b) Remuneration consultants
- (c) Executive remuneration strategy and framework
- (d) Board and management changes
- (e) Service contracts
- (f) Non-executive director remuneration
- (g) Key management personnel remuneration
- (h) Analysis of bonuses included in remuneration
- (i) Other KMP disclosures

(a) Remuneration governance

The remuneration of Directors and KMP is the responsibility of the Remuneration and Nomination Committee.

(b) Remuneration consultants

Future People Strategies was engaged to conduct a review of remuneration against industry benchmarks during the year. The scope of works extended to the Chief Operating Officer but not members of the Board.

(c) Executive remuneration strategy and framework

Remuneration is referred to as compensation throughout this report.

Compensation levels for KMP of the Company are set to attract, retain and motivate appropriately qualified and experienced Directors and Executives.



Directors' Report (continued)

Remuneration Report – Audited (continued)

(c) Executive remuneration strategy and framework (continued)

As the Company's principal activities during the year were renewable energy asset investment, development, construction, tank and infrastructure fabrication and the retail of energy (focused on renewables), measurement of remuneration policies against financial performance is considered relevant. The measurement of remuneration policies considers a range of factors including budget performance, delivery of results and timely completion of development programmes.

The objective of the Company's reward framework is to ensure that remuneration policies and structures are fair and competitive. The Board ensures that remuneration satisfies the following criteria for reward:

- competitiveness and reasonableness;
- transparency;
- attracts and retains high calibre executives; and
- rewards capability and experience.

Executive remuneration mix

The remuneration of the Executive Directors and other KMP is structured as a mix of fixed remuneration and variable "at risk" remuneration through short-term and long-term incentive components.

Fixed compensation

Fixed compensation consists of base compensation plus employer contributions to superannuation funds (unless otherwise stated). Compensation levels are reviewed annually by the Board through a process that considers individual and overall performance of the Consolidated Entity and compares compensation to ensure it is comparable and competitive within the market in which the Consolidated Entity operates.

Fixed compensation is not "at risk" but is appropriately benchmarked and set with reference to role, responsibilities, skills, and experience.

Performance-linked compensation

Performance-linked compensation can consist of both short-term and longer-term remuneration.

Long-term incentive

Long-term incentives (LTI) can comprise share options and/or performance rights (PR), which are granted from time to time to encourage sustained performance in the realisation of strategic outcomes and growth in shareholder value.



Directors' Report (continued)

Remuneration Report – Audited (continued)

(c) Executive remuneration strategy and framework (continued)

Consequences of performance on shareholder wealth

The overall level of KMP compensation takes into account the performance of the Company over a number of years.

The below table sets out Delorean's financial performance in respect of the current financial year and the previous three financial years in respect of key financial metrics:

Shareholder returns	2022	2021	2020	2019
Total Comprehensive (Loss) / Profit for year (\$)	(10,696,390)	(3,209,145)	2,598,902	857,537
Basic EPS (cents)	(5.83)	(3.75)	2.85	N/A
Underlying EBITDA	(1,740,081)	2,925,361	3,650,636	1,468,250
Underlying EBITDA per share (cents)	(0.9)	3	N/A*	N/A*
Share price at year end (cents)	8.7	21	N/A*	N/A*
Market capitalisation (\$)	18,767,720	37,606,439	N/A*	N/A*
Net tangible assets (\$)	9,077,067	14,361,778	4,029,425	1,742,593
NTA Backing (cents)	4	8	39,015**	N/A*

* Share price not available prior to the Company listed on the ASX in April 2021

** Low number of ordinary shares due to the Company being a private company prior to 11 January 2021.

(d) Board and management changes

The Company appointed Martin Lodge to the position of Chief Operating Officer on 25 October 2021.



Directors' Report (continued)

Remuneration Report – Audited (continued)

(e) Service contracts

On appointment to the Board, all Non-Executive Directors enter into a letter of appointment with the Company specifying their functions and duties as a director.

Executive remuneration and other terms of contractual employment are formalised in service agreements. The service agreements outline the components of compensation paid to Executives and KMP but do not prescribe how compensation levels are modified year by year. Compensation levels are reviewed each year to take into account cost of living changes, any change in the scope of the role performed by KMP and any changes required to meet the principles of the compensation policy. The major provisions of the agreement relating to remuneration are set out below.

Name	Term of agreement	Employee notice period	Employer notice period	Remuneration ⁽ⁱ⁾	Termination Benefit ⁽ⁱⁱ⁾
Joe Oliver	Ongoing from 01/11/2020	3 months	12 months	\$337,500	\$302,500
Hamish Jolly	Ongoing from 01/11/2020	3 months	12 months	\$337,500	\$302,500
Martin Lodge	Ongoing from 25/10/2021	3 months	1 month	\$220,000	\$18,333

(i) Remuneration noted is inclusive of superannuation and allowances and quoted for the year ended 30 June 2022;

(ii) Termination benefits are payable upon early termination by the Company, other than for gross misconduct. They are equal to remuneration for the notice period including superannuation, but excluding allowances.

(f) Non-Executive Director Remuneration

Non-Executive Directors have been appointed to hold office until the next Annual General Meeting at which time the Non-Executive Directors must resign and be re-appointed. At any time before the Annual General Meeting, Non-Executive Directors may resign by providing reasonable forewarning in writing.

Total compensation for all Non-Executive Directors was set at \$500,000 by shareholders on 24 November 2020. The base fee for all Non-Executive Directors, for the year ended 30 June 2022 was \$60,000 (inclusive of superannuation) per annum and includes fees for sub-committee representation. Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed by the Remuneration and Nomination Committee and they do not receive cash performance related compensation.

In addition to their base fees, Non-Executive Directors may also receive payment for consultancy services at \$2,000 per day plus reimbursable expenses for days worked over and above those expected to be worked in consideration of Non-Executive Directors fees.



Directors' Report (continued)

Remuneration report – audited (continued)

(g) Key management personnel remuneration 2022

Name	Short-term employee benefits			Post-employment benefits	Share based payments			Total	Performance Related
	Salary and fees ^(A)	Non-Monetary benefits ^(B)	Total	Super	Shares	Options ^(C)	Performance Rights ^(C)		
	\$	\$	\$	\$	\$	\$	\$	\$	%
Executive Directors									
Hamish Jolly	\$282,051	\$46,684	\$328,735	\$27,500	-	-	\$140,252	\$496,487	28.25%
Joe Oliver	\$324,167	\$20,077	\$344,244	\$31,500	-	-	\$140,253	\$515,997	27.18%
Non-Executive Directors									
David McArthur	\$60,000	\$20,077	\$80,077	-	-	\$4,554	-	\$84,631	5.38%
Steve Gostlow	\$60,000	\$20,077	\$80,077	\$6,000	-	\$109,300	-	\$195,377	55.94%
Other Key Management Personnel									
Martin Lodge*	\$128,788	-	\$128,788	\$12,879	-	-	-	\$141,667	-
Total key management personnel	\$855,006	\$106,915	\$961,921	\$77,879	-	\$113,854	\$280,505	\$1,434,159	27.50%

* Represents remuneration from 25 October 2021 to 30 June 2022



Directors' Report (continued)

Remuneration report – audited (continued)

(g) Key management personnel remuneration 2021

Name	Short-term employee benefits			Post-employment benefits	Share based payments			Performance Related %	
	Salary and fees ^(A)	Non-Monetary benefits ^(B)	Total	Super	Shares	Options ^(C)	Performance Rights ^(C)		Total
	\$	\$	\$	\$	\$	\$	\$		\$
Executive Directors									
Hamish Jolly	\$276,141	\$36,104	\$312,245	\$22,167	-	-	\$77,961	\$412,373	18.91%
Joe Oliver	\$318,048	\$4,995	\$323,043	\$24,779	-	-	\$77,962	\$425,784	18.31%
Non-Executive Directors									
David McArthur	\$28,199	\$4,995	\$33,194	-	-	\$10,305	-	\$43,499	23.69%
Steve Gostlow	\$22,038	\$4,995	\$27,033	\$2,094	-	\$247,325	-	\$276,452	89.46%
Total key management personnel	\$644,426	\$51,089	\$695,515	\$49,040	-	\$257,630	\$155,923	\$1,158,108	35.71%



Directors' Report (continued)

Remuneration report – audited (continued)

(g) Key management personnel remuneration (continued)

Notes in relation to the table of Directors' remuneration (2021 & 2022)

- (A) Includes movements in annual leave accrual for Executive Director.
- (B) Comprises Directors and Officers insurance premiums and motor vehicle lease.
- (C) The fair value of options granted to Directors has been estimated using a trinomial option pricing model with separate barriers taking into account share price vesting conditions at grant date. Share-based payments expense for financial year ended 30 June 2022 is related to amortisation of the share-based payment transaction in the financial year ended 30 June 2021. No options were issued to Non-Executive Directors during 2022 (2021: 6,250,000).

