

## 1. Company details

|                   |  |
|-------------------|--|
| Name of entity:   | Wellnex Life Limited                     |
| ABN:              | 77 150 759 363                           |
| Reporting period: | For the half-year ended 31 December 2022 |
| Previous period:  | For the half-year ended 31 December 2021 |

## 2. Results for announcement to the market

|  |    |          | \$'000  |
|--|----|----------|---------|
| Revenues from ordinary activities  | up | 73.5% to | 340     |
| Revenues from ordinary activities  | up | 54.5% to | 13,225  |
| Loss from ordinary activities after tax attributable to the owners of Wellnex Life Limited | up | 96.3% to | (4,213) |
| Loss for the half-year attributable to the owners of Wellnex Life Limited                  | up | 96.3% to | (4,213) |

### Dividends

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

### Comments

The loss for the consolidated entity after providing for income tax amounted to \$4,213,000 (31 December 2021: \$2,146,000).

## Financial Performance

Revenue for the period was \$13.23 million an increase of 55% on the prior corresponding period 31 December 2021: \$8.56 million. The increase in revenue from Wellnex's wholly owned brands and an increase in contract manufacturing orders.

Loss for the half-year of \$4.21 million was up 96% on the prior corresponding period 31 December 2021: \$2.15 million, primarily driven by an aggressive sales and marketing campaign for Wellnex's wholly owned brands which reduced the margins of the business. With the growth of Wellnex's wholly owned brands and the recent launch of Pharmacy Own, the SetCo and Mr Bright, margins for Calendar Year 2023 will increase back to normal levels.

The loss was also impacted by one-off costs in the development of new products and brands (including medicinal cannabis) that will commence providing revenue and increase in margins in the second half of FY23.

Wellnex also anticipates continued growth in Contract manufacturing orders for the remainder of FY23 and beyond increasing the profitability of the group.

There was also one-off costs associated with the development of new brands that were brought to market during the period and associated increase in marketing expense to support the ranging in all major pharmaceutical and grocery retailers. Further corporate costs increase during the period due to corporate activity, primarily due to capital raising activities which will significantly reduce in the second half of FY23.

During the period the Company increased its inventory by circa \$2.6 million to circa \$7.0 million to negate the impact of the worldwide problem of logistics with delays and increased costs. The increased costs impacted the profitability of the group and will continue to pose issues throughout CY23 with an expected "return to normal" in CY24.

Revenue and margins are expected to continue to increase in the second half of FY23 that will further decrease the cash loss and put the company on a trajectory of profitability.

### Financial Position

The net assets of the entity at 31 December 2022 was \$7.9 million (30 June 2022: 4.4 million). The increment was mainly attributable to capital raising activities during the period.

The balance sheet provides a strong platform for the business to execute its business objectives of continuing to grow its brands, products and revenue in the fast growing health and wellness market.

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### 3. Net tangible assets

|   | Reporting period<br>Cents | Previous period<br>Cents |
|---|---------------------------|--------------------------|
| Net tangible assets per ordinary security | <u>(0.02)</u>             | <u>0.88</u>              |

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### 4. Control gained over entities

Not applicable.

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### 5. Loss of control over entities

Not applicable.

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### 6. Dividends

#### *Current period*

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

#### *Previous period*

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

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### 7. Dividend reinvestment plans

Not applicable.

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### 8. Details of associates and joint venture entities

Not applicable

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### 9. Foreign entities

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

Not applicable.

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### 10. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-year financial report.

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## 11. Attachments

*Details of attachments (if any):*

The Half-year financial report of Wellnex Life Limited for the half-year ended 31 December 2022 is attached.

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## 12. Signed

Signed



George Karafotias  
Executive Director

Date: 28 February 2023

# **Wellnex Life Limited**

**ABN 77 150 759 363**

## **Half-year financial report - 31 December 2022**

|  |    |
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|  |  |
|--|--|
| Directors  | Eric Jiang (Non-Executive Director)<br>Kobe Li (Non-Executive Director)<br>George Karafotias (Executive Director)<br>Zack Bozinovski (Executive Director)                                    |
| Company secretary                                    | Kobe Li  |
| Registered office<br>and principal place of business | Building 2, Level 3,<br>Suite 69, 574 Plummer Street<br>Port Melbourne VIC 3207<br>Phone: +61 3 8399 9419  |
| Share register                                       | Computershare Investor Registry Services<br>Yarra Falls<br>452 Johnston Street<br>Abbotsford VIC 3067<br>Phone: 1300 787 272 (within Australia)<br>Phone: +61 3 9415 5000 (overseas callers) |
| Auditor  | William Buck<br>Level 20, 181 William Street<br>Melbourne VIC 3000   |
| Solicitors   | Holding Redlich<br>Level 8, 555 Bourke Street<br>Melbourne VIC 3000  |
| Stock exchange listing                               | Wellnex Life Limited securities are listed on the Australian Securities Exchange (ASX<br>code: WNX and WNXO)   |
| Website  | <a href="https://www.wellnexlife.com.au">https://www.wellnexlife.com.au</a>  |

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Wellnex Life Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

The information in this report should be read in conjunction with the most recent annual financial report, being the report for the year ended 30 June 2022.

