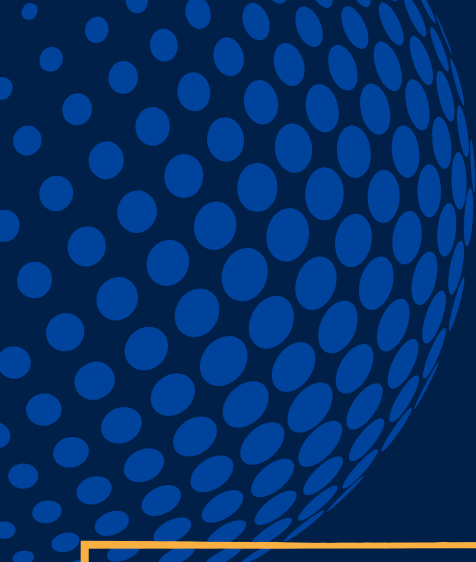




**HOLISTA  
COLLTECH**

# **ANNUAL REPORT**

31 DECEMBER 2022

**ABN 24094515992**

**Holista Colltech Limited**  
**Corporate directory**  
**31 December 2022**

|                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                      |
|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| Directors                                         | <p>Dr Rajen Manicka</p> <p>Mr Walter Edward Joseph</p> <p>Mrs Loren King</p>                                                                                                                                                                                                                                                                                                                                                                           | <p>Executive Chairman, Managing Director and Chief Executive Officer</p> <p>Non-Executive Director</p> <p>Non-Executive Director</p> |
| Company secretary                                 | Mr Jay Stephenson                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                      |
| Registered office and Principal place of business | <p>Australia:</p> <p>283 Rokeby Road</p> <p>Subiaco, WA 6008</p> <p>Malaysia:</p> <p>Unit 1201, 12th Floor,</p> <p>Amcorp Trade Centre, PJ Tower</p> <p>No. 18, Persiaran Barat</p> <p>46000 Petaling Jaya, Malaysia</p> <p>Telephone: +603 7965 2828</p> <p>Facsimile: +603 7965 2777</p> <p>Email: <a href="mailto:enquiries@holistaco.com">enquiries@holistaco.com</a></p> <p>Website: <a href="http://www.holistaco.com">www.holistaco.com</a></p> |                                                                                                                                      |
| Share register                                    | <p>Computershare Investor Services Pty Limited</p> <p>Level 11, 172 St Georges Terrace</p> <p>Perth WA 6000</p> <p>Telephone: 1300 850 505 (investors within Australia)</p> <p>Telephone: +61 (0)3 9415 4000</p> <p>Email: <a href="mailto:web.queries@computershare.com.au">web.queries@computershare.com.au</a></p> <p>Website: <a href="http://www.investorcentre.com">www.investorcentre.com</a></p>                                               |                                                                                                                                      |
| Auditor                                           | <p>Stantons</p> <p>Level 2, 40 Kings Park Road</p> <p>West Perth WA 6005, Australia</p> <p>Telephone: +61(0)8 9481 3188</p> <p>Facsimile: +61(0)8 9321 1204</p>                                                                                                                                                                                                                                                                                        |                                                                                                                                      |
| Solicitors                                        | <p>Edwards Mac Scovell</p> <p>Level 1/8 St Georges Terrace</p> <p>Perth WA 6005, Australia</p> <p>Telephone: +61(0)8 6245 0222</p>                                                                                                                                                                                                                                                                                                                     |                                                                                                                                      |
| Stock exchange listing                            | <p>Holista Colltech Limited shares are listed on the Australian Securities Exchange (ASX code: HCT)</p>                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                      |
| Corporate Governance Statement                    | <p>The Company's Corporate Governance Statement can be found on the company's website:</p> <p><a href="https://www.holistaco.com/the-investors.html">https://www.holistaco.com/the-investors.html</a></p>                                                                                                                                                                                                                                              |                                                                                                                                      |
| Media Enquiries                                   | <p><b>Australia and New Zealand:</b></p> <p>Vantage Point Partners</p> <p>Email: <a href="mailto:brendon@vantagepointpartners.com.au">brendon@vantagepointpartners.com.au</a></p> <p>Telephone: +61 409 341 613</p> <p><b>Global:</b></p> <p>WeR1 Consultants Pte Ltd</p> <p>1 Raffles Pl</p> <p>Singapore 048616</p> <p>Telephone: +65 67217161</p> <p>Email: <a href="mailto:holista@wer1.net">holista@wer1.net</a></p>                              |                                                                                                                                      |

**Holista Colltech Limited**  
**Contents**  
**31 December 2022**

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**General information**

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

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

**Registered office**

283 Rokeby Road  
Subiaco  
WA 6008  
Australia

**Principal place of business**

Unit 1201, 12th Floor,  
Amcorp Trade Centre, PJ Tower  
No 18, Persiaran Barat,  
46000 Petaling Jaya, Malaysia

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 consolidated financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 March 2023. The directors have the power to amend and reissue the consolidated financial statements.

## **About Us**

Holista Colltech's core business is to conduct research to find natural solutions so that people can live healthier lives. The Group holds proprietary solutions to help food manufacturers produce healthier alternatives – without use of chemicals – that do not compromise tastes and mouth-feel. Building on its partnership network and expertise, Holista has also developed sanitising solutions for individual and corporate use to control pandemic infections.

## **Corporate Profile**

Holista Colltech Ltd ("Holista") is a research-driven biotech company, a result of the merger of Holista Biotech Sdn Bhd and Colltech Australia Ltd. It is listed on the Australian Securities Exchange (ASX:HCT), headquartered in Perth and has extensive operations in multiple countries, including Malaysia and North America.

In the Food Ingredients space, Holista specialises in herbs and natural products that allow food manufacturers to produce healthier products. Mindful that people find it difficult to change eating habits despite the growing incidence of diabetes and obesity, Holista has created a suite of ingredients that does not compromise on taste, odour and mouthfeel. It has brought to markets thus far, low-Glycemic Index (GI) bread, noodles/pasta and flatbreads as well as a low-calorie/Low-GI sugar substitute.

Holista is the only company in the world that produces ovine collagen from disease-free Australian sheep using patented extraction methods.

Holista is a leader in Malaysia for the distribution of natural health supplements. It leverages on its R&D background and scientific expertise to build a world-class company focused on providing consumers with scientifically enhanced natural supplements and consumer products.

Further, the Group also has a range of all-natural, non-toxic and effective sanitisers for consumers and industrial applications within its product portfolio.

## **Managing Director's Report**

Dear Shareholders,

On behalf of the Board of Directors ("the Board") of Holista Colltech Limited and its controlled entities ("Holista" or the "Group"), I am pleased to present our Annual Report and audited consolidated financial statements for the financial year ended 31 December 2022 ("FY2022") with the Group recording its second year of record revenues.

Group revenue increased by around 3% over the previous year to \$8.2 million despite the challenging environment that was marked by high inflation and rising interest rates, which weighed on consumer sentiment and drove up input costs across our business.

In light of these challenges, particularly rising costs, Holista was still able to deliver a credible bottom line performance with the Group posting an after-tax net loss of \$1.5 million versus a decline from the \$1.4 million net loss reported in FY2021.

Importantly, FY2022 operating cash flow was \$499K ahead of the pcpc, as cash receipts jumped 30% over the pcpc, while payments increased by a slower pace of 18% over the pcpc. Holista's diverse product range that is sold in multiple markets and to customers from various industries provides the Group with a relatively stable and resilient platform to grow sales.

A summary on the performance of each of our four divisions is outlined below:

### Healthy Food Ingredients

The division that posted the strongest year-on-year sales growth was Health Food Ingredients, which recorded revenues of \$1.9 million which was 38% higher than the pcpc, and 83% over the past two pcpcs.

The growth was driven by demand for Holista's unique 80Less™ healthy sugar substitute from food and drinks manufacturer Rex Industry Berhad, and Holista's patented GI Lite™ premix from US-based baked goods supplier Costanzo's Bakery, Inc. and HWH International.

### Dietary Supplements

Holista's Dietary Supplements division continues to be the largest contributor to Group revenue. Sales were largely flat over the pcpc at just over \$6 million, with the division up by 15% over two pcpcs.

This division would have reported growth if not for an unexpected but temporary drop in sales in the fourth quarter. As explained in the latest quarterly Activities Report, released to ASX on 31 January 2023, December quarter sales were impacted by economic uncertainty stemming from rising interest rates as well as the Malaysian elections, which weighed on consumer spending across the economy, although sales of the Group's leading supplements have started to rebound in January.

### Ovine Collagen

Holista's Ovine Collagen division grew sales of its unique and patented offering by 23% over the pcpc to \$306K (+77% over two pcpcs) due to its binding sales contract with leading cosmetics manufacturer Behn Meyer Thailand, which runs through to end of 2023.

Importantly, the reopening of the Chinese economy following the end of the government's "Zero Covid" policy could present further opportunities for this division.

Our previous attempts to enter the Chinese market through partnerships had been stalled by the country's pandemic controls, however, Activities with Guangzhou Sinbio Cosmetic Co Ltd, a Chinese State-Owned Enterprise (SOE), have now recommenced with the shipment of more collagen (now approved for import into China) for product development and testing. The next shipment will be dispatched from our Collie facility in Western Australia as opposed to Kuala Lumpur, Malaysia.

### Infection Control

Infection Control is Holista's smallest and newest division, which was established in 2020. Sales of its all-natural sanitisers to consumers have waned as the world is learning to live with COVID-19 with sales declining to \$23K from \$227K in the pcpc.

**Holista Colltech Limited**  
**Managing Directors' report**  
**31 December 2022**

To mitigate this downturn, Holista has been focusing on commercial/industrial applications for its technology, although the lead times for B2B sales are significantly longer.

Having said that, Holista believes that the Infection Control division will not impact on its ability to grow Group revenue, while the reopening of the Chinese economy may provide opportunities for not only the Ovine Collagen division but also our Infection Control division.

We are currently developing the Natshield™ and Protectene products for the Chinese market and these offerings are pending registration with China's regulators.

Holista's all-natural products can be used as sanitisers, nasal balms, and as a consumable in the M3 system, which is developed to disinfect quarantine centres, offices, homes, and cars (hardware prototypes are undergoing testing).

## Outlook

While there are several headwinds buffeting the global economy, Holista believes it is well placed to overcome the challenges and that the Group's short and longer-term outlook is generally positive. This view is based on the following factors:

- **Organic growth in key markets:** Holista's largest divisions are leveraged to fast growing markets due to growing demand for health products. For instance, the global health food ingredients market is forecasted to grow at a compound annual growth rate (CAGR) of 7.8% from 2022 to 2027 to reach US\$146.3 billion<sup>1</sup>, while the global vitamins and supplements market is forecast to grow at a CAGR of 6.1% from 2021 to 2028 to hit US\$196.6 billion<sup>2</sup>.
- **Potential peak in inflation:** Cost pressures are starting to ease from 2022. If this trend continues, as many economists are forecasting, it will be a positive development for Holista's margins and will better position the Group to deliver further operating cash flow increases in the current financial year.
- **Rebound in Dietary Supplement Division:** As outlined above, there has been a marked improvement in sales of Holista's market-leading supplements in Malaysia following the soft December quarter. The rebound in January 2023 has persisted and management is anticipating a stronger result for this division (which is the largest cash contributor of the Group) in the current quarter, if not beyond.
- **Reopening of the Chinese economy:** The return to business-as-usual in China should open new growth avenues for Holista, as outlined above. While the success of these endeavours by Holista's partners are not essential to drive further growth for the Group, these opportunities could add significant scale to Holista over the medium to longer-term and does not require any significant investment on Holista's part to pursue.