The fair value of performance rights was determined utilising the prevailing share price at grant date. Share-based payments expense for financial year ended 30 June 2022 is related to amortisation of the share-based payment transaction in the financial year ended 30 June 2021. No performance rights were issued to Executive Directors during 2022 (2021: 13,671,714).

(h) Analysis of bonuses included in remuneration

No short-term incentive cash bonuses have been awarded as remuneration to Directors of the Company for year ended 30 June 2022 (2021: nil).

(i) Other KMP disclosures

All options refer to options over ordinary shares of Delorean Corporation Limited, which are exercisable on a one-for-one basis under the Employee Share Option Scheme.

During the reporting period certain key management personnel invoiced for commercial, arms-length consulting services in addition to duties required as Directors. The total quantum of these transactions as disclosed in note 23 to the consolidated financial statements was:

- David McArthur \$24,000 (2021: \$12,000)

Options over equity instruments granted as compensation

During the reporting period, no options were issued to key management personnel of the Company (2021: 6,250,000 options issued to Non-Executive Directors).

Exercise of options granted as compensation

During the reporting period, no shares were issued on the exercise of options previously granted as compensation (2021: nil).

Performance rights over equity instruments granted as compensation

During the reporting period, no performance rights were issued to key management personnel of the Company (2021: 13,671,714 performance rights issued to Executive Directors). The performance rights were granted to Executive Directors on 1 April 2021 and convert to shares upon the achievement of the following milestones:



Directors' Report (continued)

Remuneration report – audited (continued)

(i) Other KMP disclosures (continued)

- a. Class A Milestone: \$5,000,000 in Underlying EBITDA (2,278,619 shares each);
- b. Class B Milestone: \$10,000,000 in Underlying EBITDA (2,278,619 shares each);
- c. Class C Milestone: \$12,500,000 in Underlying EBITDA (2,278,619 shares each).

The performance rights are valid and expire with the release of the financial results relating to the period ending 30 June 2026.

Vesting and conversion of performance rights granted as compensation

During the reporting period, no shares were issued on the vesting and conversion of performance rights previously granted as compensation (2021: nil).

Options over equity instruments

The movement during the reporting period, by number of options over ordinary shares of the Company held, directly, indirectly or beneficially, by each key management personnel, including their related parties, is as follows:

	Held at 1 July 2021	Granted	Expired / lapsed	Balance upon appointment / resignation	Held at 30 June 2022	Vested and exercisable 30 June 2022
Executive Directors						
Joe Oliver	-	-	-	-	-	-
Hamish Jolly	-	-	-	-	-	-
Non-executive Directors						
David McArthur	250,000	-	-	-	250,000	83,333
Steve Gostlow	6,000,000	-	-	-	6,000,000	2,000,000
Other key management personnel						
Martin Lodge*	-	-	-	-	-	-

*Appointed on 25 October 2021



Directors' Report (continued)

Remuneration report – audited (continued)

(i) Other KMP disclosures (continued)

Performance Rights

The movement during the reporting period in the number of performance rights of the Company, held directly, indirectly or beneficially, by each key management personnel, including their related parties is as follows:

	Held at 1 July 2021	Grante d	Expired / Lapsed	Balance upon appointment / resignation	Held at 30 June 2022
Executive Directors					
Joe Oliver	6,835,857	-	-	-	6,835,857
Hamish Jolly	6,835,857	-	-	-	6,835,857
Non-executive Directors					
David McArthur	-	-	-	-	-
Steve Gostlow	-	-	-	-	-
Other key management personnel					
Martin Lodge*	-	-	-	-	-

*Appointed on 25 October 2021

Movements in shares

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each key management personnel, including their related parties, is as follows:

	Held at 1 July 2021	Additions	Disposals	Balance upon appointment / resignation	Held at 30 June 2022
Executive Directors					
Joe Oliver	44,750,000	176,470	-	-	44,926,470
Hamish Jolly	44,750,000	2,709,803	2,533,333	-	44,926,470
Non-executive Directors					
David McArthur	300,000	176,470	-	-	476,470
Steve Gostlow	500,000	176,470	-	-	676,470
Other key management personnel					
Martin Lodge*	-	-	-	-	-

*Appointed on 25 October 2021

(j) Voting and comments made at the Company's 2021 Annual General Meeting ('AGM')

At the 2021 AGM, 97.85% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

THIS IS THE END OF THE REMUNERATION REPORT – AUDITED.



Directors' Report (continued)

Auditor's Independence Declaration

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

This Directors' Report is made in accordance with a resolution of the Directors pursuant to section 298(2)(a) of the Corporations Act 2001.

A handwritten signature in blue ink that reads "J. Oliver".

JOSEPH OLIVER
Managing Director

Signed at Perth, Western Australia this 30th day of September 2022.

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Delorean Corporation Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM
RSM AUSTRALIA PARTNERS


ALASDAIR WHYTE
Partner

Perth, WA
Dated: 30 September 2022



Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
Revenue	4	39,327,294	27,927,555
Other income	5	1,663,864	2,556,944
Expenses			
Cost of sales		(46,095,045)	(28,220,447)
Occupancy expenses		(68,700)	(43,498)
Employee benefits expenses		(2,813,156)	(2,066,580)
Administrative expenses		(919,293)	(598,261)
Depreciation and amortisation		(562,115)	(527,093)
Share based payment expense	20	(394,359)	(518,553)
Other expenses		(911,457)	(1,044,612)
Loss before income tax expense		(10,772,967)	(2,534,545)
Income tax expense	6	(115,044)	(675,006)
Loss profit after income tax expense for the year		(10,888,011)	(3,209,551)
Other comprehensive income			
Exchange differences on translation of foreign operations		191,621	406
Total comprehensive loss for the year		(10,696,390)	(3,209,145)
Loss per share (cents per share)			
Basic (cents per share)	21	(5.83)	(3.75)
Diluted (cents per share)	21	(5.83)	(3.75)

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



Consolidated Statement of Financial Position

AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
Assets			
Cash and cash equivalents	8	3,124,648	13,066,631
Trade and other receivables	9	4,898,218	2,450,775
Contract assets	10	186,776	953,653
Other current assets	11	1,435,409	1,733,362
Total current assets		9,645,051	18,204,421
Property, plant and equipment	12	9,220,333	5,976,784
Right-of-use assets	13	2,425,672	2,685,468
Deferred tax assets	6	2,767,984	1,864,864
Intangible assets		36,746	42,993
Total non-current assets		14,450,735	10,570,109
Total assets		24,095,786	28,774,530
Liabilities			
Trade and other payables	14	6,747,696	6,293,647
Provisions	14A	1,185,308	246,692
Income tax	15	229,411	149,274
Lease liabilities	17	303,560	389,937
Borrowings		231,360	-
Contract liabilities	16	705,595	2,390,914
Total current liabilities		9,402,930	9,470,464
Deferred tax liabilities	6	720,838	646,984
Lease liabilities	17	2,090,221	2,387,447
Total non-current liabilities		2,811,059	3,034,431
Total liabilities		12,213,989	12,504,895
Net assets		11,881,797	16,269,635
Equity			
Share capital	18	20,492,994	14,578,801
(Accumulated losses)/Retained earnings		(10,014,396)	873,615
Reserves	19	1,403,199	817,219
Total equity		11,881,797	16,269,635

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



Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022

	Share capital	Share based payments reserve	Other reserve	(Accumulated losses)/Retained Earnings	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2021	14,578,801	1,750,553	(933,334)	873,615	16,269,635
Total comprehensive income for the year					
Loss after income tax expense for the year	-	-	-	(10,888,011)	(10,888,011)
Other comprehensive income for the year					
Foreign exchange translation difference on foreign operations	-	-	191,621	-	191,621
Total other comprehensive income for the year	-	-	191,621	-	191,621
Total comprehensive income for the year	-	-	191,621	(10,888,011)	(10,696,390)
Transactions with owners, recorded directly in equity:					
Share based payment	-	394,359	-	-	394,359
Private Placement	4,500,000	-	-	-	4,500,000
Issue of shares in lieu of corporate advisory fee	120,000	-	-	-	120,000
Share purchase plan	1,627,275	-	-	-	1,627,275
Capital raising costs	(333,082)	-	-	-	(333,082)
Total transactions with owners	5,914,193	394,359	-	-	6,308,552
Balance as at 30 June 2022	20,492,994	2,144,912	(741,713)	(10,014,396)	11,881,797