### **Directors**

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

Eric Jiang (Non-Executive Director)  
Zheng (Kobe) Li (Non-Executive Director)  
George Karafotias (Chief Executive Officer and Executive Director)  
Zack Bozinovski (Executive Director)

### **Principal activities**

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- marketing and selling a portfolio of premium branded products for the health and wellness market; and
- acquisition of Mr Bright and The SetCo.

### **Dividends**

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

### **Review of operations**

#### **Period of Growth and Investment**

This period has been one of significant growth and investment as Wellnex grows its market share of the growing health market in Australia. Revenue has grown by over 50% to \$13.2 million in the first half of FY23 primarily to continued growth of Wellnex's wholly owned brands and contract manufacturing orders for Wellnex's innovative products.

#### **Brand and Product Growth**

Wellnex Life during the period continued to grow its brand and product portfolio with the launch of 2 new brands and the acquisition of Mr Bright, coupled with the growth of its existing brands. The continued growth of the existing and new brands will continue to see the already impressive revenue growth continue, but as importantly the margins of the business that will lead the group to profitability.

#### **1. Wagner Health Liquigesic**

Wellnex Life launched Australia's first TGA approved soft gel liquid paracetamol product in a joint venture with leading retailer Chemist Warehouse under the Wagner Health Liquigesic brand. This new brand commenced ranging in Chemist Warehouse in October 2021 with the brand continuing to see increase in sales quarter on quarter.

#### **2. The Iron Company**

Wellnex Life launched Australia's first slow-release iron gummy under the brand The Iron Company, with 2 initial varieties including a straight Iron and an Iron plus vitamin C. The Iron Company continues to grow its revenue quarter on quarter.

#### **3. Wakey Wakey**

Wellnex Life launched a new energy brand, Wakey Wakey, in both an effervescent tablet and gummy format. This new innovative product and packaging has secured ranging in all major pharmaceutical and grocery retailers. The brand has achieved strong sales growth with additional product sku's to hit the market in July 2023 to take advantage of the growing brand recognition. There will also be a launch in July 2023 of a new vitamin range that will further compliment Wakey Wakey that will both increase sales and margins of the group.

#### **4. Pharmacy Own**

Wellnex Life launched Pharmacy Own with new the new brand to be exclusively distributed by CH2, Australia's only fully integrated pharmaceutical and medical consumable distributor. CH2 distribution network includes over 2,500 pharmacies that will fast track the distribution of the Pharmacy Own brand. First products were delivered to CH2 in January 2023 and with an aim to have over the medium circa 50 products in the market. Pharmacy Own will provide a healthy margin to Wellnex and we will see Revenue being received form this launch in the second half of FY23.

#### **5. Mr Bright**

Wellnex finalised the acquisition of premium teeth whitening business, Mr Bright, in December 2022 via the issue of 15,000,000 fully paid ordinary shares. Mr Bright will bring immediate revenue to Wellnex, with further scope to substantially increase due to its minimal distribution channels in the domestic market. Mr Bright will add significant profitability to the Company with margins in excess of 40%.

#### **6. The SetCo.**

Wellnex launched a new e-commerce brand and platform in November 2022, The SetCo, to take advantage of the growing on-line health and wellness market. The SetCo was launched with 19 initial products with a further expansion of the product offering to come in CY23, that will further drive sales and margins of circa 50%.

#### **Other matters**

Wellnex Life during the period redeemed \$2.3 million in Convertible notes and issued \$6.35 million in new notes on superior terms with a coupon rate of 9% and converting at \$0.21 per share with an expiry of 24 months from issue.

#### **Financial Performance**

Revenue for the period was \$13.23 million an increase of 55% on the prior corresponding period 31 December 2021: \$8.56 million. The increase in revenue from Wellnex's wholly owned brands and an increase in contract manufacturing orders.

Loss for the half-year of \$4.21 million was up 96% on the prior corresponding period 31 December 2021: \$2.15 million, primarily driven by an aggressive sales and marketing campaign for Wellnex's wholly owned brands which reduced the margins of the business. With the growth of Wellnex's wholly owned brands and the recent launch of Pharmacy Own, the SetCo and Mr Bright, margins for Calendar Year 2023 will increase back to normal levels.

The loss was also impacted by one-off costs in the development of new products and brands (including medicinal cannabis) that will commence providing revenue and increase in margins in the second half of FY23.

Wellnex also anticipates continued growth in Contract manufacturing orders for the remainder of FY23 and beyond increasing the profitability of the group.

There were also one-off costs associated with the development of new brands that were brought to market during the period and associated increase in marketing expense to support the ranging in all major pharmaceutical and grocery retailers. Further corporate costs increase during the period due to corporate activity, primarily due to capital raising activities which will significantly reduce in the second half of FY23.

During the period the Company increased its inventory by circa \$2.6 million to circa \$7.0 million to negate the impact of the worldwide problem of logistics with delays and increased costs. The increased costs impacted the profitability of the group and will continue to pose issues throughout CY23 with an expected "return to normal" in CY24.

Revenue and margins are expected to continue to increase in the second half of FY23 that will further decrease the cash loss and put the company on a trajectory of profitability.