Best regards,



DR RAJEN MANICKA  
Executive Chairman, MD and CEO

<sup>1</sup> <https://www.marketsandmarkets.com/Market-Reports/health-ingredients-market-69194289.htm>

<sup>2</sup> <https://www.fortunebusinessinsights.com/vitamins-and-supplements-market-104051>

**Holista Colltech Limited**  
**Directors' report**  
**31 December 2022**

Your directors present their report on the consolidated entity, consisting of Holista Colltech Limited ("Holista" or the "Company") and its controlled entities (collectively the "Group"), for the financial year ended 31 December 2022.

Holista is listed on the Australian Securities Exchange (ASX:HCT).

**Directors**

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

|                         |                                                                   |
|-------------------------|-------------------------------------------------------------------|
| Dr Rajen Manicka        | Executive Chairman, Managing Director and Chief Executive Officer |
| Mr Walter Edward Joseph | Non-Executive Director                                            |
| Mrs Loren King          | Non-Executive Director                                            |

**Company secretary**

Mr Stephenson appointed on 1 September 2021 as the Company Secretary, has been involved in business development for over 30 years including the past 25 years as Director, Chief Financial Officer and Company Secretary for various listed and unlisted entities in IT, food, nutraceuticals, resources, manufacturing, wine, hotels, and property. He has been involved in business acquisitions, mergers, initial public offerings, capital raisings, business restructuring as well managing all areas of finance for companies.

Currently he is a non-executive Director of Dragon Mountain Gold Limited, and Stonehorse Energy Limited as well as Company Secretary for a number of ASX Listed resource and industrial companies and a Director of a number of private companies.

**Dividends paid or recommended**

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

**Principal activities**

During the financial year ended 31 December 2022 (FY2022), the Group, consisting of Holista Colltech Limited and its controlled entities, remained focused on four core areas:

- Healthy Food Ingredients
- Infection Control Solutions
- Dietary Supplements
- Ovine Collagen



## **Group Operations Review:**

Holista Colltech Limited and its controlled entities (the “Group”) posted a 3% increase in Group revenue to \$8.2 million, which is the second consecutive yearly record for the Group, as net loss after tax came in at \$1.5 million compared with \$1.4 million in the previous year.

The results were achieved in a period of heightened uncertainty as Holista overcame the challenges created by high inflation, rising interest rates and volatile consumer sentiment.

During the 2022 financial year (FY2022), Holista and its controlled entities (the “Group”) focused on the following four core business areas:

- Healthy Food Ingredients;
- Dietary Supplements;
- Ovine Collagen; and
- Infection Control Solutions.

## **Healthy Food Ingredients**

Holista’s Healthy Food Ingredients division posted the strongest year-on-year sales growth within the Group. Sales increased by 38% over the previous corresponding period (pcp) to \$1.9 million, or 83% over the past two years.

The growth was driven by demand for Holista’s unique 80Less™ healthy sugar substitute from food and drinks manufacturer Rex Industry Berhad and Holista’s patented GI Lite™ premix from US-based baked goods supplier Costanzo’s Bakery, Inc. and HWH International.

## **Dietary Supplements**

The Company’s Dietary Supplements business division continued to be the largest income contributor to the group. Revenue from this division declined 2% over the pcp to \$6 million, although it is up by 15% over the past two years.

This division experienced an unexpected but temporary drop in sales in the fourth quarter in Malaysia as it was impacted by economic uncertainty stemming from rising interest rates and the Malaysian elections, which weighed on consumer spending across the economy, although sales of the Group’s leading supplements have started to rebound since January 2023.

## **Ovine Collagen**

Holista’s Ovine Collagen division grew sales of its unique and patented offering by 23% over the pcp to \$306K (+77% over two years) as it has a binding sales contract with leading cosmetics manufacturer Behn Meyer Thailand, which runs through to end of this year.

## **Infection Control Solutions**

Holista’s Infection Control Solutions business division posted a decline in revenue to \$23K in FY2022 from \$227K in FY2021. Infection Control is Holista’s smallest and newest division (established in 2020). Sales of its all-natural sanitisers to consumers have waned as the world is learning to live with COVID-19. This is why Holista is focusing on commercial/industrial applications for its technology, although the lead times for B2B sales are significantly longer.

## **Outlook**

While several macroeconomic factors continue to pose a headwind to the global economy, Holista believes it is well placed to overcome the challenges and that the Group’s short- and longer-term outlook is generally positive. This view is based on the following factors:

- **Organic growth in key markets:** Holista’s largest divisions are leveraged to fast growing markets due to increasing demand for health products. For instance, the global health food ingredients market is forecast to grow at a compound annual growth rate (CAGR) of 7.8% from 2022 to 2027 to reach US\$146.3 billion<sup>3</sup>, while the global vitamins and supplements market is forecast to grow at a CAGR of 6.1% from 2021 to 2028 to hit US\$196.6 billion<sup>4</sup>.
- **Potential peak in inflation:** Cost pressures are starting to ease from 2022. If this trend continues, as many economists are forecasting, it will be a positive development for Holista’s margins and will better position the Group to deliver further operating cash flow improvements in the current financial year.

<sup>3</sup> <https://www.marketsandmarkets.com/Market-Reports/health-ingredients-market-69194289.html>

<sup>4</sup> <https://www.fortunebusinessinsights.com/vitamins-and-supplements-market-104051>

- **Rebound in Dietary Supplement Division:** As outlined above, there has been a marked improvement in sales of Holista's market-leading supplements in Malaysia following the soft December quarter. The rebound in January has persisted and management is anticipating a stronger result for this division in the current quarter, if not beyond.
- **Reopening of the Chinese economy:** Holista's previous attempts to enter the Chinese market through partnerships had been stalled by the country's pandemic controls. But with the Chinese economy reopening following the end of the government's "Zero Covid" policy, there has been encouraging progress with the following projects:
  - **Collagen**  
Activities with Guangzhou Sinbio Cosmetic Co Ltd, a Chinese State-Owned Enterprise (SOE), have now recommenced with the shipment of more collagen (now approved for import into China) for product development and testing. The next shipment will be from Perth as opposed to Kuala Lumpur, Malaysia.
  - **Natshield™ / Protectene**  
The products are currently being developed for the Chinese market and are pending registration with China's regulators. Holista's all-natural products can be used as sanitisers, nasal balms, and as a consumable in the M3 system, which is developed to disinfect quarantine centres, offices, homes, and cars (hardware prototypes are undergoing testing).

## **Business Risks**

There are specific risks associated with the activities of the Company and general risks which are largely beyond the control of the Company and the Directors. The risks identified below, or other risk factors, may have a material impact on the future financial performance of the Company.

All companies are exposed to risks and the Company continues to monitor risks associated with current activities whilst also analysing the risks associated with any new opportunities.

The below risks are not exhaustive but are the minimum exposure areas observed by the Company. These risks may cover such areas as:

### *Economic*

General economic conditions, introduction of tax reform, new legislation, the general level of activity within the bio tech industry, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

### *Climate change*

The Company recognises that physical and non-physical impacts of climate change may affect assets, productivity, markets, and the community. Risks related to the physical impacts of climate change include the risks associated with increased severity of extreme weather events and chronic risks resulting from longer-term changes in climate patterns. Non-physical risks and opportunities arise from a variety of policy, legal, technological and market responses to the challenges posed by climate change and the transition to a lower carbon world.

**Information relating to the directors**

|                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name:                                | Dr Rajen Manicka                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Title:                               | Executive Chairman, Managing Director and Chief Executive Officer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Qualifications:                      | Non-independent<br>B Ph. (Hons)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Experience and expertise:            | <p>Dr Rajen Manicka began his career as an intern pharmacist at the Kuala Lumpur General Hospital from 1986 - 1987. In 1987 he spent a year as a community pharmacist. Over a period of 9 years, Dr Rajen worked for several pharmaceutical companies including Roche and CIBA Pharmaceuticals in various capacities starting as a medical representative, product manager and eventually as marketing manager.</p> <p>In 1995, he incorporated Total Health Concept, which was restructured into Holista Biotech Sdn Bhd in January 2004, and has been Managing Director and major shareholder from inception of this Group until its merger with Holista CollTech Limited in July 2009. He is a prominent figure in the Malaysian biotech industry, an industry which receives significant support and encouragement from the Malaysian government.</p> <p>Dr Rajen has been a guest lecturer in alternative medicine at the University of Malaysia, the National University of Malaysia, and the International Medical University in Malaysia. He was also a health columnist for the Sunday Times, Malaysia's second largest Sunday newspaper, and writes a monthly column on biotech and business for The Edge, Malaysia's largest business weekly.</p> <p>Dr Rajen Manicka is a member of the Malaysian Ministry of Health Standing Committee for Traditional Medicine and until March 2009 was on the board of Malaysian Herbal Corporation Sdn Bhd, a wholly owned subsidiary of the Malaysian Industry - Government Group for High Technology.</p> |
| Other current directorships:         | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Former directorships (last 3 years): | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Interests in shares:                 | 85,735,272                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Interests in options:                | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Interests in rights:                 | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Contractual rights to shares:        | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Name:                                | Mr Walter Edward Joseph                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Title:                               | Non-Executive Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Qualifications:                      | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Experience and expertise:            | <p>Mr Joseph has a long and successful track record working in senior management and consulting positions over the past five decades at several leading organisations, including the National Australian Bank, Wesfarmers-Bunnings, P&amp;O Ports, Perth Building Society, Challenge Bank, Water Corporation of Western Australia (WA) Department of Commerce and Trade.</p> <p>His expertise in planning, marketing, business development and operations will be a valuable asset to Holista as the Company embarks on its next phase of growth.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Other current directorships:         | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Former directorships (last 3 years): | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Interests in shares:                 | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

**Holista Colltech Limited**  
**Directors' report**  
**31 December 2022**

Name: Mrs Loren King  
Title: Non-Executive Director  
Qualifications: Bachelor in Psychology, Fellow Member of the Governance Institute of Australia holding a Graduate Diploma of Applied Corporate Governance.  
Experience and expertise: Mrs Loren King has worked in corporate finance and senior administration roles with ASX listed companies, stockbroking and corporate advisory services for the past 15 years. During this time, she gained valuable experience in dealing with all aspects of corporate governance and compliance, specialising in initial public offerings (IPO), backdoor listings, private capital raising and business development.  
Other current directorships: None  
Former directorships (last 3 years): None  
Interests in shares: Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

### Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2022, and the number of meetings attended by each director were:

|                         | Full Board |      | Nomination and Remuneration Committee |      | Audit and Risk Committee |      |
|-------------------------|------------|------|---------------------------------------|------|--------------------------|------|
|                         | Attended   | Held | Attended                              | Held | Attended                 | Held |
| Dr Rajen Manicka        | 12         | 12   | -                                     | -    | -                        | -    |
| Mr Walter Edward Joseph | 12         | 12   | -                                     | -    | -                        | -    |
| Mrs Loren King          | 11         | 12   | -                                     | -    | -                        | -    |

Held: represents the number of meetings held during the time the director held office.