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



Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2021

	Share capital	Share based payments reserve	Other reserve	Retained Earnings	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2020	933,740	-	(933,740)	4,083,166	4,083,166
Total comprehensive income for the year					
Loss after income tax expense for the year	-	-	-	(3,209,551)	(3,209,551)
Other comprehensive income for the year					
Foreign exchange translation difference on foreign operations	-	-	406	-	406
Total other comprehensive income for the year	-	-	406	-	406
Total comprehensive income for the year	-	-	406	(3,209,551)	(3,209,145)
Transactions with owners, recorded directly in equity:					
Private Placement	2,000,000	-	-	-	2,000,000
Initial Public Offering	14,000,000	-	-	-	14,000,000
Employee Share Issue Plan	105,000	-	-	-	105,000
Issue of shares in lieu of success fee	853,513	-	-	-	853,513
Issue of options	-	1,594,630	-	-	1,594,630
Issue of performance rights	-	155,923	-	-	155,923
Capital raising costs	(3,313,452)	-	-	-	(3,313,452)
Total transactions with owners	13,645,061	1,750,553	-	-	15,395,614
Balance as at 30 June 2021	14,578,801	1,750,553	(933,334)	873,615	16,269,635

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



Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers		37,592,649	27,231,640
Receipts from government grants		-	630,123
Receipts from research and development tax incentives		-	126,608
Payments to suppliers and employees		(49,235,762)	(27,323,074)
Interest received		770	10,133
Income tax refunded / (paid)		87,417	(466,396)
Interest paid		(212,943)	(52,441)
Net cash (used in) / from operating activities	8	(11,767,869)	156,593
Cash flows from investing activities			
Payments for purchase of plant and equipment		(3,437,778)	(2,745,832)
Payments made to acquire DESAO	7	-	(2,100,000)
Cash received on acquisition of DESAO	7	-	358,069
Net cash used in investing activities		(3,437,778)	(4,487,763)
Cash flows from financing activities			
Proceeds from issue of shares		6,127,275	16,000,000
Payment of capital raising costs		(333,082)	(1,262,939)
Repayment of borrowings		(99,154)	-
Repayment of lease liabilities		(431,377)	(251,457)
Net cash from financing activities		5,263,662	14,485,604
Net (decrease)/increase in cash and cash equivalents		(9,941,985)	10,154,434
Cash and cash equivalents at the beginning of the financial year		13,066,631	2,912,197
Effects of exchange rate changes on cash and cash equivalents		2	-
Cash and cash equivalents at the end of financial year	8	3,124,648	13,066,631

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



Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

1. General information

The Company is a for-profit, listed public company domiciled in Australia. The Company's registered office is located at Ground Floor, 1205 Hay Street, West Perth, WA, 6005.

The Consolidated Entity operates primarily as both a builder and developer of bioenergy infrastructure within Australia and New Zealand, a tank and infrastructure manufacturer, and an electricity retailer.

The consolidated financial statements as at and for the year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the "Consolidated Entity" and individually as "Group entities") and were authorised for issue by the Board of Directors on 30th September 2022. The financial statements are general purpose financial statements which:

- have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards ("AASBs") and other authoritative pronouncements of the Accounting Standards Board ("AASB"). The consolidated financial statements comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB");
- have been prepared on a historical cost basis, except for share-based payments and financial assets which are measured at fair value. The basis of measurement is discussed further in the individual notes; and
- are presented in Australian Dollars, being the Company's functional currency.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

For the year ended 30 June 2022, the Consolidated Entity incurred a loss after income tax of \$10,888,011 and had net cash outflows from operating activities and investing activities of \$11,767,869 and \$3,437,778 respectively. As at 30 June 2022, the Consolidated Entity had net current assets of \$242,121.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Consolidated Entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the Consolidated Entity will be able to continue as a going concern, after consideration of the following factors:

- The Company is in the advanced stages of completion of a financing package which is expected to be completed in October 2022, consistent with the Company's announcement to market concurrent with the Annual Report;
- The Company has the capacity to raise additional funds for current contracts, planned asset development projects and working capital requirements through access to capital markets;

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

1. General information (continued)

Going Concern (continued)

- The Company has access to other funding opportunities, such as debt and other hybrid funding opportunities, which it is currently exploring; and
- Via the short-term diversion or deferral of discretionary expenditure relating to asset development projects.

Accordingly, the Directors believe that the Consolidated Entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Consolidated Entity does not continue as a going concern.

New or amended accounting standards and interpretations adopted

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

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

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Delorean Corporation Ltd ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Delorean Corporation Ltd and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.



1. General information (continued)

Principles of consolidation (continued)

The pooling interest method of accounting is used to account for business combinations by the Consolidated Entity. Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Interests in subsidiaries are accounted for at cost, less any impairment, in the parent entity. Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Foreign currency translation

The primary economic environment in which the Consolidated Entity operates is Australia. The consolidated financial statements are therefore presented in Australian dollars.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.



1. General information (continued)

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Consolidated Entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Consolidated Entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.



FOR THE YEAR ENDED 30 JUNE 2022

2. Critical accounting judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Consolidated Entity's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment are included in the following notes:

Judgements

Note 9 Trade and other receivables

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

Estimates and assumptions

Note 6 Income tax expense

Note 17 Lease Term

Note 20 Share-based payments

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2022. The Consolidated Entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into four operating segments based on products and services provided being:

- Infrastructure
- Engineering
- Energy Retail
- Corporate



FOR THE YEAR ENDED 30 JUNE 2022

3. Operating segments (continued)

These operating segments are based on the internal reports that are reviewed and utilised by the Board of Directors (who are identified as the Chief Operating Decision Makers (**CODM**) in assessing performance of the Consolidated Entity and in determining the allocation of resources. There is no aggregation of operating segments.

Other segment represents the holding company of the Consolidated Entity.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information provided to the CODM is on a monthly basis. There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 30 June 2020.

Types of products and services

The principal products and services of each of these operating segments are as follows:

- Infrastructure⁽¹⁾ the infrastructure asset investment and development division
- Engineering⁽²⁾ the construction of site-specific anaerobic digestion plants division
- Energy retail the electricity sale division
- Corporate the corporate division

(1) Infrastructure segment was known as Development segment in the previous reporting period.

(2) Engineering segment was known as Construction segment in the previous reporting period.

These segments have been renamed in the current reporting period to align with the rebranding strategy to provide a clear framework for further growth and expansion of the business.

2022	Infrastructure \$	Engineering \$	Energy Retail \$	Corporate \$	Total \$
Revenue					
Sales to external customers	365,022	3,563,459	35,398,813	-	39,327,294
Intersegment sales	-	-	-	-	-
Total segment revenue	365,022	3,563,459	35,398,813	-	39,327,294
Other income	-	-	718,750	944,344	1,663,094
Intersegment eliminations	-	-	-	-	-
Unallocated revenue:					
Interest income	-	224	546	-	770
Total income	365,022	3,563,683	36,118,109	944,344	40,991,158
EBITDA	145,404	(8,158,313)	(248,607)	(1,689,389)	(9,950,905)
Depreciation / amortisation	(104,632)	(262,277)	(106,276)	(88,930)	(562,115)
Interest income	-	224	546	-	770
Finance costs	(26,473)	(54,435)	(178,321)	(1,488)	(260,717)
Loss before income tax	14,299	(8,474,801)	(532,658)	(1,779,807)	(10,772,967)
Income tax expense	-	-	-	-	(115,044)
Loss after income tax	14,299	(8,474,801)	(532,658)	(1,779,807)	(10,888,011)



FOR THE YEAR ENDED 30 JUNE 2022

3. Operating segments (continued)

2022	Infrastructure \$	Engineering \$	Energy Retail \$	Corporate \$	Total \$
Assets					
Segment assets	12,282,302	3,143,293	7,374,702	10,249,150	33,049,447
Intersegment eliminations	(1,541,313)	-	-	(7,412,348)	(8,953,661)
Total assets	10,740,989	3,143,293	7,374,702	2,836,802	24,095,786
Liabilities					
Segment liabilities	2,329,246	3,599,952	5,021,378	1,263,413	12,213,989
Intersegment eliminations	-	-	-	-	-
Total liabilities	2,329,246	3,599,952	5,021,378	1,263,413	12,213,989