## **Financial Position**

The net assets of the entity at 31 December 2022 was \$7.9 million (30 June 2022: 4.4 million). The increment was mainly attributable to capital raising activities during the period.

The balance sheet provides a strong platform for the business to execute its business objectives of continuing to grow its brands, products and revenue in the fast growing health and wellness market.

## **Significant changes in the state of affairs**

On 18 July 2022 the Company announced that it had formalised a joint venture with Onelife Botanicals for the manufacture, distribution and sale of cannabis and hemp-based products. The Joint Venture will allow Wellnex to be one of the first to market with a registered medicinal product under S3 registration and allow it to bring to market products under SAS by the end of CY22.

Wellnex once it obtains an S3 registration will obtain 4% of the fully diluted capital of Onelife Botanicals.

On 9 September 2022 the Company announced that it has entered into a binding Asset Sale Agreement to acquire 100% of the assets of premium teeth whitening business, Mr Bright. The acquisition was via the issue of \$1.5 million in shares in Wellnex at a floor price of \$0.10 per share or the 5-day VWAP prior to settlement (whichever is higher).

On 13 September 2022 the Company announced the launch of a Share Purchase Plan (SPP) with a target raise of \$2 million, with the ability to take overs. The SPP will be at \$0.075 per share a discount of 19.7% to the 5-day VWAP at launch of SPP. On 24 October 2022, the SPP was completed and 37,543,584 fully paid ordinary shares were issued raising \$2.8 million.

On 7 December 2022, the Company issued the following securities:

- 42,000,000 fully paid ordinary shares at \$0.075 per share, on completion of Strategic Placement, raising \$3.15 million;
- 15,869,792 fully paid ordinary shares at deemed issue price of \$0.064 per share, for settlement of supply agreement; and
- 15,000,000 fully paid ordinary share at deemed issue price of \$0.10 per share, on completion of Mr Bright acquisition.

## **Matters subsequent to the end of the financial half-year**

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

## **Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

## **Auditor's independence declaration**

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

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

On behalf of the directors



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George Karafotias  
Executive Director

28 February 2023

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF WELLNEX LIFE LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

*William Buck*

**William Buck Audit (Vic) Pty Ltd**

ABN 59 116 151 136

*Alex Finnis*

**A. A. Finnis**

Director

Melbourne, 28 February 2023

**Wellnex Life Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2022**



|   |             | <b>Consolidated</b>     |                         |
|---|-------------|-------------------------|-------------------------|
|   | <b>Note</b> | <b>31 December 2022</b> | <b>31 December 2021</b> |
|   |             | <b>\$'000</b>           | <b>\$'000</b>           |
| Revenue from sale of goods  | 5           | 13,225                  | 8,560                   |
| Cost of sales   |             | (11,128)                | (6,136)                 |
| Gross profit  |             | <u>2,097</u>            | <u>2,424</u>            |
| Other income  |             | 340                     | 196                     |
| <b>Expenses</b>   |             |                         |                         |
| Administrative and corporate expenses   |             | (2,948)                 | (2,196)                 |
| Share based payments expense  | 14          | (17)                    | -                       |
| Employee benefits expense   |             | (2,109)                 | (1,427)                 |
| Selling, marketing and distribution expenses  |             | (913)                   | (808)                   |
| Depreciation and amortisation expense   |             | (112)                   | (57)                    |
| Finance costs   |             | <u>(551)</u>            | <u>(278)</u>            |
| <b>Loss before income tax expense</b>   |             | (4,213)                 | (2,146)                 |
| Income tax expense  |             | <u>-</u>                | <u>-</u>                |
| <b>Loss after income tax expense for the half-year attributable to the owners of Wellnex Life Limited</b> |             | (4,213)                 | (2,146)                 |
| Other comprehensive income for the half-year, net of tax  |             | <u>-</u>                | <u>-</u>                |
| <b>Total comprehensive income for the half-year attributable to the owners of Wellnex Life Limited</b>    |             | <u><u>(4,213)</u></u>   | <u><u>(2,146)</u></u>   |
|   |             | <b>Cents</b>            | <b>Cents</b>            |
| Basic loss per share  | 13          | (1.29)                  | (0.71)                  |
| Diluted loss per share  | 13          | (1.29)                  | (0.71)                  |