*At the date of this report, both the Nomination and Remuneration Committee and the Audit and Risk Committees comprises the full Board of Directors. The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of these separate committees. Accordingly, all matters capable of delegation to such committees are considered by the full Board of Directors.*

### Indemnity and insurance of officers

#### Indemnification

The Company has agreed to indemnify all the directors of Holista for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

#### Insurance premiums

During the financial year the Group has paid a premium of \$nil (2021: \$50,000) in respect of a contract to insure the directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001 (Cth). The Group is currently working with its brokers to find an alternate policy.

### Indemnity 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.

### Shares under option

There were no unissued ordinary shares of Holista Colltech Limited under option outstanding at the date of this report.

### **Shares issued on the exercise of performance rights**

There were no ordinary shares of Holista Colltech Limited issued on the exercise of options during the year ended 31 December 2022 and up to the date of this report.

### **Shares under Performance Rights**

There were no unissued ordinary shares of Holista Colltech Limited under performance rights outstanding at the date of this report.

### **Non-audit services**

During the year, no fees were paid or payable for other services provided by Stantons International Audit and Consulting Pty Ltd ("Stantons"). However, Marsden Stantons, an affiliate of Stantons provided tax compliance and independent expert services. Non-audit fees amounted to \$5,510 (2021: \$5,590).

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 consolidated financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 29 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

### **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.

### **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.

### **Remuneration report (audited)**

#### *Key management personnel (KMP)*

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of KMP remuneration
- Service agreements
- Additional disclosures relating to key management personnel

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

*Remuneration philosophy*

The performance of the Company depends upon the quality of the KMP. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration

*Remuneration committee*

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives, and currently its responsibilities are undertaken by the full Board.

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors, the CEO and the executive team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality KMP.

*Remuneration structure*

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

*Non-Executive director remuneration*

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 1 December 2003 when shareholders approved an aggregate remuneration of \$200,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company. An additional fee is also paid for each Board committee on which a director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by directors who serve on one or more sub committees.

The remuneration of non-executive directors for the year ended 31 December 2022 is detailed in note 28 'Key management personnel disclosures' of this consolidated financial statement.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

*Senior manager and executive director remuneration*

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

*Fixed Remuneration*

Fixed remuneration is reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

The fixed remuneration component of the company executives is detailed in page 15 of this remuneration report.

*Variable Remuneration*

The aggregate of annual payments available for KMP across the Group is subject to the approval of the Nomination and Remuneration Committee during the year.

*Performance Based Remuneration short-term and long-term incentive structure*

The Board will review short-term and long-term incentive structures from time to time. Any incentive structure will be aligned with shareholders' interests.

- *Short-term incentives*

There was a cash bonus of \$46,850 granted and paid to Rajen Manicka as short-term incentive during the financial year.

- *Long-term incentives*

The Board has a policy of granting incentive options and performance rights to KMP with exercise prices above market share price. As such, incentive options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Group increases sufficiently to warrant exercising the incentive options granted.

The executive Directors will be eligible to participate in any short term and long-term incentive arrangements operated or introduced by the Company (or any subsidiary) from time to time.

*Service Contracts*

Remuneration and other terms of employment for the directors and other KMP are formalised in contracts of employment.

*Engagement of Remuneration Consultants*

During the financial year, the Company did not engage any remuneration consultants.

*Relationship between Remuneration of KMP and Earnings*

The Company is also in the midst of commercialising some of its patented technologies, namely its Healthy Food ingredients and Sheep Collagen. Accordingly, the Company's remuneration policy during the current and the previous four financial years is not related to the Company's performance.

***Details of KMP remuneration***

*Amounts of remuneration*

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Holista Colltech Limited:

- Rajen Manicka
- Walter Edward Joseph
- Loren King

**Holista Colltech Limited**  
**Directors' report**  
**31 December 2022**

|                                 | Short-term benefits  |            |              |                    | Post-employment benefits | Long-term benefits | Share-based payments |         |
|---------------------------------|----------------------|------------|--------------|--------------------|--------------------------|--------------------|----------------------|---------|
|                                 | Cash salary and fees | Cash bonus | Non-monetary | Other              | Super-annuation          | Long service leave | Equity-settled       | Total   |
| 2022                            | \$                   | \$         | \$           | \$                 | \$                       | \$                 | \$                   | \$      |
| <i>Non-Executive Directors:</i> |                      |            |              |                    |                          |                    |                      |         |
| Walter Joseph                   | 48,000               | -          | -            | 6,000 <sup>2</sup> | -                        | -                  | -                    | 54,000  |
| Loren King <sup>1</sup>         | 48,000               | -          | -            | -                  | -                        | -                  | -                    | 48,000  |
| <i>Executive-Directors:</i>     |                      |            |              |                    |                          |                    |                      |         |
| Rajen Manicka*                  | 289,533              | 46,850     | -            | 302                | 63,915                   | -                  | -                    | 400,600 |
|                                 | 385,533              | 46,850     | -            | 6,302              | 63,915                   | -                  | -                    | 502,600 |

\* Superannuation refers to Malaysia entitlement calculated at 19% of the total of the Short-term benefits.

(1) Mrs. Loren King's remuneration was paid by way of fees to Risky Vulture Enterprise Pty Ltd.

(2) Mr. Walter Joseph received \$6,000 as fees for ISO certificate consultation.

|                                     | Short-term benefits  |            |              |        | Post-employment benefits | Long-term benefits | Share-based payments |         |
|-------------------------------------|----------------------|------------|--------------|--------|--------------------------|--------------------|----------------------|---------|
|                                     | Cash salary and fees | Cash bonus | Non-monetary | Other* | Super-Annuation          | Long service leave | Equity-settled       | Total   |
| 2021                                | \$                   | \$         | \$           | \$     | \$                       | \$                 | \$                   | \$      |
| <i>Non-Executive Directors:</i>     |                      |            |              |        |                          |                    |                      |         |
| Daniel Joseph O'Connor <sup>1</sup> | 35,000               | -          | -            | 8,333  | -                        | -                  | -                    | 43,333  |
| Chan Heng Fai                       | 18,000               | -          | -            | 8,333  | -                        | -                  | -                    | 26,333  |
| Blair Michelson <sup>2</sup>        | 24,000               | -          | -            | 53,333 | -                        | -                  | -                    | 77,333  |
| Walter Joseph                       | 24,000               | -          | -            | 8,333  | -                        | -                  | -                    | 32,333  |
| Loren King <sup>3</sup>             | 20,000               | -          | -            | 8,333  | -                        | -                  | -                    | 28,333  |
| <i>Executive-Directors:</i>         |                      |            |              |        |                          |                    |                      |         |
| Rajen Manicka**                     | 275,692              | 17,231     | -            | 8,630  | 55,657                   | -                  | -                    | 357,210 |
|                                     | 396,692              | 17,231     | -            | 95,295 | 55,657                   | -                  | -                    | 564,875 |

\* Other short term benefits represents D&O insurances of \$8,333 for each director and additional consultancy fees paid to directors. Mr. Blair was also paid \$45,000 for other services related to QA and QC maintenance for Collie Plant during the financial year.

\*\* Superannuation refers to Malaysia entitlement calculated at 19% of the total of the short-term benefits.

(1) Mr. Daniel Joseph O'Connor's remuneration was paid by way of fees to Kickstart Plus Pty Ltd. He resigned on 31 July 2021.

(2) Mr. Blair Michelson's remuneration was paid by way of fees to Qualita International. He resigned on 28 June 2021.

(3) Mrs. Loren King's remuneration was paid by way of fees to Risky Vulture Enterprises Pty Ltd.

(4) Mr. Chan Heng Fai resigned on 28 June 2021.



**Service agreements**

**Dr Rajen Manicka**

On 7 September 2010, the Group entered into an Employment Agreement with Dr Rajen Manicka to act as Chief Executive Officer and Managing Director. On the 2 July 2018, the Board of Directors reviewed and renewed the Employment Agreement of Dr Rajen Manicka as the Chief Executive Director and Managing Director of the Group. On 14 June 2021, the existing contract was renewed for 3 years.

|                                               |                                                                                                                                                                                                                                                                 |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name:                                         | Dr Rajen Manicka                                                                                                                                                                                                                                                |
| Commencement date:                            | 10 July 2021                                                                                                                                                                                                                                                    |
| Termination date of contract:                 | Initial 3-year period                                                                                                                                                                                                                                           |
| Period of notice for resignation/termination: | 3 months                                                                                                                                                                                                                                                        |
| Remuneration:                                 | RM778,524 per annum                                                                                                                                                                                                                                             |
| Termination (with cause):                     | The Company may terminate at any time without notice if serious misconduct has occurred. Where termination with cause occurs, employees are only entitled to entitlements up to the date of termination and any unvested options will immediately be forfeited. |
| Termination (without cause):                  | The Agreement provides for the termination of the Agreement by paying a severance payment of up to three months in addition to notice period.                                                                                                                   |

**Mr Walter Joseph**

Mr Joseph was appointed as a Non-Executive Director on 28 June 2021. Mr Joseph's contract is \$48,000 per annum, effective on the date of appointment until further notice. No termination payments are applicable.

**Mrs Loren King**

Mrs King was appointed as a Non-Executive Director on 31 July 2021. Mrs King's contract is \$48,000 per annum, effective on the date of appointment until further notice. No termination payments are applicable.

**Share-based compensation**

*Issue of shares*

There were no shares issued to directors as part of compensation during the year ended 31 December 2022.

**Additional disclosures relating to key management personnel**

*Shareholding*

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

|                        | Balance at the start of the year | Received as part of compensation | Exercise of performance rights | Disposals/ other | Balance at the end of the year |
|------------------------|----------------------------------|----------------------------------|--------------------------------|------------------|--------------------------------|
| <i>Ordinary shares</i> |                                  |                                  |                                |                  |                                |
| Rajen Manicka          | 85,735,272                       | -                                | -                              | -                | 85,735,272                     |
| Walter Edward Joseph   | -                                | -                                | -                              | -                | -                              |
| Loren King             | -                                | -                                | -                              | -                | -                              |
| Total Ordinary Shares  | 85,735,272                       | -                                | -                              | -                | 85,735,272                     |

*Other Equity-related KMP Transactions*

There have been no other transactions involving equity instruments other than those described in the tables above relating to options, rights and shareholdings.