2021	Infrastructure \$	Engineering \$	Energy Retail \$	Corporate \$	Total \$
Revenue					
Sales to external customers	50,000	5,049,913	22,827,642	-	27,927,555
Intersegment sales	-	-	-	-	-
Total segment revenue	50,000	5,049,913	22,827,642	-	27,927,555
Other income	100,800	1,382,046	50,998	1,012,967	2,546,811
Intersegment eliminations	-	-	-	-	-
Unallocated revenue:					
Interest income	33	3,051	7,049	-	10,133
Total income	150,833	6,435,010	22,885,689	1,012,967	30,484,499
EBITDA	(255,076)	(248,282)	(739,471)	(647,857)	(1,890,686)
Depreciation / amortisation	(36,958)	(287,073)	(116,121)	(86,941)	(527,093)
Interest income	33	3,051	7,049	-	10,133
Finance costs	(5,018)	(34,664)	(87,217)	-	(126,899)
Loss before income tax	(297,019)	(566,968)	(935,760)	(734,798)	(2,534,545)
Income tax expense					(675,006)
Loss after income tax	(297,019)	(566,968)	(935,760)	(734,798)	(3,209,551)
Assets					
Segment assets	5,796,239	5,232,540	4,737,589	22,152,063	37,918,431
Intersegment eliminations	(1,607,638)	(112,366)	(9,348)	(7,414,549)	(9,143,901)
Total assets	4,188,601	5,120,174	4,728,241	14,737,514	28,774,530
Liabilities					
Segment liabilities	3,656,342	4,573,528	3,415,327	1,046,313	12,691,510
Intersegment eliminations	(60,745)	(27,802)	(75,335)	(22,733)	(186,615)
Total liabilities	3,595,597	4,545,726	3,339,992	1,023,580	12,504,895



4. Revenue

Accounting Policy

The Consolidated Entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Consolidated Entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Consolidated Entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

Government grants relating to development, construction, energy retail or other business-related activities are recognised as revenue. All other government grants are recognised as other income.



FOR THE YEAR ENDED 30 JUNE 2022

4. Revenue (continued)

	2022	2021
	\$	\$
Energy retail	35,398,813	22,827,642
Construction income	3,563,459	5,049,913
Government grants	-	50,000
Consulting revenue	365,022	-
	39,327,294	27,927,555
<i>Geographical regions</i>		
Australia	35,391,202	23,496,432
New Zealand	3,936,092	4,431,123
	39,327,294	27,927,555
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	35,398,813	22,827,642
Services transferred over time	3,928,481	5,099,913
	39,327,294	27,927,555

5. Other Income

Accounting Policy

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants recognised in other income relate to access to various COVID-19 related government stimulus made available to the Consolidated Entity during the period.



5. Other Income (continued)

	2022	2021
	\$	\$
Interest received	770	10,133
Government grant	-	345,399
LGC trade	718,750	-
R&D grant	944,344	2,201,412
	1,663,864	2,556,944

6. Income tax expense

Accounting Policy

The income tax expense or benefit for the period is the tax payable on that period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and any adjustments recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.



6. Income tax expense (continued)

Estimates and assumptions

Income tax expense

The Consolidated Entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Consolidated Entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(a) Amounts recognised in profit or loss

	2022	2021
	\$	\$
Current period tax	944,310	1,920,321
Deferred tax	(829,266)	(1,245,315)
Total income tax expense reported	115,044	675,006

(b) Reconciliation of effective tax rate

Loss for the year	(10,772,967)	(2,534,545)
Income tax using the Consolidated Entity's domestic tax rate of 25% (2021: 26%)	(2,693,242)	(658,982)
<i>Tax effect of:</i>		
Non-deductible expenses	447,125	(65,658)
Timing differences not brought to account	1,042,294	1,663,833
Changes in tax rate	17,354	(1,496)
Tax losses not recognised	1,384,784	-
Items recognised in equity	(83,271)	(262,691)
	115,044	675,006

Notes to the Consolidated Financial Statements



FOR THE YEAR ENDED 30 JUNE 2022

6. Income tax expense (continued)

(c) Deferred tax assets and liabilities

Deferred tax assets (DTAs) and liabilities relate to the following:

	2022	2021
	\$	\$
Contract liabilities	176,399	-
Tax losses	676,249	765,606
R&D tax incentive	838,017	-
Unrealised foreign exchange	33,429	1,115
Section 40-880 costs	370,225	418,002
Right-of-use assets	(531,574)	(597,014)
Lease Liabilities	546,516	602,463
Accrued expenses	47,708	13,577
Provisions	78,609	64,140
Prepayments	(2,899)	(1,523)
Plant & Equipment	(185,533)	(48,486)
Net deferred tax liability	2,047,146	1,217,880

Presented in the statement of financial position as follows:

Deferred tax assets	2,767,984	1,864,864
Deferred tax liabilities	(720,838)	(646,984)
Net balance	2,047,146	1,217,880



FOR THE YEAR ENDED 30 JUNE 2022

7. Asset acquisition

During the financial year there have been no asset acquisitions.

Prior Period

In May 2021, Delorean acquired 70% of the voting equity instruments of Delorean Energy SA One Pty Ltd (DESAO) from CleanPeak Energy SA Pty Ltd. This acquisition took Delorean's ownership of DESAO from a 30% equity interest to a 100% interest. DESAO is an entity established for the construction and operation of the Salisbury Bioenergy Project in South Australia.

The DESAO acquisition has been deemed an asset acquisition under the provisions of AASB 3 *Business Combinations* as at the date of acquisition, DESAO had no inputs capable of creating outputs, there were no identified processes and therefore, no outputs. As at the date of acquisition, no ground had been broken for the Salisbury Project, however, preliminary operations had commenced to move towards the start of construction of the facility. DESAO had already received development approvals from the SA State Government, network connection approvals for facility production and offtake agreements for feedstock.

The consideration transferred to acquire the 70% interest in DESAO was cash of \$2,100,000.

	2021 \$
Purchase consideration	2,100,000
Net assets acquired are as follows:	
Cash and cash equivalents	358,069
Other receivables	1,396
Capitalised development expenditure	1,125,309
Land	1,250,000
Trade and other payables	(634,774)
	2,100,000



FOR THE YEAR ENDED 30 JUNE 2022

8. Cash and cash equivalents

Accounting Policy

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Cash on deposit

Cash held in relation to contractual securities, prudential securities or other securities provided to third parties by way of bank guarantee.

	2022	2021
	\$	\$
Cash at bank and in hand	1,153,900	11,779,468
Cash on deposit	1,970,748	1,287,163
	3,124,648	13,066,631
Reconciliation of (loss)/profit to net cash from operating activities		
Loss after income tax expense for the year	(10,888,011)	(3,209,551)
<i>Adjustments for:</i>		
Depreciation and amortisation	562,115	527,093
Bad debts	5,951	451
Employee benefits	67,742	113,393
Share based payments	394,359	518,553
Non-refundable R&D tax offset	(944,344)	(2,201,412)
Non-cash listing expense	120,000	140,000
Provision for foreseeable loss	905,365	-
<i>Change in operating assets and liabilities:</i>		
Trade and other receivables	(2,453,394)	(142,393)
Contract assets	766,877	(136,648)
Deferred tax assets	32,473	(1,864,864)
Other assets	526,624	(1,129,890)
Trade and other payables	660,422	3,077,473
Contract liabilities	(1,685,319)	2,390,914
Deferred tax liabilities	73,854	619,549
Provision for income tax	87,417	1,453,925
Net cash (used in) / from operating activities	(11,767,869)	156,593



FOR THE YEAR ENDED 30 JUNE 2022

9 Trade and other receivables

Accounting Policy

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Consolidated Entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2022 and the corresponding historical credit losses experience within this period.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Critical judgements – Expected Credit Losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Accrued Income

Accrued income relates to non-invoiced trade receivables as at 30 June 2022.

	2022	2021
	\$	\$
Trade debtors	1,674,815	374,305
Less: Allowance for expected credit losses	-	-
	1,674,815	374,305
Accrued income	2,909,153	2,076,470
GST receivable	314,250	-
Total trade and other receivables	4,898,218	2,450,775

Allowance for expected credit losses

The Consolidated Entity has recognised a loss of \$nil (2021: \$nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2022.