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

**Wellnex Life Limited**  
**Statement of financial position**  
**As at 31 December 2022**



|                                      |             | <b>Consolidated</b>                    |                                |
|--------------------------------------|-------------|--|--------------------------------|
|                                      | <b>Note</b> | <b>31 December<br/>2022<br/>\$'000</b> | <b>30 June 2022<br/>\$'000</b> |
| <b>Assets</b>                        |             |  |                                |
| <b>Current assets</b>                |             |  |                                |
| Cash and cash equivalents            |             | 4,318                                  | 3,181                          |
| Trade and other receivables          |             | 5,844                                  | 6,171                          |
| Inventories                          |             | 6,967                                  | 4,319                          |
| Prepayments and other assets         |             | 1,085                                  | 168                            |
| <b>Total current assets</b>          |             | <u>18,214</u>                          | <u>13,839</u>                  |
| <b>Non-current assets</b>            |             |  |                                |
| Plant and equipment                  |             | 49                                     | 42                             |
| Right-of-use assets                  |             | 208                                    | 269                            |
| Intangibles                          | 6           | <u>7,946</u>                           | <u>5,459</u>                   |
| <b>Total non-current assets</b>      |             | <u>8,203</u>                           | <u>5,770</u>                   |
| <b>Total assets</b>                  |             | <u>26,417</u>                          | <u>19,609</u>                  |
| <b>Liabilities</b>                   |             |  |                                |
| <b>Current liabilities</b>           |             |  |                                |
| Trade and other payables             |             | 11,116                                 | 7,086                          |
| Borrowings                           | 7           | 1,119                                  | 2,377                          |
| Lease liabilities                    |             | 110                                    | 95                             |
| Employee benefit provisions          |             | 191                                    | 192                            |
| Provisions                           |             | -                                      | 55                             |
| <b>Total current liabilities</b>     |             | <u>12,536</u>                          | <u>9,805</u>                   |
| <b>Non-current liabilities</b>       |             |  |                                |
| Borrowings                           | 8           | 5,468                                  | 5,198                          |
| Lease liabilities                    |             | 106                                    | 188                            |
| Employee benefit provisions          |             | 73                                     | 59                             |
| Contingent consideration             | 11          | <u>375</u>                             | <u>-</u>                       |
| <b>Total non-current liabilities</b> |             | <u>6,022</u>                           | <u>5,445</u>                   |
| <b>Total liabilities</b>             |             | <u>18,558</u>                          | <u>15,250</u>                  |
| <b>Net assets</b>                    |             | <u>7,859</u>                           | <u>4,359</u>                   |
| <b>Equity</b>                        |             |  |                                |
| Issued capital                       | 9           | 110,118                                | 102,620                        |
| Reserves                             |             | 3,665                                  | 3,450                          |
| Accumulated losses                   |             | <u>(105,924)</u>                       | <u>(101,711)</u>               |
| <b>Total equity</b>                  |             | <u>7,859</u>                           | <u>4,359</u>                   |

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

**Wellnex Life Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2022**



| <b>Consolidated</b>  | <b>Issued capital<br/>\$'000</b> | <b>Share-based payment<br/>reserve<br/>\$'000</b> | <b>Convertible loan reserve<br/>\$'000</b> | <b>Accumulated losses<br/>\$'000</b> | <b>Total equity<br/>\$'000</b> |
|--|----------------------------------|---|--|--------------------------------------|--------------------------------|
| Balance at 1 July 2021   | 91,726                           | 2,345   | 167  | (94,487)                             | (249)                          |
| Loss after income tax expense for the half-year                            | -                                | -   | -  | (2,146)                              | (2,146)                        |
| Other comprehensive income for the half-year, net of tax                   | -                                | -   | -  | -                                    | -                              |
| <b>Total comprehensive income for the half-year</b>                        | <b>-</b>                         | <b>-</b>  | <b>-</b>                                   | <b>(2,146)</b>                       | <b>(2,146)</b>                 |
| <i>Transactions with owners in their capacity as owners:</i>               |                                  |   |  |                                      |                                |
| Contributions of equity, net of transaction costs                          | 2,006                            | -   | -  | -                                    | 2,006                          |
| Issue of shares as partial consideration for the BSA transaction           | 2,000                            | -   | -  | -                                    | 2,000                          |
| Issue of shares on conversion of shareholder and convertible loan          | 6,721                            | -   | -  | -                                    | 6,721                          |
| Transfers to issued capital on conversion of convertible loans             | 167                              | -   | (167)                                      | -                                    | -                              |
| Recognition of equity component of convertible note issued during the year | -                                | -   | 224  | -                                    | 224                            |
| <b>Balance at 31 December 2021</b>   | <b>102,620</b>                   | <b>2,345</b>                                      | <b>224</b>                                 | <b>(96,633)</b>                      | <b>8,556</b>                   |

| <b>Consolidated</b>  | <b>Issued capital<br/>\$'000</b> | <b>Share-based payment<br/>reserve<br/>\$'000</b> | <b>Convertible loan reserve<br/>\$'000</b> | <b>Accumulated losses<br/>\$'000</b> | <b>Total equity<br/>\$'000</b> |
|--|----------------------------------|---|--|--------------------------------------|--------------------------------|
| Balance at 1 July 2022                                       | 102,620                          | 2,973   | 477  | (101,711)                            | 4,359                          |
| Loss after income tax expense for the half-year              | -                                | -   | -  | (4,213)                              | (4,213)                        |
| Other comprehensive income for the half-year, net of tax     | -                                | -   | -  | -                                    | -                              |
| <b>Total comprehensive income for the half-year</b>          | <b>-</b>                         | <b>-</b>  | <b>-</b>                                   | <b>(4,213)</b>                       | <b>(4,213)</b>                 |
| <i>Transactions with owners in their capacity as owners:</i> |                                  |   |  |                                      |                                |
| Contributions of equity, net of transaction costs (note 9)   | 7,498                            | 198   | -  | -                                    | 7,696                          |
| Share-based payments   | -                                | 17  | -  | -                                    | 17                             |
| <b>Balance at 31 December 2022</b>                           | <b>110,118</b>                   | <b>3,188</b>                                      | <b>477</b>                                 | <b>(105,924)</b>                     | <b>7,859</b>                   |