*This concludes the remuneration report, which has been audited.*

**Officers of the company who are former partners of Stantons**

There are no officers of the Company who are former partners of Stantons.

**Holista Colltech Limited**  
**Directors' report**  
**31 December 2021**

**Auditor**

Stantons continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



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Dr Rajen Manicka  
Executive Chairman, MD and CEO

31 March 2023

31 March 2023

Board of Directors  
Holistia Colltech Limited  
283 Rokeby Road  
Subiaco, WA 6008

Dear Directors

**RE: HOLISTA COLLTECH LIMITED**

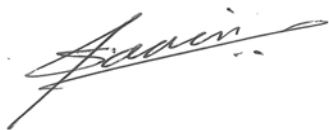
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Holista Colltech Limited.

As Audit Director for the audit of the financial statements of Holista Colltech Limited for the year ended 31 December 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.

Yours sincerely

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(An Authorised Audit Company)**



**Samir Tirodkar**  
**Director**

**Holista Colltech Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2022**

|                                                                      | Note | Consolidated<br>2022<br>\$ | 2021<br>\$         |
|----------------------------------------------------------------------|------|----------------------------|--------------------|
| <b>Income</b>                                                        |      |                            |                    |
| Revenue from contracts with customers                                | 4    | 8,241,225                  | 8,023,129          |
| Other income                                                         | 5    | 73,388                     | 100,400            |
| <b>Expenses</b>                                                      |      |                            |                    |
| Changes in inventories of finished goods and work in progress        |      | 565,881                    | 460,942            |
| Raw materials and consumables used                                   |      | (4,334,259)                | (3,890,425)        |
| Distribution costs and other costs of sales                          |      | (480,757)                  | (478,278)          |
| Advertising and promotion                                            |      | (553,444)                  | (509,560)          |
| Consultancy and professional fees                                    |      | (771,174)                  | (882,975)          |
| Depreciation and amortisation expense                                |      | (273,952)                  | (199,999)          |
| Employee benefits                                                    | 6    | (2,703,629)                | (2,965,656)        |
| Finance costs                                                        |      | (66,528)                   | (46,604)           |
| Foreign exchange gain/(loss)                                         |      | 45,373                     | (12,092)           |
| Impairment                                                           | 6    | (134,252)                  | (144,515)          |
| Research and development                                             |      | (68,875)                   | (205,124)          |
| Share-based payments (reversal)                                      | 39   | -                          | 360,109            |
| Other expenses                                                       | 6    | (903,740)                  | (813,356)          |
| <b>(Loss) before income tax expense</b>                              |      | (1,364,743)                | (1,204,004)        |
| Income tax expense                                                   | 7    | (157,387)                  | (153,030)          |
| <b>Loss after income tax expense for the year</b>                    |      | (1,522,130)                | (1,357,034)        |
| <b>Other comprehensive income</b>                                    |      |                            |                    |
| <i>Items that may be reclassified subsequently to profit or loss</i> |      |                            |                    |
| Foreign currency translation                                         |      | 22,491                     | 49,709             |
| Other comprehensive income for the year, net of tax                  |      | 22,491                     | 49,709             |
| <b>Total comprehensive loss for the year</b>                         |      | <u>(1,499,639)</u>         | <u>(1,307,325)</u> |
| (Loss) for the year is attributable to:                              |      |                            |                    |
| Non-controlling interest                                             |      | (69,228)                   | (100,825)          |
| Owners of Holista Colltech Limited                                   |      | (1,452,902)                | (1,256,209)        |
|                                                                      |      | <u>(1,522,130)</u>         | <u>(1,357,034)</u> |
| Total comprehensive income for the year is attributable to:          |      |                            |                    |
| Non-controlling interest                                             |      | (151,287)                  | (344,067)          |
| Owners of Holista Colltech Limited                                   |      | (1,348,352)                | (963,258)          |
|                                                                      |      | <u>(1,499,639)</u>         | <u>(1,307,325)</u> |
|                                                                      |      | <b>Cents</b>               | <b>Cents</b>       |
| Basic loss per share                                                 | 38   | (0.52)                     | (0.46)             |
| Diluted loss per share                                               | 38   | (0.52)                     | (0.46)             |

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

**Holista Colltech Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2022**

|                                                               | <b>Note</b> | <b>Consolidated<br/>2022<br/>\$</b> | <b>2021<br/>\$</b>      |
|---------------------------------------------------------------|-------------|-------------------------------------|-------------------------|
| <b>Assets</b>                                                 |             |                                     |                         |
| <b>Current assets</b>                                         |             |                                     |                         |
| Cash and cash equivalents                                     | 8           | 117,528                             | 1,213,093               |
| Trade and other receivables                                   | 9           | 1,321,880                           | 1,795,140               |
| Inventories                                                   | 10          | 1,411,962                           | 1,521,917               |
| Income tax recoverable                                        | 12          | 68,204                              | 49,155                  |
| Other current assets                                          | 13          | 1,146,780                           | 1,007,569               |
| Total current assets                                          |             | <u>4,066,354</u>                    | <u>5,586,874</u>        |
| <b>Non-current assets</b>                                     |             |                                     |                         |
| Property, plant and equipment                                 | 14          | 898,361                             | 1,010,263               |
| Right-of-use assets                                           | 11          | 335,884                             | 113,413                 |
| Intangible assets                                             | 15          | 104,610                             | 134,157                 |
| Deferred tax asset                                            | 7.1         | 67,831                              | 83,166                  |
| Total non-current assets                                      |             | <u>1,406,686</u>                    | <u>1,340,999</u>        |
| Total assets                                                  |             | <u><b>5,473,040</b></u>             | <u><b>6,927,873</b></u> |
| <b>Liabilities</b>                                            |             |                                     |                         |
| <b>Current liabilities</b>                                    |             |                                     |                         |
| Trade and other payables                                      | 16          | 2,269,349                           | 2,746,596               |
| Contract liabilities                                          | 17          | 52,851                              | 5,245                   |
| Borrowings                                                    | 18          | 483,087                             | 364,882                 |
| Leases                                                        | 19          | 37,050                              | 13,521                  |
| Short-term provisions                                         | 20          | 40,530                              | 34,496                  |
| Total current liabilities                                     |             | <u>2,882,867</u>                    | <u>3,164,740</u>        |
| <b>Non-current liabilities</b>                                |             |                                     |                         |
| Borrowings                                                    | 18          | 457,562                             | 417,774                 |
| Leases                                                        | 19          | 242,218                             | 94,146                  |
| Long-term provisions                                          | 20          | 333,819                             | 275,000                 |
| Total non-current liabilities                                 |             | <u>1,033,599</u>                    | <u>786,920</u>          |
| Total liabilities                                             |             | <u>3,916,466</u>                    | <u>3,951,660</u>        |
| Net assets                                                    |             | <u><b>1,556,574</b></u>             | <u><b>2,976,213</b></u> |
| <b>Equity</b>                                                 |             |                                     |                         |
| Issued capital                                                | 21          | 21,787,478                          | 21,707,478              |
| Reserves                                                      | 22          | (99,952)                            | (204,502)               |
| Accumulated losses                                            | 23          | (18,858,234)                        | (17,405,332)            |
| Equity attributable to the owners of Holista Colltech Limited |             | 2,829,292                           | 4,097,644               |
| Non-controlling interest                                      | 24          | (1,272,718)                         | (1,121,431)             |
| Total equity                                                  |             | <u><b>1,556,574</b></u>             | <u><b>2,976,213</b></u> |

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

**Holista Colltech Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 31 December 2022**

| <b>Consolidated</b>                                 | <b>Issued capital<br/>\$</b> | <b>Share-based Payments Reserves<br/>\$</b> | <b>Foreign Currency Translation Reserve<br/>\$</b> | <b>Accumulated Losses<br/>\$</b> | <b>Non-controlling interest<br/>\$</b> | <b>Total equity<br/>\$</b> |
|-----------------------------------------------------|------------------------------|---------------------------------------------|----------------------------------------------------|----------------------------------|----------------------------------------|----------------------------|
| Balance at 1 January 2021                           | 21,707,478                   | 360,109                                     | (497,453)                                          | (16,149,123)                     | (777,364)                              | 4,643,647                  |
| Loss after income tax expense for the year          | -                            | -                                           | -                                                  | (1,256,209)                      | (100,825)                              | (1,357,034)                |
| Other comprehensive income for the year, net of tax | -                            | -                                           | 292,951                                            | -                                | (243,242)                              | 49,709                     |
| Total comprehensive income/(loss) for the year      | -                            | -                                           | 292,951                                            | (1,256,209)                      | (344,067)                              | (1,307,325)                |
| Shares based payment expenses                       | -                            | (360,109)                                   | -                                                  | -                                | -                                      | (360,109)                  |
| Balance at 31 December 2021                         | <b>21,707,478</b>            | <b>-</b>                                    | <b>(204,502)</b>                                   | <b>(17,405,332)</b>              | <b>(1,121,431)</b>                     | <b>2,976,213</b>           |
| <b>Consolidated</b>                                 | <b>Issued capital<br/>\$</b> | <b>Share-based Payments Reserves<br/>\$</b> | <b>Foreign Currency Translation Reserve<br/>\$</b> | <b>Accumulated Losses<br/>\$</b> | <b>Non-controlling interest<br/>\$</b> | <b>Total equity<br/>\$</b> |
| Balance at 1 January 2022                           | 21,707,478                   | -                                           | (204,502)                                          | (17,405,332)                     | (1,121,431)                            | 2,976,213                  |
| Loss after income tax expense for the year          | -                            | -                                           | -                                                  | (1,452,902)                      | (69,228)                               | (1,522,130)                |
| Other comprehensive income for the year, net of tax | -                            | -                                           | 104,550                                            | -                                | (82,059)                               | 22,491                     |
| Total comprehensive income/(loss) for the year      | -                            | -                                           | 104,550                                            | (1,452,902)                      | (151,287)                              | (1,499,639)                |
| Shares issued during the year                       | 80,000                       | -                                           | -                                                  | -                                | -                                      | 80,000                     |
| Balance at 31 December 2022                         | <b>21,787,478</b>            | <b>-</b>                                    | <b>(99,952)</b>                                    | <b>(18,858,234)</b>              | <b>(1,272,718)</b>                     | <b>1,556,574</b>           |