The ageing of the receivables and allowance for expected credit losses provided for the above are as follows:

Notes to the Consolidated Financial Statements



FOR THE YEAR ENDED 30 JUNE 2022

9 Trade and other receivables (continued)

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2022	2021	2022	2021	2022	2021
	%	%	\$	\$	\$	\$
Not overdue	96	97	4,723,199	2,384,875	-	-
0-3 months overdue	3	2	140,878	33,764	-	-
3+ months overdue	1	1	34,141	32,136	-	-
	100	100	4,898,218	2,450,775	-	-

10 Contract assets

Accounting Policy

Contract assets are recognised when the Consolidated Entity has transferred goods or services to a customer but where the Consolidated Entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

	2022	2021
	\$	\$
Accrued income from contracts with customers	186,776	953,653
	186,776	953,653

11 Other current assets

	2022	2021
	\$	\$
Prepayments	1,308,355	279,167
Deposits*	-	1,313,646
Electricity licences	125,332	125,332
Other	1,722	15,217
	1,435,409	1,733,362

* Deposits represents amounts paid in advance for construction components and materials yet to be received by the Consolidated Entity for construction of bioenergy assets.



12 Property, plant and equipment

Accounting Policy

Land and buildings are stated at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation and impairment of buildings. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to a revaluation surplus reserve in equity. Any revaluation decrements are initially accounted for in other comprehensive income through the revaluation surplus reserve to the extent of any previous revaluation surplus for that same asset. Thereafter, the decrements are accounted for in profit or loss.

Depreciation on revalued buildings is recognised in profit or loss. On the sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation surplus reserve is transferred directly to retained earnings.

Equipment, motor vehicles, furniture and fittings and computer equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing balance basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Equipment	2 - 10 years
Motor vehicles	5 - 10 years
Furniture & fittings	5 - 20 years
Computer equipment	2 - 5 years

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

Leasehold improvements are depreciated over the shorter period of the lease term and the estimated useful life of the assets.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained earnings / accumulated losses.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

12 Property, plant and equipment (continued)



	Land	Equipment	Motor vehicles	Furniture & fittings	Computer Equipment	Works in progress	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	-	995,684	22,655	42,924	24,865	-	1,086,128
Additions	1,250,000	6,851	51,404	80,188	22,972	3,725,470	5,136,885
Depreciation expense	-	(187,530)	(1,599)	(15,078)	(22,148)	-	(226,355)
Disposals	-	-	(19,874)	-	-	-	(19,874)
Balance as at 30 June 2021	1,250,000	815,005	52,586	108,034	25,689	3,725,470	5,976,784
Additions	-	17,629	-	28,173	47,747	3,366,278	3,459,827
Disposals	-	-	-	-	(4,695)	-	(4,695)
Depreciation expense	-	(162,713)	(5,605)	(18,163)	(24,535)	-	(211,016)
Foreign exchange rate difference	-	1,413	(1,980)	-	-	-	(567)
Balance as at 30 June 2022	1,250,000	671,334	45,001	118,044	44,206	7,091,748	9,220,333
Cost	1,250,000	1,024,320	55,044	151,114	88,489	3,725,470	6,294,437
Accumulated depreciation	-	(209,315)	(2,458)	(43,080)	(62,800)	-	(317,653)
Balance as at 30 June 2021	1,250,000	815,005	52,586	108,034	25,689	3,725,470	5,976,784
Cost	1,250,000	1,041,863	53,463	179,287	131,541	7,091,748	9,747,902
Accumulated depreciation	-	(370,529)	(8,462)	(61,243)	(87,335)	-	(527,569)
Balance as at 30 June 2022	1,250,000	671,334	45,001	118,044	44,206	7,091,748	9,220,333



13 Right-of-use assets

Accounting Policy

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use-asset reflects that the Consolidated Entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The Consolidated Entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

	Land	Equipment	Motor vehicles	Office lease	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2020	-	290,495	155,830	229,109	675,434
Additions	2,164,844	-	50,872	-	2,215,716
Depreciation expense	(14,432)	(58,099)	(36,507)	(83,314)	(192,352)
Disposals	-	-	(13,330)	-	(13,330)
Balance as at 30 June 2021	2,150,412	232,396	156,865	145,795	2,685,468
Additions	-	-	-	-	-
Depreciation expense	(86,594)	(46,479)	(26,620)	(83,316)	(243,009)
Disposals	-	-	(16,787)	-	(16,787)
Balance as at 30 June 2022	2,063,818	185,917	130,245	62,479	2,425,672
Cost	2,164,844	300,512	247,497	312,421	3,025,274
Accumulated depreciation	(14,432)	(68,116)	(90,632)	(166,626)	(339,806)
Balance as at 30 June 2021	2,150,412	232,396	156,865	145,795	2,685,468
Cost	2,164,844	300,512	230,710	312,421	3,008,487
Accumulated depreciation	(101,026)	(114,595)	(117,252)	(249,942)	(582,815)
Balance as at 30 June 2022	2,063,818	185,917	113,458	62,479	2,425,672

Notes to the Consolidated Financial Statements



FOR THE YEAR ENDED 30 JUNE 2022

14 Trade and other payables

Accounting Policy

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and usually paid within 30 days of recognition.

	2022	2021
	\$	\$
Trade creditors	1,742,502	1,806,206
GST Collected	-	681,880
Superannuation payable	100,258	-
PAYG withholding payable	218,393	145,240
Payroll tax	436,478	240,116
Accrued expenses	4,244,489	3,367,985
Fringe benefits tax	5,576	52,220
	6,747,696	6,293,647

14A Provisions

Accounting Policy

Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity 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 reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

	2022	2021
	\$	\$
Employee Entitlements	314,434	246,692
Provision for expected losses	870,874	-
	1,185,308	246,692

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022



15 Income tax payable

	2022	2021
	\$	\$
Provision for income tax	229,411	149,274
	229,411	149,274

16 Contract liabilities

Accounting Policy

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

	2022	2021
	\$	\$
Accrued expenses from contracts with customers	705,595	2,390,914
	705,595	2,390,914



17 Lease liabilities

Accounting Policy

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Judgements, estimates and assumptions

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Consolidated Entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Consolidated Entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

	2022 \$	2021 \$
Opening balance	2,777,384	788,299
Amounts recognised on lease inception	-	2,360,104
Principal repayments	(431,378)	(408,137)
Interest expense	47,775	37,118
Closing balance	2,393,781	2,777,384
Classification		
Current liabilities	303,560	389,937
Non-current liabilities	2,090,221	2,387,447
	2,393,781	2,777,384

Notes to the Consolidated Financial Statements



FOR THE YEAR ENDED 30 JUNE 2022

18 Share capital

Accounting Policy

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

	Number of shares		Amount in \$	
	2022	2021	2022	2021
Movements in ordinary shares on issue				
On issue as at 1 July	179,078,280	10,328	14,578,801	933,740
Pre-IPO share split	-	89,989,672	-	-
Private placement	26,470,588	14,285,714	4,500,000	2,000,000
Share purchase plan	9,572,047	-	1,627,275	-
IPO capital raising	-	70,000,000	-	14,000,000
Employee share plan issuance	-	525,000	-	105,000
Lead manager placement	600,000	4,267,566	120,000	853,513
Capital raising costs	-	-	(333,082)	(3,313,452)
Balance as at 30 June	215,720,915	179,078,280	20,492,994	14,578,801

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. Option holders cannot participate in any new share issues by the Company without exercising their options.

In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds on liquidation.

All issued shares are fully paid.

Dividends

The Company's dividend policy considers free cash flow, working capital requirements, medium-term investment program and risks from short and medium-term economic market conditions. No dividend was declared for the current financial year (2021: \$nil).

The ability to utilise franking credits is dependent upon there being sufficient available profits to declare dividends. The amount of franking credits available for subsequent financial years at year end is \$158,165 (2021: \$158,165). The amount detailed above is adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date



19 Reserves

Accounting Policy

Share based payments reserve

The options reserve represents the fair value of shares to be issued to directors, consultants and employees. This reserve will be transferred to capital once the shares have been issued or reversed through retained earnings if the options expire or are cancelled.

Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Consolidated Entity's foreign operations from their functional currencies to the Consolidated Entity's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operations.

Common control reserve

The pooling of interest method has been adopted to account for the combination as a business combination carried out under common control.