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

**Wellnex Life Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2022**



|  | <b>Consolidated</b>     |                         |
|--|-------------------------|-------------------------|
|  | <b>31 December 2022</b> | <b>31 December 2021</b> |
|  | <b>\$'000</b>           | <b>\$'000</b>           |
| <b>Cash flows from operating activities</b>                                    |                         |                         |
| Receipts from customers (inclusive of GST)                                     | 12,826                  | 9,580                   |
| Payments to suppliers and employees (inclusive of GST)                         | (14,688)                | (13,153)                |
| Interest received  | 5                       | 3                       |
| Interest and other finance costs paid  | (444)                   | (38)                    |
|  | <u>          </u>       | <u>          </u>       |
| Net cash used in operating activities  | (2,301)                 | (3,608)                 |
| <b>Cash flows from investing activities</b>                                    |                         |                         |
| Payment for purchase of business, net of cash acquired                         | -                       | (3,816)                 |
| Payment for intangible assets  | (632)                   | -                       |
| Payments for plant and equipment   | (15)                    | -                       |
| Payments for investments   | -                       | (3)                     |
| Funds received from liquidator on the wind up of Corio Bay Dairy Group Pty Ltd | -                       | 629                     |
|  | <u>          </u>       | <u>          </u>       |
| Net cash used in investing activities  | (647)                   | (3,190)                 |
| <b>Cash flows from financing activities</b>                                    |                         |                         |
| Proceeds from issue of shares  | 5,966                   | 2,177                   |
| Payments for capital raising   | (574)                   | (172)                   |
| Proceeds from issue of convertible debt securities                             | -                       | 2,350                   |
| Proceeds from borrowings   | 6,777                   | 1,692                   |
| Payments for transaction costs relating to borrowings                          | -                       | (528)                   |
| Repayment of borrowings  | (7,999)                 | (2,000)                 |
| Payment of lease liabilities   | (85)                    | (37)                    |
|  | <u>          </u>       | <u>          </u>       |
| Net cash from financing activities   | 4,085                   | 3,482                   |
| Net increase/(decrease) in cash and cash equivalents                           | 1,137                   | (3,316)                 |
| Cash and cash equivalents at the beginning of the financial half-year          | 3,181                   | 7,775                   |
|  | <u>          </u>       | <u>          </u>       |
| Cash and cash equivalents at the end of the financial half-year                | <u><u>4,318</u></u>     | <u><u>4,459</u></u>     |

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

### **Note 1. General information**

The financial statements cover Wellnex Life Limited as a consolidated entity consisting of Wellnex Life Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Wellnex Life Limited's functional and presentation currency.

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

Building 2, Level 3, Suite 69,  
574 Plummer Street  
Port Melbourne VIC 3207

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2023.

### **Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

#### **New, revised or amending 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity, other than as disclosed in the financial statements.

### **Note 3. Critical accounting judgements, estimates and assumptions**

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

#### *Share-based payment transactions*

Unless noted otherwise, 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 exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, as well as the terms and conditions upon which the instruments were granted.

**Note 3. Critical accounting judgements, estimates and assumptions (continued)**

*Allowance for 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 and historical collection rates.

*Provision for impairment of inventories*

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

*Goodwill and other indefinite life intangible assets*

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2 set out in the Notes to the financial statements for the year ended 30 June 2022. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

*Impairment of property, plant and equipment*

The consolidated entity assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

*Recovery of deferred tax assets*

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

**Note 4. Operating segments**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

During the half-year ended 31 December 2022 the consolidated entity acquired the assets of Mr Bright and The Set Co. The business operates in the same business and geographical segment as the rest of the Group, being a provider of high quality Australian made health and wellness products throughout Australasia.

All revenues of the consolidated entity are recognised at a point in time for all revenue types.

**Note 5. Revenue from sale of goods**

|                                      | <b>Consolidated</b>     |                         |
|--------------------------------------|-------------------------|-------------------------|
|                                      | <b>31 December 2022</b> | <b>31 December 2021</b> |
|                                      | <b>\$'000</b>           | <b>\$'000</b>           |
| <i>Sales revenue</i>                 |                         |                         |
| Goods transferred at a point in time | 13,225                  | 8,541                   |
| <i>Other revenue</i>                 |                         |                         |
| Other                                | -                       | 19                      |
| Revenue from sale of goods           | <u>13,225</u>           | <u>8,560</u>            |



**Note 6. Non-current assets - intangibles**

|                                  | <b>Consolidated</b> |                     |
|----------------------------------|---------------------|---------------------|
|                                  | <b>31 December</b>  |                     |
|                                  | <b>2022</b>         | <b>30 June 2022</b> |
|                                  | <b>\$'000</b>       | <b>\$'000</b>       |
| Goodwill - at cost               | 6,879               | 5,004               |
| Patents and trademarks - at cost | 119                 | 74                  |
| Less: Accumulated amortisation   | (22)                | (3)                 |
|                                  | <u>97</u>           | <u>71</u>           |
| Brands - at cost                 | 136                 | 136                 |
| Customer Relationships - at cost | 276                 | 276                 |
| Less: Accumulated amortisation   | (41)                | (28)                |
|                                  | <u>235</u>          | <u>248</u>          |
| Formation costs                  | 619                 | -                   |
| Less: Accumulated amortisation   | (20)                | -                   |
|                                  | <u>599</u>          | <u>-</u>            |
|                                  | <u><u>7,946</u></u> | <u><u>5,459</u></u> |