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

**Holista Colltech Limited**  
**Consolidated statement of cash flows**  
**For the year ended 31 December 2022**

|                                                                  | <b>Note</b> | <b>Consolidated<br/>2022<br/>\$</b> | <b>2021<br/>\$</b>      |
|------------------------------------------------------------------|-------------|-------------------------------------|-------------------------|
| <b>Cash flows from operating activities</b>                      |             |                                     |                         |
| Receipts from customers                                          |             | 9,236,287                           | 7,119,182               |
| Payments to suppliers and employees                              |             | (10,150,152)                        | (8,678,056)             |
| Finance costs                                                    |             | (80,505)                            | (46,604)                |
| Interest received                                                |             | 854                                 | 9,934                   |
| Income tax paid                                                  |             | (159,285)                           | (169,503)               |
| Government grants                                                |             | 41,357                              | 88,979                  |
|                                                                  |             | <u>          </u>                   | <u>          </u>       |
| Net cash (used in) operating activities                          | 36          | <u>(1,111,444)</u>                  | <u>(1,676,068)</u>      |
| <b>Cash flows from investing activities</b>                      |             |                                     |                         |
| Purchase of property, plant and equipment                        | 14          | (76,971)                            | (41,457)                |
| Increase/(Refund) of deposits/investments                        |             | (59,892)                            | 91,809                  |
| Proceeds from disposal of property, plant and equipment          |             | 31,177                              | -                       |
|                                                                  |             | <u>          </u>                   | <u>          </u>       |
| Net cash (used in)/provided by investing activities              |             | <u>(105,686)</u>                    | <u>50,352</u>           |
| <b>Cash flows from financing activities</b>                      |             |                                     |                         |
| Proceeds from issue of shares                                    |             | -                                   | -                       |
| Proceeds from borrowings, net                                    |             | 4,101,325                           | 131,935                 |
| Repayment of borrowings                                          |             | (3,943,332)                         | -                       |
| Repayment of lease liabilities                                   |             | (37,140)                            | (22,441)                |
|                                                                  |             | <u>          </u>                   | <u>          </u>       |
| Net cash provided by financing activities                        |             | <u>120,853</u>                      | <u>109,494</u>          |
| Net (decrease) in cash and cash equivalents                      |             | (1,096,277)                         | (1,516,222)             |
| Cash and cash equivalents at the beginning of the financial year |             | 1,213,093                           | 2,725,237               |
| Change in foreign currency held                                  |             | 712                                 | 4,078                   |
|                                                                  |             | <u>          </u>                   | <u>          </u>       |
| Cash and cash equivalents at the end of the financial year       | 8           | <u><b>117,528</b></u>               | <u><b>1,213,093</b></u> |

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

## **Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### *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.

### **Going concern**

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss after tax for the year of \$1,522,129 (2021: \$1,357,034 loss) and a net cash out-flow from operating activities of \$1,111,444 (2021: \$1,676,068 out-flow). As at 31 December 2022, the Group's working capital amounted to \$1,183,487 (2021: \$2,422,134 working capital), as disclosed in note 21 of the issued capital note.

This financial report is prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The ability of the Group to continue to pay its debts as and when they fall due is dependent upon the Group's ability to generate positive cash flows through its existing business and/ or raising of further equity.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business and at amounts that differ from those stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded assets or liabilities that might be necessary should the group not continue as a going concern.

### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

### **Historical cost convention**

The consolidated financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

### **Parent entity information**

In accordance with the Corporations Act 2001, financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 33.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Holista Colltech Limited ('company' or 'parent entity') as at 31 December 2022 and the results of all subsidiaries for the year then ended. Holista Colltech Limited 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.

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.



**Note 1. Significant accounting policies (continued)**

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

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.

***Foreign currency translation***

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars. The legal parent entity's functional and presentation currency is Australian Dollars.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

***Foreign operations***

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

***Current and non-current classification***

Assets and liabilities are presented in the consolidated statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

**Note 1. Significant accounting policies (continued)**

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

***Financial assets***

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**i. Debt instruments**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

**Note 1. Significant accounting policies (continued)**

**ii. Equity instruments**

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**Investments**

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the consolidated entity has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

**Value added taxes**

Value-added tax (VAT) is the generic term for the broad-based consumption taxes that the Group is exposed to such as: Australia (Goods and Services Tax or GST) and in Malaysia (Sales and Service Tax or SST), hereafter collectively referred to as GST.

Revenues, expenses, and assets are recognised net of the amounts of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (or jurisdictional equivalent) is included as a current asset or liability in the balance sheet.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**Fair Value**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable AASB.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly unforced transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also considers a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

**Fair value hierarchy**

AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

**Note 1. Significant accounting policies (continued)**

- Level 1: Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- If a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- If significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

**Valuation techniques**

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows into income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

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

The preparation of the consolidated 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. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Key estimate – impairment of property, plant and equipment (note 14 Property, plant and equipment)
- Key estimate – impairment of goodwill (note 15 Intangible assets)
- Key estimate – determining stand-alone selling price of the loyalty points (note 17 Contract liabilities)
- Key estimate – determining the lease term (note 19 Leases)
- Key estimate – determining the allowance for expected credit losses (note 9 Trade and other receivables)
- Key estimate – carrying amount of deferred tax assets (note 7 Income tax expense)

## **Note 3. Operating segments**

### *Identification of reportable operating segments*

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors (the Board) on a monthly basis and in determining the allocation of resources. Management has identified the operating segments based on the principal activities – Supplements; Ovine Collagen; Infection Control Solutions; Food Ingredients; and Corporate.

### **Accounting policies adopted**

Unless stated otherwise, all amounts reported to the Board, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

### *Types of products and services*

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

|                   |                                                                                                               |
|-------------------|---------------------------------------------------------------------------------------------------------------|
| Supplements       | This operating segment is involved in the manufacture and wholesale distribution of dietary supplements.      |
| Ovine collagen    | This operating segment is involved in the manufacture and distribution of cosmetic grade collagen.            |
| Food ingredients  | This operating segment is involved in the manufacture and wholesale distribution of healthy food ingredients. |
| Infection control | This operating segment is involved in the infection control solutions.                                        |

### *Intersegment transactions*

All such transactions are eliminated on consolidation of the Group's financial statements.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

### *Segment assets*

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

**Note 3. Operating segments (continued)**

*Segment liabilities*

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

*Major customers*

The Group has a number of customers to whom it provides both products and services.

Within the Supplement segment, the Group supplies to a number of retailers through one single external distributor who accounts for 91% (2021: 88%) of total revenue for this segment. For Food Ingredients business segments, the Group supplies to a few major customers that accounts 70% (2021: 62%) of revenue for this segment. The Group supplies to a few external customers for the Ovine Collagen segment, where the major customer accounts for 98% (2021: 100%) of revenue for this segment.

**Segment Financial Performance**

| Year ended 31 December 2022 | Supplements<br>\$ | Sheep<br>Collagen<br>\$ | Food<br>Ingredients<br>US+Malaysia<br>\$ | Infection<br>Control<br>\$ | Corporate<br>\$ | Total<br>\$      |
|-----------------------------|-------------------|-------------------------|------------------------------------------|----------------------------|-----------------|------------------|
| Revenue                     |                   |                         |                                          |                            |                 |                  |
| External sales              | 6,037,720         | 306,255                 | 1,874,630                                | 22,620                     | -               | 8,241,225        |
| Other income                | -                 | -                       | -                                        | -                          | 73,388          | 73,388           |
| Total segment revenue       | <u>6,037,720</u>  | <u>306,255</u>          | <u>1,874,630</u>                         | <u>22,620</u>              | <u>73,388</u>   | <u>8,314,613</u> |

**Reconciliation of segment  
revenue to group revenue:**

|                                                         |                       |                         |                         |                         |                           |                           |
|---------------------------------------------------------|-----------------------|-------------------------|-------------------------|-------------------------|---------------------------|---------------------------|
| Total expenses                                          | <u>(5,156,078)</u>    | <u>(638,972)</u>        | <u>(2,368,498)</u>      | <u>(265,134)</u>        | <u>(1,250,673)</u>        | <u>(9,679,355)</u>        |
| Segment (loss) from continuing<br>operations before tax | <u><b>881,642</b></u> | <u><b>(332,717)</b></u> | <u><b>(493,868)</b></u> | <u><b>(242,514)</b></u> | <u><b>(1,177,285)</b></u> | <u><b>(1,364,742)</b></u> |

| Year ended 31 December 2021 | Supplements<br>\$ | Sheep<br>Collagen<br>\$ | Food<br>Ingredients<br>US+Malaysia<br>\$ | Infection<br>Control<br>\$ | Corporate<br>\$ | Total<br>\$      |
|-----------------------------|-------------------|-------------------------|------------------------------------------|----------------------------|-----------------|------------------|
| Revenue                     |                   |                         |                                          |                            |                 |                  |
| External sales              | 6,184,002         | 248,100                 | 1,363,594                                | 227,433                    | -               | 8,023,129        |
| Other income                | -                 | -                       | -                                        | -                          | 100,400         | 100,400          |
| Total segment revenue       | <u>6,184,002</u>  | <u>248,100</u>          | <u>1,363,594</u>                         | <u>227,433</u>             | <u>100,400</u>  | <u>8,123,529</u> |

**Reconciliation of segment  
revenue to group revenue:**

|                                                         |                         |                         |                         |                         |                         |                           |
|---------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---------------------------|
| Total expenses                                          | <u>(5,063,689)</u>      | <u>(742,426)</u>        | <u>(2,019,746)</u>      | <u>(433,694)</u>        | <u>(1,067,978)</u>      | <u>(9,327,533)</u>        |
| Segment (loss) from continuing<br>operations before tax | <u><b>1,120,313</b></u> | <u><b>(494,326)</b></u> | <u><b>(656,152)</b></u> | <u><b>(206,261)</b></u> | <u><b>(967,578)</b></u> | <u><b>(1,204,004)</b></u> |

**Holista Colltech Limited**  
**Notes to the consolidated financial statements**  
**31 December 2022**

**Note 3. Operating segments (continued)**

|                            | Supplements<br>\$       | Sheep<br>Collagen<br>\$ | Food<br>Ingredients<br>US+Malaysia<br>\$ | Infection<br>Control<br>\$ | Corporate<br>\$         | Total<br>\$             |
|----------------------------|-------------------------|-------------------------|------------------------------------------|----------------------------|-------------------------|-------------------------|
| As at 31 December 2022     |                         |                         |                                          |                            |                         |                         |
| Segment Assets             | 3,069,194               | 5,256,297               | 2,289,398                                | 196,633                    | -                       | 10,811,522              |
| Intra-segment eliminations | -                       | -                       | (668,179)                                | -                          | (4,670,303)             | (5,338,482)             |
| Total assets               | <u>3,069,194</u>        | <u>5,256,297</u>        | <u>1,621,219</u>                         | <u>196,633</u>             | <u>(4,670,303)</u>      | <u>5,473,040</u>        |
| Segment Liabilities        | (1,765,545)             | (2,748,008)             | (4,987,737)                              | (415,065)                  | -                       | (9,916,355)             |
| Intra-segment eliminations | -                       | -                       | 298,057                                  | -                          | 5,701,832               | 5,999,889               |
| Total liabilities          | <u>(1,765,545)</u>      | <u>(2,748,008)</u>      | <u>(4,689,680)</u>                       | <u>(415,065)</u>           | <u>5,701,832</u>        | <u>(3,916,465)</u>      |
| Total net assets           | <u><b>1,303,649</b></u> | <u><b>2,508,289</b></u> | <u><b>(3,068,461)</b></u>                | <u><b>(218,432)</b></u>    | <u><b>1,031,529</b></u> | <u><b>1,556,574</b></u> |
| As at 31 December 2021     |                         |                         |                                          |                            |                         |                         |
| Segment Assets             | 3,341,994               | 6,103,998               | 1,824,902                                | 328,595                    | -                       | 11,599,489              |
| Intra-segment eliminations | -                       | -                       | -                                        | -                          | (4,671,616)             | (4,671,616)             |
| Total assets               | <u>3,341,994</u>        | <u>6,103,998</u>        | <u>1,824,902</u>                         | <u>328,595</u>             | <u>(4,671,616)</u>      | <u>6,927,873</u>        |
| Segment Liabilities        | (1,893,284)             | (2,430,009)             | (4,600,567)                              | (526,165)                  | -                       | (9,450,025)             |
| Intra-segment eliminations | -                       | -                       | -                                        | -                          | 5,498,365               | 5,498,365               |
| Total liabilities          | <u>(1,893,284)</u>      | <u>(2,430,009)</u>      | <u>(4,600,567)</u>                       | <u>(526,165)</u>           | <u>5,498,365</u>        | <u>(3,951,660)</u>      |
| Total net assets           | <u><b>1,448,710</b></u> | <u><b>3,673,989</b></u> | <u><b>(2,775,665)</b></u>                | <u><b>(197,570)</b></u>    | <u><b>826,749</b></u>   | <u><b>2,976,213</b></u> |