	2022 \$	2021 \$
Share based payment reserve (a)	2,144,912	1,750,553
Foreign currency translation reserve (b)	192,027	406
Common control reserve (c)	(933,740)	(933,740)
Balance as at 30 June	1,403,199	817,219

(a) Share based payment reserve

	2022 \$	2021 \$
Options ⁽ⁱ⁾	1,708,484	1,594,630
Performance rights ⁽ⁱⁱ⁾	436,428	155,923
Balance as at 30 June	2,144,912	1,750,553



FOR THE YEAR ENDED 30 JUNE 2022

19 Reserves (continued)

(i) Options reconciliation

	Number of options		\$	
	2022	2021	2022	2021
Movements in options on issue				
On issue as at 1 July	20,250,000	-	1,594,630	-
Director incentive options	-	6,250,000	-	257,630
Advisor options	-	14,000,000	-	1,337,000
Directors options (vesting expense recognised)	-	-	113,854	-
Balance as at 30 June	20,250,000	20,250,000	1,708,484	1,594,630

During the reporting period and since reporting period end, no options have expired (2021: nil).

During the reporting period and since reporting period end, no shares have been issued on exercise of options (2021: nil).

(ii) Performance rights reconciliation

	Number of rights		\$	
	2022	2021	2022	2021
Movements in performance rights on issue				
On issue as at 1 July	13,671,714	-	155,923	-
Director performance rights (vesting expense recognised)	-	13,671,714	280,505	155,923
Balance as at 30 June	13,671,714	13,671,714	436,428	155,923

During the reporting period and since reporting period end, no performance rights have expired (2021: nil).

During the reporting period and since reporting period end, no shares have been issued on vesting of performance rights (2021: nil).

(b) Foreign currency translation reserve

	2022	2021
	\$	\$
Foreign currency translation reserve	192,027	406
Balance as at 30 June	192,027	406



FOR THE YEAR ENDED 30 JUNE 2022

19 Reserves (continued)

(c) Common control reserve

In January 2020, Delorean Corporation Limited, a then newly formed entity, issued shares exclusively to the existing shareholders of Tekpro Pty Ltd, Delorean Energy Pty Ltd, Biogas Renewables Pty Ltd and Cleantech Energy Pty Ltd, so that the interest held by each shareholder was unchanged. Immediately upon this share issue, all shares in the common controlled entities were transferred to Delorean Corporation Limited for no consideration; and the shareholders were issued scrip shares to ensure they retained their shared, collective control over the combined entity.

The pooling of interest method has been adopted to account for the combination as a business combination carried out under common control. This means the assets and liabilities of the entities coming under common control have been transferred to the financial statements of Delorean Corporation Limited at book value without revaluation. There has been no consideration paid by Delorean Corporation Limited to acquire any of the entities, therefore the value of the combined assets is represented as an entry directly to equity with no impact on the Consolidated Statement of Profit or Loss and other Comprehensive Income, and no goodwill is recognised. This has given rise to the value stated in the common control reserve that continues to be carried forward.

	2022 \$	2021 \$
Common control reserve	(933,740)	(933,740)
Balance as at 30 June	(933,740)	(933,740)

20 Share-based payments

Accounting Policy

The Company has an Incentive Share Plan and a Performance Rights and Option Plan in place for all employees of the Consolidated Entity whereby employees receive rights to acquire shares of the Company. The grant date fair value of share-based payment awards granted to employees is recognised as a Share Based Payment expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards.

The Consolidated Entity additionally has the capacity to issue equity securities to suppliers under the ASX Listing Rules as an alternate method of payment for goods or services provided. The grant date fair value of share-based payment awards granted to suppliers is recognised as a separate expense, contained within *Share-based payments expenses*, with a corresponding increase in equity over the period that the supplier provides the service or becomes unconditionally entitled to the award. The Consolidated Entity entered into such share-based payment transactions by way of payment for advisory services received during the year. Given the nature of these services, they were not recognised as a share-based payment expense but rather as a reduction of Equity as they were directly related to equity raising activities.



20 Share-based payments (continued)

The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-market vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for difference between expected and actual outcomes.

Estimates and assumptions

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

The share-based payments included within the consolidated financial statements can be broken down as follows:

	2022	2021
	\$	\$
(a) Expensed in profit and loss		
<i>Expensed in share-based payments</i>		
Shares issued to employees	-	105,000
Options issued to Directors	113,854	257,630
Performance rights issued to Directors	280,505	155,923
	394,359	518,553
<i>Expensed in other expenses</i>		
Lead manager shares*	120,000	-
	120,000	-
(b) Recognised in capital raising costs		
Lead manager shares	-	713,513
Options issued to consultants of the Company	-	1,337,000
	-	2,050,513

*On 25 November 2021, 600,000 shares with fair value of \$0.20 per share were issued in satisfaction for corporate advisory services rendered.



Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

20 Share-based payments (continued)

The Company adopted an Incentive Share Plan and Performance Rights and Option Plan, both effective 2 December 2020. Under these plans, the Company may grant over a period of 3 years the ability for employees to acquire securities up to a maximum of 5% of the Company's total issued ordinary shares at the date of the grant. The fair value of share options issued to consultants is estimated using the Black and Scholes option pricing model. The fair value of options issued to Directors has been estimated using a trinomial option pricing model with separate barriers taking into account share price vesting conditions in place. The value of shares and performance rights issued is based upon the share price as at grant date.

Options

The following table illustrates the share-based payment arrangements in place, and the number and weighted average exercise prices of and movements in, share options.

2021:

Grant date	Vesting date	Expiry date	Exercise price (cents)	Balance at start of year	Granted during year	Expiring during year	Balance at year end	Exercisable at year end
20-Oct-20	12-Apr-21	12-Apr-25	25	14,000,000	-	-	14,000,000	14,000,000
21-Feb-21	Partial*	31-Mar-25	20	6,250,000	-	-	6,250,000	2,083,333
Total				20,250,000	-	-	20,250,000	16,083,333
Weighted average exercise price (cents)				23.46	-	-	23.46	24.35
Weighted average remaining contractual life (years)				2.78	-	-	2.78	2.78

* As at year end, the first third of these options have vested. The first of three separate vesting conditions was met on 16 April 2021 when the Company's intraday share price exceeded 30 cents for 5 consecutive days.

The options noted above have differing vesting criteria which dictates the amount of options the Company expects will vest. Fair value of these options is expensed over the expected vesting period. If no vesting criteria is present for a tranche of options, the fair value of the options is expensed in full upon allotment.

2022: The weighted average remaining contractual life of remaining options outstanding at the end of the financial year ended 30 June 2022 was 1.78 years (2021: 2.78 years)

Notes to the Consolidated Financial Statements



FOR THE YEAR ENDED 30 JUNE 2022

20 Share-based payments (continued)

Performance rights

As at 30 June 2022, a summary of the Consolidated Entity performance rights issued but not yet vested are as follows:

Grant Date	End date for performance condition	Class	Balance at start of year	Granted during the year	Converted during the year	Balance at year end
1-Apr-21	30-Jun-26*	A	4,557,238	-	-	4,557,238
1-Apr-21	30-Jun-26*	B	4,557,238	-	-	4,557,238
1-Apr-21	30-Jun-26*	C	4,557,238	-	-	4,557,238

* It is noted that the expiry date of the performance rights issued to Messrs Jolly and Oliver prior to IPO is 30 November 2026, this however sets 30 June 2026 as the end of the financial year in which the milestone can be achieved to satisfy the performance conditions.

Each performance right represents a right to be issued one ordinary share by the end of the performance period, with no exercise price payable, should the vesting conditions in each class be met:

Class A

- Achievement of at least \$5,000,000 underlying EBITDA in any financial year

Class B

- Achievement of at least \$10,000,000 underlying EBITDA in any financial year

Class C

- Achievement of at least \$12,500,000 underlying EBITDA in any financial year



FOR THE YEAR ENDED 30 JUNE 2022

20 Share-based payments (continued)

The Directors assess at each reporting date the likelihood the above vesting conditions will be met. To the extent a class of performance rights is considered probable, the Company will record an associated share-based payment expense based upon the fair value of the associated performance rights at grant date and the number of performance rights issued. Management has determined that based upon anticipated growth of the Company, each of the classes of performance rights are likely to vest.

The Consolidated Entity did not enter into any such share-based payment transactions during the financial year 2022.

21 Loss per share

Accounting Policy

Earnings per share is calculated by dividing the profit attributable to the owners of Delorean Corporation Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share adjusted the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	2022 \$	2021 \$
Net loss for the year attributable to ordinary shareholders	(10,888,011)	(3,209,551)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	186,918,411	85,507,480
Diluted weighted average number of ordinary shares at 30 June	186,918,411	85,507,480*
Basic loss per share (cents per share)	(5.83)	(3.75)
Diluted loss per share (cents per share)	(5.83)	(3.75)

* Options are anti-dilutive as the average share price during the period was lower than the exercise price of the options.