*Reconciliations*

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

| <b>Consolidated</b>                               | Goodwill<br>\$'000  | Patents and<br>trademarks<br>\$'000 | Brands<br>\$'000  | Customer<br>Relationships<br>\$'000 | Formation<br>costs<br>\$'000 | Total<br>\$'000     |
|---|---------------------|-------------------------------------|-------------------|-------------------------------------|------------------------------|---------------------|
| Balance at 1 July 2022                            | 5,004               | 71                                  | 136               | 248                                 | -                            | 5,459               |
| Additions   | -                   | 45                                  | -                 | -                                   | 619                          | 664                 |
| Additions through business combinations (note 11) | 1,875               | -                                   | -                 | -                                   | -                            | 1,875               |
| Amortisation expense                              | -                   | (19)                                | -                 | (13)                                | (20)                         | (52)                |
| Balance at 31 December 2022                       | <u><u>6,879</u></u> | <u><u>97</u></u>                    | <u><u>136</u></u> | <u><u>235</u></u>                   | <u><u>599</u></u>            | <u><u>7,946</u></u> |

**Note 7. Current liabilities - Borrowings**

|                            | <b>Consolidated</b> |                     |
|----------------------------|---------------------|---------------------|
|                            | <b>31 December</b>  |                     |
|                            | <b>2022</b>         | <b>30 June 2022</b> |
|                            | <b>\$'000</b>       | <b>\$'000</b>       |
| Insurance funding          | -                   | 36                  |
| Trade and debtor financing | 1,119               | 2,341               |
|                            | <u>1,119</u>        | <u>2,377</u>        |

**Trade and debtor facility**

In July 2021, the Company entered into a secured revolving trade and debtor facility with Scottish Pacific, with the key terms of this facility as follows:

**Note 7. Current liabilities - Borrowings (continued)**

- total value of financing facility: \$5,300,000
- term: minimum of 24 month to July 2023
- amount drawn down as at 31 December 2022: \$1,119,000
- interest rate: Bank Bill Swap Bid Rate (BBSY) plus 4%
- this financing facility is secured by general and specific security deeds over all of the Company's assets

**Note 8. Non-current liabilities - Borrowings**

|                                       | Consolidated                  |   |
|---------------------------------------|-------------------------------|---|
|                                       | 31 December<br>2022<br>\$'000 | 30 June 2022<br>\$'000                  |
| Convertible notes payable             | 5,468                         | 5,198                                   |
|                                       |                               | <b>Convertible<br/>loans<br/>\$'000</b> |
| Balance 1 July 2022                   |                               | 5,198                                   |
| Accrued interest on convertible notes |                               | 126                                     |
| Unwinding prepaid borrowing costs     |                               | 144                                     |
|                                       |                               | <u>5,468</u>                            |

**Note 9. Equity - issued capital**

|                              | Consolidated                  |                        |                               |                        |
|------------------------------|-------------------------------|------------------------|-------------------------------|------------------------|
|                              | 31 December<br>2022<br>Shares | 30 June 2022<br>Shares | 31 December<br>2022<br>\$'000 | 30 June 2022<br>\$'000 |
| Ordinary shares - fully paid | 413,719,190                   | 303,305,814            | 110,118                       | 102,620                |

*Movements in ordinary share capital*

| Details  | Date             | Shares             | Issue price | \$'000         |
|--|------------------|--------------------|-------------|----------------|
| Balance  | 1 July 2022      | 303,305,814        |             | 102,620        |
| Issue of Share Purchase Plan shares                | 24 October 2022  | 37,543,584         | \$0.075     | 2,816          |
| Issue of shares for Placement                      | 7 December 2022  | 42,000,000         | \$0.075     | 3,150          |
| Issue of shares for settlement of supply agreement | 7 December 2022  | 15,869,792         | \$0.064     | 1,016          |
| Issue of shares for acquisition of Mr Bright       | 7 December 2022  | 15,000,000         | \$0.10      | 1,500          |
| Cost of capital raising                            |                  | -                  | -           | (984)          |
| Balance  | 31 December 2022 | <u>413,719,190</u> |             | <u>110,118</u> |

**Note 10. Commitments**

|   | Consolidated                  |                        |
|---|-------------------------------|------------------------|
|   | 31 December<br>2022<br>\$'000 | 30 June 2022<br>\$'000 |
| <i>Chemist Warehouse marketing support</i>                                  |                               |                        |
| Committed at the reporting date but not recognised as liabilities, payable: |                               |                        |
| Within one year   | 600                           | 600                    |
| One to five years   | 3,900                         | 3,900                  |
|   | 4,500                         | 4,500                  |
|   | 4,500                         | 4,500                  |

Chemist Warehouse marketing support commitments arise from the Company's 10-year supply agreement with Chemist Warehouse for its full certified organic nutritional dairy range, including its premium range of Uganic infant formula and the Little Innoscents organic skin care range. Pursuant to the supply agreement, the Company will spend approximately \$A0.6 million annually in marketing support, to build brand awareness, sales and brand loyalty, over the first five years of the agreement's term.