*Assets by geographical region*

The location of segment assets (before intra-segment eliminations) by geographical location of the assets is disclosed below:

|               | <b>Consolidated</b>      |                          |
|---------------|--------------------------|--------------------------|
|               | <b>2022</b>              | <b>2021</b>              |
|               | <b>\$</b>                | <b>\$</b>                |
| Australia     | 5,256,297                | 6,103,998                |
| Malaysia      | 4,269,912                | 4,710,385                |
| United States | 1,285,313                | 785,106                  |
| Total assets  | <u><b>10,811,522</b></u> | <u><b>11,599,489</b></u> |

*Revenue by geographical area*

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

|               | <b>Consolidated</b>     |                         |
|---------------|-------------------------|-------------------------|
|               | <b>2022</b>             | <b>2021</b>             |
|               | <b>\$</b>               | <b>\$</b>               |
| Australia     | 306,255                 | 248,100                 |
| Malaysia      | 6,909,072               | 6,830,609               |
| United States | 1,025,898               | 944,420                 |
| Total revenue | <u><b>8,241,225</b></u> | <u><b>8,023,129</b></u> |

**Note 3. Operating segments (continued)**

*Unallocated Items*

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Depreciation and amortisation
- Gains or losses on sales of financial and non-financial assets
- Investment income
- Corporate transaction accounting expense

**Accounting policy for operating segments**

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

**Note 4. Revenue from contracts with customers**

|                                       | <b>Consolidated</b>     |                         |
|---------------------------------------|-------------------------|-------------------------|
|                                       | <b>2022</b>             | <b>2021</b>             |
|                                       | <b>\$</b>               | <b>\$</b>               |
| Revenue from contracts with customers | <b><u>8,241,225</u></b> | <b><u>8,023,129</u></b> |

*Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

|                   | <b>Consolidated</b>     |                         |
|-------------------|-------------------------|-------------------------|
|                   | <b>2022</b>             | <b>2021</b>             |
|                   | <b>\$</b>               | <b>\$</b>               |
| Supplements       | 6,037,720               | 6,184,002               |
| Sheep Collagen    | 306,255                 | 248,100                 |
| Food Ingredients  | 1,874,630               | 1,363,594               |
| Infection Control | 22,620                  | 227,433                 |
|                   | <b><u>8,241,225</u></b> | <b><u>8,023,129</u></b> |

*Geographical regions*

|               |                         |                         |
|---------------|-------------------------|-------------------------|
| Australia     | 306,255                 | 248,100                 |
| Malaysia      | 6,909,072               | 6,830,609               |
| United States | 1,025,898               | 944,420                 |
|               | <b><u>8,241,225</u></b> | <b><u>8,023,129</u></b> |

*Timing of revenue recognition*

|                                      |                         |                         |
|--------------------------------------|-------------------------|-------------------------|
| Goods transferred at a point in time | <b><u>8,241,225</u></b> | <b><u>8,023,129</u></b> |
|--------------------------------------|-------------------------|-------------------------|

**Accounting policy for Revenue from contracts with customers**

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:

- Identify the contract with a customer;
- Identify the performance obligations in the contract and determine at what point they are satisfied;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations; and
- Recognise the revenue as the performance obligations are satisfied.



**Note 4. Revenue from contracts with customers (continued)**

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract. Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

*Sale of health care products*

Sale of health care products comprise revenue from supplements, food ingredients and infection control.

Revenue from sales of health care products is recognised at the point in time when control of the asset is transferred to the customer, i.e. upon delivery of goods to the customers. Some contracts for the sale of health care products provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

*a. Rights of return*

Certain contracts provide a customer with a right of return the goods within a specific period. The Group uses its accumulated historical experience to estimate the level of returns using the expected value method because this method best predicts the amount of variable consideration to which the Group will be entitled. The constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return assets and corresponding adjustment to cost of sales is also recognised for the right to recover products from a customer.

*b. Volume rebates*

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies that requirements on constraining estimates of variable consideration and recognised a refund liability for the expected future rebates.

*Sale of health care products through single level direct selling*

Revenue from single level direct selling of health care products is recognised at the point in time when control of the asset is transferred to the customer, i.e. upon delivery of goods to the customers.

**Note 4. Revenue from contracts with customers (continued)**

*Royalty income*

Sales based royalties are recognised at the later of when the subsequent sale occurs and the satisfaction of the performance obligation to which some or all of the sales-based royalty has been allocated.

*Sale of raw ingredients*

Sale of raw ingredients comprise sales from sheep collagen, food ingredients and infection control.

Revenue from sales of sheep collagen, food ingredients, and infection control are recognised at the point in time when the control of the asset is transferred to the customer, i.e. upon delivery of goods to the customers.

*Customer loyalty points*

Deferred revenue in respect to customer loyalty points is recognised in accordance with note 17 Key estimates –Deferred revenue for customer loyalty points.

*Assets and liabilities arising from rights of return*

Assets and liabilities arising from rights of return in accordance with note 11 Right-of-return assets, note 16 Trade and other payables, and note 17 Contract liabilities.

**Note 5. Other income**

|                                                    | <b>Consolidated</b>  |                       |
|----------------------------------------------------|----------------------|-----------------------|
|                                                    | <b>2022</b>          | <b>2021</b>           |
|                                                    | <b>\$</b>            | <b>\$</b>             |
| Government Grants - Research and development       | -                    | 51,657                |
| Government Grants – ATO COVID-19 JobKeeper Subsidy | -                    | 9,600                 |
| Government Grants – US COVID-19 Subsidy            | 41,357               | 27,722                |
| Gain on disposal of property, plant and equipment  | 31,177               | -                     |
| Interest income                                    | 854                  | 10,531                |
| Other income                                       | -                    | 890                   |
|                                                    | <hr/>                | <hr/>                 |
| Total Other income                                 | <b><u>73,388</u></b> | <b><u>100,400</u></b> |

**Accounting Policy for Interest Income**

Interest income is recognised on a time proportionate basis that considers the effective yield on the financial asset.

**Accounting Policy for Government grants**

Government grants are recognised upon receipt of cash.

**Note 6. Loss before income tax**

|                                                                  | Consolidated<br>2022<br>\$ | 2021<br>\$       |
|------------------------------------------------------------------|----------------------------|------------------|
| Loss before income tax includes the following specific expenses: |                            |                  |
| <i>Impairment</i>                                                |                            |                  |
| Impairment of other assets                                       |                            |                  |
| Expected credit losses                                           | 134,252                    | 144,515          |
| Total impairment                                                 | <b>134,252</b>             | <b>144,515</b>   |
| Other Expenses                                                   |                            |                  |
| Compliance and regulatory costs                                  | 164,964                    | 267,779          |
| Insurance                                                        | 92,723                     | 120,394          |
| Other expenses                                                   | 16,179                     | 41,383           |
| Stocks written-off – finished goods                              | 228,976                    | -                |
| Collie factory maintenance costs                                 | 109,825                    | 95,880           |
| Audit fees                                                       | 108,989                    | 90,288           |
| Operating lease and rental expense                               | 182,084                    | 197,632          |
| Total Other Expenses                                             | <b>903,740</b>             | <b>813,356</b>   |
| Employee Benefit Expense Short-term                              |                            |                  |
| Salary and wages, including directors fees                       | 1,946,537                  | 1,935,235        |
| Superannuation                                                   | 249,448                    | 243,742          |
| Medical and Insurance                                            | 81,185                     | 82,104           |
| Bonus and Incentive                                              | 171,151                    | 478,946          |
| Travel                                                           | 126,810                    | 125,342          |
| Others                                                           | 128,498                    | 100,287          |
| Total Employee Benefit Expense Short-term                        | <b>2,703,629</b>           | <b>2,965,656</b> |

**Accounting policy for Expected credit losses**

Refer to note 9.

**Accounting policy for Impairment on Intangibles including Goodwill**

Refer to note 15.

**Accounting policy for Employee Benefit Expense Short-term**

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

**Accounting policy for Defined contribution superannuation funds**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions onto a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the profit or loss as incurred.

**Note 7. Income tax expense**

|                                                                                     | <b>Consolidated</b> |                |
|-------------------------------------------------------------------------------------|---------------------|----------------|
|                                                                                     | <b>2022</b>         | <b>2021</b>    |
|                                                                                     | <b>\$</b>           | <b>\$</b>      |
| <i>Income tax expense</i>                                                           |                     |                |
| Current Income tax                                                                  | 172,722             | 146,759        |
| <i>Deferred tax (Note 7.1)</i>                                                      |                     |                |
| -current year                                                                       | (19,332)            | 9,571          |
| -over provision in prior year                                                       | 3,997               | (3,300)        |
| Aggregate income tax expense                                                        | <b>157,387</b>      | <b>153,030</b> |
| <i>Numerical reconciliation of income tax expense and tax at the statutory rate</i> |                     |                |
| Loss before income tax expense                                                      | (1,364,742)         | (1,204,004)    |
| Tax at the statutory tax rate of 25% (2021: 26%)                                    | (341,186)           | (301,001)      |
| Non-deductible expenses                                                             | 101,550             | 57,819         |
| Research and development tax offset exempted from tax                               | (10,339)            | (12,914)       |
| Foreign tax losses not recognised                                                   | 28,590              | 3,436          |
| Foreign income tax payable                                                          | 172,722             | 146,759        |
| Deferred tax asset not brought to account                                           | 257,632             | 311,437        |
| Profit attributable to foreign subsidiaries                                         | (67,097)            | (95,240)       |
| Over/(under) provision of deferred tax                                              | (15,335)            | 6,200          |
| Timing differences                                                                  | 30,850              | 36,462         |
| Income tax expense                                                                  | <b>157,387</b>      | <b>153,030</b> |
|                                                                                     | %                   | %              |

The applicable weighted average effective tax rates attributable to operating profit are as follows:

|              |              |
|--------------|--------------|
| <b>11.53</b> | <b>12.71</b> |
|--------------|--------------|

The tax rates used in the above reconciliations is the corporate tax rate of 25% payable by the Australian corporate entity on taxable profits under Australian tax law. There has been no change in this tax rate since the previous reporting year.