22 Financial instruments

Accounting Policy

Recognition and derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires.

Classification and initial measurement of financial assets

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

For subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

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

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

The classification is determined by both:

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

Subsequent remeasurement 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 to collect their contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 Consolidated Entity's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.



22 Financial instruments (continued)

Impairment of financial assets

The Consolidated Entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised costs or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Consolidated Entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

The Consolidated Entity makes use of a simplified approach in accounting for trade and other receivables 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 Consolidated Entity uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and measurement of financial liabilities

The Consolidated Entity'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 Consolidated Entity designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are initially measured at amortised cost using the effective interest method except for derivatives and financial liabilities designation at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

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

Derivative financial instruments

Derivative financial instruments are accounted for at fair value through profit or loss (FVTPL).



22 Financial instruments (continued)

Capital risk management

The Consolidated Entity manages its capital to ensure that entities in the Consolidated Entity will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Consolidated Entity's overall strategy remains unchanged from 2021.

The capital structure of the Consolidated Entity consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Consolidated Entity is subject to externally imposed capital requirements through their covenants with Commonwealth Bank.

Leverage ratios and current ratios are reviewed by the Board on a regular basis to ensure compliance with lending covenants imposed by Commonwealth bank.

Financial risk management objectives

The Consolidated Entity is exposed to market risk (including foreign currency exchange rate risk and interest rate risk), credit risk and liquidity risk.

The Consolidated Entity seeks to minimise the effect of these risks, by using derivative financial instruments to hedge these risk exposures.

The use of financial derivatives is governed by the Consolidated Entity's policies approved by the Board of Directors, which provide written principles on market risk, credit risk, liquidity risk and cash flow interest rate risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by management on a continuous basis. The Consolidated Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Consolidated Entity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

The Consolidated Entity has the capacity to enter into a variety of derivative financial instruments to manage its exposure to foreign currency exchange including foreign exchange forward contracts to hedge the foreign currency exchange rates. There has been no change to the Consolidated Entity's exposure to foreign currency exchange rates or the manner in which it measures this risk from the previous period.

Foreign currency exchange risk management

The Consolidated Entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts when required to minimise exposure. The exposures to exchange rate fluctuations is not material to the Consolidated Entity.



22 Financial instruments (continued)

Foreign currency sensitivity analysis

The sensitivity analyses below detail the Consolidated Entity's sensitivity to an increase/decrease in the Australian dollar against the New Zealand dollar. The sensitivity analysis includes only outstanding foreign currency denominated monetary items within the Consolidated Entity.

200 basis points is the sensitivity rate used when reporting foreign currency risk internally to management and represents management's assessment of the possible change in foreign exchange rates.

At balance date, if foreign exchange rates had been 200 basis points higher or lower and all other variables were held constant, the Consolidated Entity's loss would increase/decrease by \$1,585 (2021: Loss \$68,793).

The Consolidated Entity's sensitivity to foreign exchange has not changed significantly from the prior year.

Interest rate risk management

The Company and the Consolidated Entity are exposed to interest rate risk. Entities in the Consolidated Entity issue bank guarantees at fixed interest rates. Guarantees obtained at fixed rates expose the Consolidated Entity to fair value risk.

The Consolidated Entity's exposures to interest rate risk on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

A 200 basis point increase or decrease is used when reporting interest rate risk internally to management and represents management's assessment of the change in interest rates.

At balance date, in interest rates had been 200 basis points higher or lower and all other variables were held constant, the Consolidated Entity's loss would increase/decrease by \$113,706 (2021: Loss \$120,957).

The Consolidated Entity's sensitivity to interest rate risk has not changed significantly from the prior year.

Credit risk management

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

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

The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits and are only with major reputable financial institutions.

Notes to the Consolidated Financial Statements



FOR THE YEAR ENDED 30 JUNE 2022

22 Financial instruments (continued)

The Consolidated Entity continuously monitors the credit quality of customers based on a credit rating scorecard. The Consolidated Entity's policy is to deal only with credit worthy counterparties. The credit terms range between 30-90 days.

The credit terms for customers as negotiated with customers are subject to an internal approval process which considers the credit rating scorecard. The ongoing credit risk is managed through regular review of ageing analysis.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Consolidated Entity's short, medium and long-term funding and liquidity management requirements.

The Consolidated Entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Non-derivative financial liabilities

The following tables detail the Consolidated Entity's expected contractual maturity for its non-derivative financial liabilities.

These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Consolidated Entity can be required to repay.

The tables include both interest and principal cash flows for the Consolidated Entity.

	Weighted average interest rate %	Current \$	Non-Current \$	Total \$
30 June 2022				
Financial assets				
Cash and cash equivalent	-	3,124,648	-	3,124,648
Trade and other receivables	-	4,898,218	-	4,898,218
Contract assets	-	186,776	-	186,776
		8,209,642	-	8,209,642
Financial liabilities				
Trade and other payables	-	6,747,696	-	6,747,696
Provisions	-	1,185,308	-	1,185,308
Lease liabilities	-	303,560	2,090,221	2,393,781
Contract Liabilities	-	705,595	-	705,595
		8,942,159	2,090,221	11,032,380



22 Financial instruments (continued)

30 June 2021	Weighted average interest rate %	Current \$	Non-Current \$	Total \$
Financial assets				
Cash and cash equivalent	-	13,066,631	-	13,066,631
Trade and other receivables	-	2,450,775	-	2,450,775
Contract assets	-	953,653	-	953,653
		16,471,059	-	16,471,059
Financial liabilities				
Trade and other payables	-	6,293,647	-	6,293,647
Provisions	-	246,692	-	246,692
Lease liabilities	-	389,937	2,387,447	2,777,384
Contract Liabilities	-	2,390,914	-	2,390,914
		9,321,190	2,387,447	11,708,637

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

23 Related parties

Accounting Policy

Key management personnel compensation

Key management personnel remuneration is expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Consolidated Entity has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

(a) Key management personnel compensation

	2022 \$	2021 \$
Short-term employee benefits	961,921	695,515
Post-employment benefits	77,879	49,040
Share-based payments – options	113,854	257,630
Share-based payments – performance rights	280,505	155,923
	1,434,159	1,158,108

Notes to the Consolidated Financial Statements



FOR THE YEAR ENDED 30 JUNE 2022

23 Related parties (continued)

(b) Other key management personnel transactions

Transactions with related parties

The Consolidated Entity used financial reporting advisory services of Broadway Management (WA) Pty Ltd, a firm over which David McArthur exercises significant influence. The amounts billed relating to this service amount to \$24,000 (2021: \$12,000), based on normal market rates and was fully paid as of the reporting date.

Receivables from and payable to related parties

There were no outstanding balances at the reporting date in relation to transactions with related parties (2021: \$nil).

Loans to/from related parties

There were no loans to or from related parties at the reporting date (2021: \$nil).

24 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1.

Name of subsidiary	Place of incorporation	Equity interest	
		2022	2021
Tekpro Pty Ltd	Australia	100	100
Delorean Energy Pty Ltd	Australia	100	100
Delorean Energy SA One Pty Ltd	Australia	100	100
Biogass Renewables Pty Ltd	Australia	100	100
Biogass Renewables (NZ) Ltd	New Zealand	100	100
Cleantech Energy Pty Ltd	Australia	100	100
Delorean Energy Victoria One Pty Ltd	Australia	90	90
Delorean Energy Queensland One Pty Ltd	Australia	100	100

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation.

Notes to the Consolidated Financial Statements



FOR THE YEAR ENDED 30 JUNE 2022

25 Parent company disclosures

Accounting Policy

The accounting policies of the parent entity, which has been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

As at, and throughout the financial year ended 30 June 2022, the parent entity of the group was Delorean Corporation Limited.

	2022	2021
	\$	\$
Result of the parent entity		
Loss for the year	(9,812,304)	(943,241)
Total comprehensive loss for the year	(9,812,304)	(943,241)
Financial position of parent entity at year end		
Current assets	11,438,791	13,958,732
Total assets	12,424,370	15,674,555
Current liabilities	(542,573)	(287,482)
Total liabilities	(542,573)	(289,006)
Total equity of the parent entity comprising:		
Share capital	20,492,994	14,578,801
Accumulated losses	(10,756,109)	(943,805)
Reserves	2,144,912	1,750,553
Total equity	11,881,797	15,385,549

26 Contingent liabilities

Accounting Policy

A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Consolidated Entity. A contingent liability may also be a present obligation arising from past events but is not recognised on the basis that an outflow of economic resources to settle the obligation is not viewed as probable, or the amount of the obligation cannot be reliably measured.