**Note 11. Business combinations**

*Mr Bright Acquisition*

On 9 September 2022, the Company announced it has entered into a binding Asset Sale Agreement to acquire 100% of the premium teeth whitening brand Mr. Bright (subject to shareholder and regulatory approval). Wellnex will acquire Mr. Bright for \$1.5 million in ordinary shares in Wellnex at a minimum price of \$0.10 per share or the 5-day VWAP price immediately prior to settlement, whichever is higher. There are additional potential earnouts for FY23 and FY24 subject to EBITDA hurdles (full details in the annexure). The probability of FY23 earnout is nil. The Company recognised \$0.375 million in contingent consideration for FY24 earnout. Shares issued under the acquisition will be voluntary escrowed as following:

- 50% of shares escrowed for 12 months from issue
- 50% of shares escrowed for 24 months from issue

The fair values of the identifiable net assets acquired are detailed below:

|  | Fair value<br>\$'000 |
|--|----------------------|
| Goodwill   | 1,875                |
| Acquisition-date fair value of the total consideration transferred | 1,875                |
| Cash used to acquire business, net of cash acquired:               |                      |
| Acquisition-date fair value of the total consideration transferred | 1,875                |
| Less: contingent consideration                                     | (375)                |
| Less: shares issued by company as part of consideration            | (1,500)              |
| Net cash used  | -                    |

**i. Consideration transferred**

The deemed consideration for the acquisition of \$1.5 million which was paid through the issue of 15,000,000 fully paid ordinary shares in the Company.

**ii. Earn out consideration**

The Company will be required to pay earn out consideration for FY23 and FY23 subject to EBITDA hurdles. Although it is unlikely that the Company will pay earn out for FY23, \$0.375 million has been accrued as contingent consideration.

**Note 11. Business combinations (continued)**

**iii. Acquisition related costs**

Acquisition-related costs amounting to \$100,000 are not included as part of consideration for the acquisition and have been recognised as transaction costs. These costs have been included within administration expenses in the statement of profit or loss and other comprehensive income.

**iv. Goodwill**

Goodwill of \$1.875 million (including earn-out) was primarily related to the providing the company a significant opportunity to accelerate growth in the home teeth whitening sector.

Goodwill was allocated to a single cash generating unit as at acquisition date. The goodwill that arose from this business combination is not deductible for tax purposes.

**v. Contribution to the Consolidated Entity's result**

Mr Bright did not contribute material revenues or profit to the Group from the date of the acquisition to 31 December 2022. It was also not possible to estimate revenue and profit generated by Mr Bright if the acquisition had taken place on 1 July 2022 as the appropriate financial records were not available.

**Note 12. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 13. Loss per share**

|   | <b>Consolidated</b>     |                         |
|---|-------------------------|-------------------------|
|   | <b>31 December 2022</b> | <b>31 December 2021</b> |
|   | <b>\$'000</b>           | <b>\$'000</b>           |
| Loss after income tax attributable to the owners of Wellnex Life Limited                  | <u>(4,213)</u>          | <u>(2,146)</u>          |
|   | <b>Cents</b>            | <b>Cents</b>            |
| Basic loss per share  | (1.29)                  | (0.71)                  |
| Diluted loss per share  | (1.29)                  | (0.71)                  |
|   | <b>Number</b>           | <b>Number</b>           |
| Weighted average number of ordinary shares used in calculating basic earnings per share   | <u>326,414,934</u>      | <u>300,519,736</u>      |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>326,414,934</u>      | <u>300,519,736</u>      |

The dilutive impact of loan funded shares has not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as it does not meet the requirements for inclusion in AASB 133 'Earnings Per Share'. The rights to these loan funded shares are non-dilutive as the consolidated entity is loss generating.

**Note 14. Share-based payments**

**Options**

The consolidated entity may issue options to service providers as consideration for services provided to the consolidated entity.

**Note 14. Share-based payments (continued)**

During the half-year period the Company completed a capital raising and agreed to issue the following options:

- Reach Corporate was engaged to act as Lead Manager of the SPP. The Lead Manager is entitled to be paid 5% of all funds raised under the SPP. In addition, for every \$2.00 raised under the SPP, the Lead Manager will also be entitled to receive 1 Advisory Option. The issue of the Advisory Options to the Lead Manager is subject to Wellnex raising a minimum amount of \$1.5 million under the SPP, and any required Shareholder approvals (including pursuant to Listing Rule 7.1) being obtained by the Company. A total 1,407,888 Advisory Options were issued to Reach on 9 February 2023 as approved at the 2022 Annual General Meeting.
- Mr Julius Cohen was engaged to act as adviser to the Company in relation to the SPP, and is entitled to be paid 1% of all funds raised under the SPP for his advisory services. Mr Cohen will also be entitled to receive 1 Advisory Option for every \$2.00 raised under the SPP. The issue of the Advisory Options to Mr Cohen is subject to Wellnex raising a minimum amount of \$1.5 million under the SPP, and any required Shareholder approvals (including pursuant to Listing Rule 7.1) being obtained by the Company. A total 1,407,888 Advisory Options were issued to Mr Cohen on 9 February 2023 as approved at the 2022 Annual General Meeting.