The foreign income tax payable relates to the Malaysian corporate entities, where the current corporate tax rate is 24%. The Malaysian corporate entities' tax losses have unrecognised deferred tax assets in relation to unutilised tax losses carried forward for which no deferred tax asset has been recorded as it is not probable that taxable profit will be available in the foreseeable future.

|                                                                                                                                                             | <b>Consolidated</b> |                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------|
|                                                                                                                                                             | <b>2022</b>         | <b>2021</b>      |
|                                                                                                                                                             | <b>\$</b>           | <b>\$</b>        |
| <b>Tax losses and deductible temporary differences</b>                                                                                                      |                     |                  |
| Unused tax losses and deductible temporary differences for which no deferred tax asset has been recognised, that may be utilised to offset tax liabilities: |                     |                  |
| Tax losses Australia                                                                                                                                        | 2,813,562           | 2,555,930        |
| Tax losses attributable to foreign subsidiaries                                                                                                             | 1,177,925           | 1,216,432        |
|                                                                                                                                                             | <b>3,991,487</b>    | <b>3,772,362</b> |

Potential deferred tax assets attributable to tax losses have not been brought to account at 31 December 2022 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

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- i. the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- ii. the Group continues to comply with conditions for deductibility imposed by law; and
- iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss.

Balances disclosed in the consolidated financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates consider both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions.

The parent company has accumulated tax losses of \$13,053,344 (2021: \$10,219,782) which are expected to be available indefinitely for offset against future taxable profits of the parent company in which the losses arose. The recoupment of these losses is subject to assessment of the Australian Taxation Office. The parent company has additional accumulated tax losses of \$1,245,748 which are not expected to be available to offset any future taxable profits as their origin cannot be determined. No deferred tax asset has been recorded in relation to these tax losses as it is not probable that taxable profit will be available in the foreseeable future and they may not be used to offset such taxable profit.

**7.1 Deferred Tax Assets**

|                                                   | <b>Consolidated</b>  |                      |
|---------------------------------------------------|----------------------|----------------------|
|                                                   | <b>2022</b>          | <b>2021</b>          |
|                                                   | <b>\$</b>            | <b>\$</b>            |
| Deferred tax assets at the beginning of the year: | 83,166               | 76,895               |
| Recognised in profit or loss                      |                      |                      |
| - Current year                                    | (19,332)             | 9,571                |
| - Over provision in previous years                | 3,997                | (3,300)              |
|                                                   | <u><b>67,831</b></u> | <u><b>83,166</b></u> |

|                          | <b>Consolidated</b>  |                      |
|--------------------------|----------------------|----------------------|
|                          | <b>2022</b>          | <b>2021</b>          |
|                          | <b>\$</b>            | <b>\$</b>            |
| Gross:                   |                      |                      |
| Deferred tax assets      | 111,747              | 114,848              |
| Deferred tax liabilities | (43,916)             | (31,682)             |
|                          | <u><b>67,831</b></u> | <u><b>83,166</b></u> |

Deferred tax assets

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Deferred tax liabilities are in respect of the following:

|                                                      | <b>Consolidated</b> |                 |
|------------------------------------------------------|---------------------|-----------------|
|                                                      | <b>2022</b>         | <b>2021</b>     |
|                                                      | <b>\$</b>           | <b>\$</b>       |
| Tax effects of:                                      |                     |                 |
| Unrealised gain on foreign exchange                  | (13,345)            | -               |
| Differences between                                  |                     |                 |
| - Accounting depreciation and finance lease payments | (134)               | -               |
| Right of return assets                               | (29,768)            | (31,682)        |
| Differences between                                  |                     |                 |
| - Accounting depreciation and tax capital allowances | (669)               | -               |
|                                                      | <u>(43,916)</u>     | <u>(31,682)</u> |

**Accounting policy for Income tax expense**

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of 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 profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Holista Colltech Limited recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated group.

Where the Group receives the Australian Government's Research and Development Tax Incentive, the Group accounts for the refundable tax offset under AASB 112. Funds are received as a rebate through the parent company's income tax return.

**Note 8. Cash and cash equivalents**

|                       | <b>Consolidated</b> |                  |
|-----------------------|---------------------|------------------|
|                       | <b>2022</b>         | <b>2021</b>      |
|                       | <b>\$</b>           | <b>\$</b>        |
| <i>Current assets</i> |                     |                  |
| Cash at bank          | 117,528             | 513,012          |
| Cash on deposit       | -                   | 700,081          |
|                       | <u>117,528</u>      | <u>1,213,093</u> |

**Accounting policy for cash and cash equivalents**

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.

**Note 9. Trade and other receivables**

|                                            | <b>Consolidated</b> |                  |
|--------------------------------------------|---------------------|------------------|
|                                            | <b>2022</b>         | <b>2021</b>      |
|                                            | <b>\$</b>           | <b>\$</b>        |
| <i>Current assets</i>                      |                     |                  |
| Trade receivables                          | 3,293,464           | 3,669,889        |
| Less: Allowance for expected credit losses | (2,090,325)         | (1,934,523)      |
|                                            | <u>1,203,139</u>    | <u>1,735,366</u> |
| Other receivables                          | 60,620              | 5,507            |
| Amounts advanced to a third party          | 475,157             | 475,157          |
| Less: Allowance for expected credit losses | (475,157)           | (475,157)        |
| Interest receivable                        | 58,121              | 54,267           |
|                                            | <u>1,321,880</u>    | <u>1,795,140</u> |

**Note 9. Trade and other receivables (continued)**

|                                      | Not past due     | Past due up to 30 days | Past due 31-60 days | Past due 61-90 days | Past due over 90 days | Total            |
|--------------------------------------|------------------|------------------------|---------------------|---------------------|-----------------------|------------------|
|                                      | \$               | \$                     | \$                  | \$                  | \$                    | \$               |
| 2022                                 |                  |                        |                     |                     |                       |                  |
| Trade receivables-Gross value        | 995,158          | 205,432                | 55,727              | -                   | 2,037,147             | 3,293,464        |
| Allowance for expected credit losses | -                | -                      | (55,727)            | -                   | (2,034,598)           | (2,090,325)      |
| Other receivables-net                | 118,741          | -                      | -                   | -                   | -                     | 118,741          |
|                                      | <u>1,113,899</u> | <u>205,432</u>         | <u>-</u>            | <u>-</u>            | <u>2,549</u>          | <u>1,321,880</u> |
| 2021                                 |                  |                        |                     |                     |                       |                  |
| Trade receivables-Gross value        | 1,456,514        | 294,829                | 14,553              | 1                   | 1,903,992             | 3,669,889        |
| Allowance for expected credit loss   | (42,670)         | -                      | -                   | -                   | (1,891,853)           | (1,934,523)      |
| Other receivables-net                | 59,774           | -                      | -                   | -                   | -                     | 59,774           |
|                                      | <u>1,473,618</u> | <u>294,829</u>         | <u>14,553</u>       | <u>1</u>            | <u>12,139</u>         | <u>1,795,140</u> |

The average credit period on sales of goods and rendering of services ranges from 30 to 60 days. Interest is not charged. During the year ended 31 December 2022 an allowance of \$2,090,325 has been recognised for estimated irrecoverable trade receivable amounts arising from past sale of goods, determined by reference to past default experience. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction.

Included in trade receivables is an amount due from companies in which a director has interest of \$1,091,838 (2021: \$1,082,810). During the year, the carrying amount of the allowance for credit losses amounted to \$1,091,838 (2021:\$1,082,810).

As at 31 December 2022, the amounts advanced to a third party of \$475,157 charged interest at 3% in its first year and 5% in its second year, on accrual basis. In prior year, an impairment of \$475,157 has been made to fully impair the amounts advanced to a related party and a third party. The related party ceased being a related party and moved to third party status on 31 December 2021.

**Accounting policy for trade and other receivables**

Trade receivables are generally due for settlement within periods ranging from 30 to 60 days. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

**Accounting policy for allowance for expected credit losses**

The Group assesses impairment on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.



## Note 10. Inventories

|                                        | Consolidated<br>2022<br>\$ | 2021<br>\$       |
|----------------------------------------|----------------------------|------------------|
| <i>Current assets</i>                  |                            |                  |
| Raw materials - at cost                | 600,124                    | 459,258          |
| Finished goods - at cost pre write off | 1,040,814                  | 649,543          |
| Less: Finished goods stock written off | (228,976)                  | -                |
| Finished goods - at cost               | 811,838                    | 649,543          |
| Stock-in-transit                       | -                          | 413,116          |
|                                        | <u>1,411,962</u>           | <u>1,521,917</u> |

### Accounting policy for inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials - purchase cost on a first-in, first-out basis; and
- Finished goods and work-in-progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Stock-in-transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## Note 11. Right-of-use assets

|                           | Consolidated<br>2022<br>\$ | 2021<br>\$     |
|---------------------------|----------------------------|----------------|
| <i>Non-current assets</i> |                            |                |
| Properties                | 141,026                    | 107,583        |
| Motor vehicles            | 194,858                    | 5,830          |
|                           | <u>335,884</u>             | <u>113,413</u> |

### Reconciliations

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

| Consolidated                | Properties<br>\$ | Motor<br>vehicles<br>\$ | Total<br>\$    |
|-----------------------------|------------------|-------------------------|----------------|
| Balance at 1 January 2022   | 107,583          | 5,830                   | 113,413        |
| Additions                   | 58,819           | 243,572                 | 302,391        |
| Disposals                   | -                | -                       | -              |
| Exchange differences        | -                | 358                     | 358            |
| Depreciation expense        | (25,655)         | (54,623)                | (80,278)       |
| Balance at 31 December 2022 | <u>140,747</u>   | <u>195,137</u>          | <u>335,884</u> |

**Note 11. Right-of-use assets (continued)**

| <b>Consolidated</b>         | <b>Properties<br/>\$</b> | <b>Motor<br/>vehicles<br/>\$</b> | <b>Total<br/>\$</b> |
|-----------------------------|--------------------------|----------------------------------|---------------------|
| Balance at 1 January 2021   | 125,602                  | 19,940                           | 145,542             |
| Additions                   | -                        | 22,601                           | 22,601              |
| Disposals                   | -                        | (23,387)                         | (23,387)            |
| Exchange differences        | -                        | 393                              | 393                 |
| Depreciation expense        | (18,019)                 | (13,717)                         | (31,736)            |
| Balance at 31 December 2021 | <u>107,583</u>           | <u>5,830</u>                     | <u>113,413</u>      |

*Accounting policy for right-of-use assets*

The Group recognises a right-of-use asset at the commencement date of the lease. The right-of-use asset is initially measured at cost. The cost of right of use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, plus initial direct costs incurred and an estimate of costs to dismantle, remove or restore the leased asset, less any lease incentives received.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Subsequent to initial measurement, the right of use asset is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life as follows:

- Motor vehicles 5 years
- Properties (in processing factory) 3-30 years

Right of use assets are subject to impairment and are adjusted for any measurement of lease liabilities.