When the Consolidated Entity has a present obligation, an outflow of economic resources can be assessed as probable and the Consolidated Entity can reliably measure the obligation, then a provision will be recognised.

The consolidated entity has given bank guarantees as at 30 June 2022 of \$3,902,680 (2021: \$4,392,752) to various customers and suppliers.

Other than the above there were no material contingent liabilities or assets at 30 June 2022.



27 Commitments

Accounting Policy

A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Consolidated Entity. A contingent liability may also be a present obligation arising from past events but is not recognised on the basis that an outflow of economic resources to settle the obligation is not viewed as probable, or the amount of the obligation cannot be reliably measured.

When the Consolidated Entity has a present obligation, an outflow of economic resources can be assessed as probable and the Consolidated Entity can reliably measure the obligation, then a provision will be recognised.

The Consolidated Entity has entered into agreements for the purchase of Large-scale Generation Certificates of \$721,250. These agreements are committed as at the reporting date but not recognised as liabilities (30 June 2021: \$561,000).

Other than the above there were no material commitments at 30 June 2022.

28. Subsequent events

On 2 August 2022, Delorean and Brickworks have completed the concept stage of their Master Services Agreement and have now formally progressed to the development stage of collaboration.

On 29 September 2022, Delorean achieved practical completion on the Bioenergy facility for BLM.

The impact of the Coronavirus (COVID-19) pandemic is ongoing, and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than the above, there has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the Consolidated Entity.



29. Auditor's remuneration

It is the Consolidated Entity's policy to employ RSM on assignments additional to their statutory audit duties where RSM's expertise and experience with the Consolidated Entity are important. These assignments are principally tax advice, or where RSM is awarded assignments on a competitive basis. It is the Consolidated Entity's policy to seek competitive tenders for all major consulting projects.

	2022	2021
	\$	\$
RSM Australia Partners		
<i>Audit and other assurance services</i>		
Audit and review of financial reports – current period	145,000	123,000
Total remuneration for audit and other assurance services	145,000	123,000
<i>Investigating accountant services</i>		
Services relating to the issue of the recent prospectus	-	144,936
Total remuneration for investigating accountant services	-	144,936
<i>Taxation services</i>		
Tax compliance services – current period	28,418	12,500
Research & development tax offset services	69,565	109,340
Total remuneration for taxation services	97,983	121,840
TOTAL REMUNERATION OF AUDIT FIRMS	242,983	389,776



Directors' Declaration

1. In the opinion of the Directors of Delorean Corporation Limited (the “**Company**”):
 - (a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the Group’s financial position as at 30 June 2022 and of its performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2022.

This declaration is signed in accordance with a resolution of the Board of Directors pursuant to section 295(5)(a) of the Corporations Act 2001.

JOE OLIVER

Managing Director

Dated at Perth, Western Australia this 30th day of September 2022.

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
DELOREAN CORPORATION LIMITED**

Opinion

We have audited the financial report of Delorean Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We 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 (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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a loss of \$10,888,011 and had net cash outflows from operating activities and investing activities of \$11,767,869 and \$3,437,778 respectively for the year ended 30 June 2022. As at 30 June 2022, the Group had net current assets of \$242,121. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material uncertainty related to going concern* section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
<p>Revenue Recognition Refer to Note 4 in the financial statements</p>	
<p>As reported in the statement of profit or loss and other comprehensive income for the year ended 30 June 2022, the Group has recognised revenue of \$39,327,294, which largely consisted of energy retail revenue of \$35,398,813 and construction income of \$3,563,459. We determined revenue recognition to be a key audit matter due to the following:</p> <ul style="list-style-type: none"> • The balance is material to the Group and there are risks associated with management judgements including the identification of contracts and performance obligations, determination of the transaction price and the timing of revenue recognition; and • Revenue recognition is a presumed fraud risk under the Australian Auditing Standards. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Obtaining a detailed understanding of each of the revenue streams and the process for determining and recognising revenue; • Assessing whether the Group's revenue recognition accounting policies are in accordance with Australian Accounting Standards; • Performing substantive testing on each revenue stream on a sample basis. The substantive testing included agreeing transactions to approved pricing used by the Group, and agreeing the delivery of products and services to source documentation; • Reading a sample of customer contracts to obtain an understanding of the contractual arrangements; • Assessing the contract assets calculation for revenue that has not yet been invoiced by the Group; • Assessing management's assumptions in determining the stage of completion, total transaction price and total budgeted costs; • Discussing the progress of the projects with the Chief Financial Officer and project managers for any potential disputes, variation order claims, known technical issues or significant events that could impact the estimated contract costs; • Assessing the mathematical accuracy of revenue recognised during the year based on the stage of completion and the output method calculations; • Assessing management's assessment and assessing the reasonableness of the provision for foreseeable losses provided by management; • Assessing transactions before and after year-end to assess whether revenue is recognised in the correct financial period; and • Assessing the appropriateness of the disclosures in the financial report.

Other Information

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 2022, but does not include the financial report and the auditor's report thereon.

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

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 Corporation 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 ability of the Group 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/ar2.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 within the directors' report for the year ended 30 June 2022.

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

Responsibilities

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

RSM
RSM AUSTRALIA PARTNERS

A Whyte
ALASDAIR WHYTE
Partner

Perth, WA
Dated: 30 September 2022



ASX Additional Information

The shareholder information set out below was applicable as at 31 August 2022:

1. Distribution of ordinary shares

Range	Total holders	Ordinary shares	% of issued capital
1 - 1,000	28	7,973	0.00
1,001 - 5,000	797	2,456,268	1.14
5,001 - 10,000	412	3,232,060	1.50
10,001 - 100,000	1,040	39,204,564	18.17
100,001 and over	217	170,820,050	79.19
Total	2,494	215,720,915	100.00

There were 532 holders of less than a marketable parcel of ordinary shares.

2. Substantial shareholders

The substantial shareholders in the Company are set out below:

Shareholders	Number held
Dunbar-Harper Pty Ltd / Antediluvian Pty Ltd <Jolly Family Super Fund A/C>	44,926,470
Joseph Oliver <The Geobay Family A/C>	44,926,470

3. Voting rights

Ordinary shares

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

Options and rights

No voting rights.

4. Unlisted options

Grant date	Number	Number of holders	Expiry date	Exercise price (cents)
20-Oct-20	14,000,000	15	12-Apr-25	25
21-Feb-21	6,250,000	2	12-Apr-25	20



5. Performance rights

Grant date	Number	Number of holders	Expiry date
1-Apr-21	13,671,714	2	30-Nov-26

6. Twenty largest shareholders

Shareholders	Ordinary shares	
	Number held	% of issued shares
JOSEPH OLIVER <THE GEOBAY FAMILY A/C>	44,926,470	20.83%
DUNBAR-HARPER PTY LTD <JOLLY FAMILY A/C>	42,393,137	19.65%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	7,579,748	3.51%
MR SAMUEL JAMES BLAINEY	4,711,188	2.18%
COSTING & LOGISTICS <THE SYSTEMS A/C>	4,117,647	1.91%
THE TRUSTEE FOR THE NLP SUPERANNUATION FUND	3,926,470	1.82%
ANTEDILUVIAN PTY LTD <JOLLY FAMILY SUPER FUND A/C>	2,533,333	1.17%
RHODIUM CAPITAL PTY LIMITED <RHODIUM INVESTMENT A/C>	2,076,470	0.96%
PRONTO INVESTMENT TRUST	2,000,000	0.93%
MR JONAS MCCALLUM	1,500,000	0.70%
JON EDWARDS SUPER PTY LTD <JON EDWARDS SUPER FUND A/C>	1,325,897	0.61%
MR ZIYE LU	1,231,152	0.57%
SUPERHERO SECURITIES LIMITED <CLIENT A/C>	1,029,348	0.48%
CITICORP NOMINEES PTY LIMITED	966,761	0.45%
MRS ELEJA ELNA ACKLING	900,000	0.42%
HERACO PTY LTD <D G ROBERTSON SUPER FUND A/C>	900,000	0.42%
MR ANDREW KEVIN MULDER	815,806	0.38%
MR MACIEJ TOMCZAK	805,544	0.37%
LOCOPE PTY LTD	765,000	0.35%
MR TIMOTHY JAMES ARCERI	758,097	0.35%