The advisory options were valued at \$163,963 using Black Scholes valuation methodology and were vested immediately on issue. As such, \$163,963 million were recognised as cost of capital raising for the half year ended 31 December 2022.

31 December  
2022

| Deemed Grant Date | Expiry date | Exercise price | Balance at the start of the half-year | Granted          | Exercised | Expired/ forfeited/ other | Balance at the end of the half-year |
|-------------------|-------------|----------------|---------------------------------------|------------------|-----------|---------------------------|-------------------------------------|
| 21/05/2021        | 30/09/2023  | \$0.150        | 13,500,000                            | -                | -         | -                         | 13,500,000                          |
| 21/05/2021        | 10/07/2023  | \$0.200        | 21,365,143                            | -                | -         | -                         | 21,365,143                          |
| 21/03/2022        | 20/08/2024  | \$0.180        | 2,500,000                             | -                | -         | -                         | 2,500,000                           |
| 21/03/2022        | 20/08/2024  | \$0.200        | 7,500,000                             | -                | -         | -                         | 7,500,000                           |
| 29/11/2022        | 06/02/2026  | \$0.150        | -                                     | 2,815,776        | -         | -                         | 2,815,776                           |
|                   |             |                | <u>44,865,143</u>                     | <u>2,815,776</u> | <u>-</u>  | <u>-</u>                  | <u>47,680,919</u>                   |

**Performance Rights**

At the Company's 2022 Annual General Meeting, shareholders approved the issue of the following performance rights to Directors of the Company:

- 4,500,000 Class A performance rights which will vest upon the Company's volume weighted average price (VWAP) on the ASX during any period of 30 consecutive trading days (on which Wellnex Shares have actually traded) is or exceeds \$0.25, prior to the 12 month anniversary of the issue date of the Performance Rights. Class A performance rights were valued at \$219,412 using a Hoadley Parisan Barrier valuation methodology. As at 31 December 2022, \$6,094 were recognised as share based payments expense.
- 4,500,000 Class B performance rights which will vest upon the Company's volume weighted average price (VWAP) on the ASX during any period of 30 consecutive trading days (on which Wellnex Shares have actually traded) is or exceeds \$0.35, prior to the 12 month anniversary of the issue date of the Performance Rights. Class B performance rights were valued at \$189,214 using a Hoadley Parisan Barrier valuation methodology. As at 31 December 2022, \$5,256 were recognised as share based payments expense.
- 6,000,000 Class C performance rights which will vest upon the Company's volume weighted average price (VWAP) on the ASX during any period of 30 consecutive trading days (on which Wellnex Shares have actually traded) is or exceeds \$0.50, prior to the 12 month anniversary of the issue date of the Performance Rights. Class C performance rights were valued at \$209,589 using a Hoadley Parisan Barrier valuation methodology. As at 31 December 2022, \$5,822 were recognised as share based payments expense.

**Note 14. Share-based payments (continued)**

**31 December 2022**

| Deemed Grant date | Expiry date | Exercise price | Balance at the start of the half-year | Granted    | Exercised | Expired/ forfeited/ other | Balance at the end of the half-year |
|-------------------|-------------|----------------|---------------------------------------|------------|-----------|---------------------------|-------------------------------------|
| 29/11/2022        | 06/02/2023  | \$0.000        | -                                     | 15,000,000 | -         | -                         | 15,000,000                          |
|                   |             |                | -                                     | 15,000,000 | -         | -                         | 15,000,000                          |

Key inputs and assumptions used in calculating the fair value of options issued:

| Deemed Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|-------------------|-------------|---------------------------|----------------|---------------------|----------------|-------------------------|--------------------------|
| 29/11/2022        | 06/02/2026  | \$0.056                   | \$0.150        | 100.00%             | -              | 3.35%                   | \$0.044                  |

For the performance rights granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|------------|-------------|---------------------------|----------------|---------------------|----------------|-------------------------|--------------------------|
| 29/11/2022 | 28/11/2025  | \$0.072                   | \$0.000        | 100.00%             | -              | 3.20%                   | \$0.049                  |
| 29/11/2022 | 28/11/2025  | \$0.072                   | \$0.000        | 100.00%             | -              | 3.20%                   | \$0.042                  |
| 29/11/2022 | 28/11/2025  | \$0.072                   | \$0.000        | 100.00%             | -              | 3.20%                   | \$0.035                  |

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



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George Karafotias  
Executive Director

28 February 2023

## Wellnex Life Limited Independent auditor's review report

### REPORT ON THE REVIEW OF THE HALF-YEAR FINANCIAL REPORT

#### Conclusion

We have reviewed the accompanying half-year financial report of Wellnex Life Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Wellnex Life Limited is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b. complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Responsibility of Management for the Financial Report

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



## Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

*William Buck*

**William Buck Audit (Vic) Pty Ltd**

ABN 59 116 151 136

*Alan Finnis*

**A. A. Finnis**

Director

Melbourne, 28 February 2023