*Extension and termination options*

An extension options is included in a property of the Group. This is used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension option held is exercisable only by the Group and not by the respective lessor.

**Note 12. Income tax refund due**

|                       | <b>Consolidated</b> |               |
|-----------------------|---------------------|---------------|
|                       | <b>2022</b>         | <b>2021</b>   |
|                       | <b>\$</b>           | <b>\$</b>     |
| <i>Current assets</i> |                     |               |
| Income tax refund due | <u>68,204</u>       | <u>49,155</u> |

**Note 13. Other current assets**

|                         | Consolidated<br>2022<br>\$ | 2021<br>\$       |
|-------------------------|----------------------------|------------------|
| <i>Current assets</i>   |                            |                  |
| Prepayments             | 365,093                    | 318,703          |
| Security deposits       | 94,904                     | 33,616           |
| Other deposits          | 15,048                     | 14,518           |
| Loan to a related party | 547,542                    | 511,246          |
| Right-of-return assets  | 124,193                    | 129,486          |
|                         | <u>1,146,780</u>           | <u>1,007,569</u> |

In FY2020, there was an amount of \$428,787 included in prepayments for deposit and advances previously made to ProImmune Company LLC for supply contract. ProImmune Company LLC filed for purported breaches of supply contracts by the Company in February 2020. As it is not practical to estimate when the decision of the court will be made, the prepayments has been fully impaired (refer to Note 30 for further details).

Security deposits are restricted cash. In order to obtain various financing facilities, banks in Malaysia require cash to be deposited if other collateral is not available. These deposits are interest bearing and the interest is compounded and added to the principal.

Loan to a related party as at 31 December 2022 is related to loan to Galen BioMedical Inc. which is non-interest bearing and repayable upon demand.

**Accounting policy for Right-of-return assets**

Right-of-return assets represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decrease in the value of the returned goods. At the end of each reporting period, the Group updates the measurement of the asset arising from the changes in expectations about products to be returned.

**Accounting policy for customer fulfilment costs**

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the consolidated entity that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

**Note 14. Property, plant and equipment**

|                                               | Consolidated<br>2022<br>\$ | 2021<br>\$       |
|-----------------------------------------------|----------------------------|------------------|
| <i>Non-current assets</i>                     |                            |                  |
| Freehold land and buildings                   | 1,051,694                  | 1,037,706        |
| Less: Accumulated depreciation and impairment | (364,159)                  | (339,933)        |
|                                               | <u>687,535</u>             | <u>697,773</u>   |
| Plant and equipment                           | 2,089,353                  | 2,041,094        |
| Less: Accumulated depreciation                | (1,878,527)                | (1,728,604)      |
|                                               | <u>210,826</u>             | <u>312,490</u>   |
| Total property, plant and equipment           | <u>898,361</u>             | <u>1,010,263</u> |

**Note 14. Property, plant and equipment (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial years are set out below:

| <b>Consolidated</b>         | <b>Freehold<br/>land and<br/>buildings<br/>\$</b> | <b>Plant and<br/>equipment<br/>\$</b> | <b>Total<br/>\$</b> |
|-----------------------------|---------------------------------------------------|---------------------------------------|---------------------|
| Balance at 1 January 2021   | 703,322                                           | 409,168                               | 1,112,490           |
| Additions                   | -                                                 | 38,124                                | 38,124              |
| Exchange rate differences   | 13,834                                            | 610                                   | 14,444              |
| Depreciation expense        | (19,383)                                          | (135,412)                             | (154,795)           |
| Balance at 31 December 2021 | 697,773                                           | 312,490                               | 1,010,263           |
| Additions                   | -                                                 | 76,971                                | 76,971              |
| Exchange rate differences   | 9,406                                             | 420                                   | 9,826               |
| Depreciation expense        | (19,644)                                          | (179,055)                             | (198,699)           |
| Balance at 31 December 2022 | <u>687,535</u>                                    | <u>210,826</u>                        | <u>898,361</u>      |

Land and buildings with a carrying amount of \$687,535 (2021: \$697,773) are subject to a first charge to secure a loan from CIMB Bank, Malaysia.

*Collagen Extraction Facility in Collie, Western Australia*

This facility was built on land subject to a 20 years lease entered into in June 2004. The facility buildings have a carrying value of \$nil as at 31 December 2022 (2021: \$nil).

**Accounting policy for property, plant and equipment**

*Recognition and measurement*

Freehold land and buildings are measured at cost less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Items of plant and equipment are measured on the cost basis and carried at cost less accumulated depreciation (see table below) and impairment losses (see accounting policy for impairment below).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. Cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

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

Where parts of an item of property, plant, and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

*Subsequent costs*

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. Any costs of the day-to-day servicing of plant and equipment are recognised in the profit or loss as an expense as incurred.

**Note 14. Property, plant and equipment (continued)**

*Derecognition and disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

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

*Depreciation*

Depreciation is charged to the profit or loss on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation rates and methods are reviewed annually for appropriateness. The depreciation rates used for the current and comparative periods are:

|                     | 2022<br>Bottom<br>% | 2022<br>Top<br>% | 2021<br>Bottom<br>% | 2021<br>Top<br>% |
|---------------------|---------------------|------------------|---------------------|------------------|
| Buildings           | 4.00                | 4.00             | 4.00                | 4.00             |
| Plant and equipment | 20.00               | 33.33            | 20.00               | 33.33            |
| Motor vehicles      | 20.00               | 20.00            | 20.00               | 20.00            |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

*Impairment of property, plant and equipment*

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

**Note 15. Intangible assets**

|                                | Consolidated<br>2022<br>\$ | 2021<br>\$     |
|--------------------------------|----------------------------|----------------|
| <i>Non-current assets</i>      |                            |                |
| Goodwill                       | -                          | -              |
| Patents and licences           | 224,032                    | 221,052        |
| Less: Accumulated amortisation | (119,422)                  | (86,895)       |
|                                | <u>104,610</u>             | <u>134,157</u> |
|                                | <u>104,610</u>             | <u>134,157</u> |

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial years are set out below:

| Consolidated                | Goodwill<br>\$ | Patents and<br>licences<br>\$ | Total<br>\$    |
|-----------------------------|----------------|-------------------------------|----------------|
| Balance at 1 January 2021   | -              | 146,471                       | 146,471        |
| Additions                   | -              | 3,333                         | 3,333          |
| Exchange differences        | -              | 2,881                         | 2,881          |
| Transfers (out)             | -              | (3,333)                       | (3,333)        |
| Amortisation expense        | -              | (15,195)                      | (15,195)       |
| Balance at 31 December 2021 | <u>-</u>       | <u>134,157</u>                | <u>134,157</u> |
| Additions                   | -              | -                             | -              |
| Exchange differences        | -              | (14,147)                      | (14,147)       |
| Transfers (out)             | -              | -                             | -              |
| Amortisation expense        | -              | (15,400)                      | (15,400)       |
| Balance at 31 December 2022 | <u>-</u>       | <u>104,610</u>                | <u>104,610</u> |

**Note 15. Intangible assets (continued)**

***Goodwill impairment testing***

Goodwill relates to the acquisition of the food ingredients business in the USA. Consequently, the carrying amount of goodwill was allocated to the food ingredients CGU.

The recoverable amount of goodwill has been determined based on a value-in-use calculation using cash flow projections for the food ingredients business in the USA. Cash flows beyond the five-year forecast are extrapolated using estimated terminal growth rates.

Since the previous financial year, there has been considerable volatility in the economic environment as a result of COVID-19. Management has carefully assessed the impact of COVID-19 and the implications of lower economic activity on its operations. Management has observed that there has been a significant impact in the performance of the food ingredients business in the USA. As such, management has impaired the carrying amount of goodwill in full.

**Accounting policy on Intangible assets**

***Intangible assets acquired separately***

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

The following useful lives are used in the calculation of amortisation:

|                      | <b>2022<br/>years</b> | <b>2021<br/>years</b> |
|----------------------|-----------------------|-----------------------|
| Patents and Licenses | 20                    | 20                    |

**Note 15. Intangible assets (continued)**

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGU) (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of non-financial assets, including goodwill

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

**Note 16. Trade and other payables**

|                            | <b>Consolidated</b> |                  |
|----------------------------|---------------------|------------------|
|                            | <b>2022</b>         | <b>2021</b>      |
|                            | <b>\$</b>           | <b>\$</b>        |
| <i>Current liabilities</i> |                     |                  |
| Trade payables             | 1,128,239           | 1,370,345        |
| Accruals                   | 416,745             | 668,649          |
| Dividends payable          | 25,419              | 23,734           |
| Refund                     | 516,158             | 340,753          |
| Other payables             | 182,788             | 343,115          |
|                            | <u>2,269,349</u>    | <u>2,746,596</u> |

Refer to note 26 for further information on financial instruments.



**Note 16. Trade and other payables (continued)**

***Accounting policy for Trade and other payables***

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

***Accounting policy for Refund liability***

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and measured at the amount the Group ultimately expects it will have to return to the customer. At the end of each reporting period, the Group updates its estimates of refund liabilities for changes in expectations about the amount of refunds and recognise the corresponding adjustments as revenue (or reductions of revenue).

**Note 17. Contract liabilities**

|                                       | <b>Consolidated</b> |              |
|---------------------------------------|---------------------|--------------|
|                                       | <b>2022</b>         | <b>2021</b>  |
|                                       | <b>\$</b>           | <b>\$</b>    |
| <i>Current liabilities</i>            |                     |              |
| Advance deposits and deferred revenue | <u>52,851</u>       | <u>5,245</u> |

Deferred revenue amounting to \$52,851 (2021: \$5,245) which represents customer loyalty points and is estimated based on the amount of loyalty points outstanding at reporting date that are expected to be redeemed.

***Accounting policy for Contract liabilities***

A contract liability is the obligation to transfer goods and services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liability is recognised as revenue when the Group performs under the contract.

***Accounting policy for loyalty points programme***

The Group operates loyalty points programme which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. At the end of each reporting period, the Group updates its estimates of the points that will be redeemed and any adjustments to the contract liability balance are charged against revenue.

***Key estimates – Deferred revenue for customer loyalty points***

The Group operates loyalty points programme which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. At the end of each reporting period, the Group updates its estimates of the points that will be redeemed and any adjustments to the contract liability balance are charged against revenue.

## Note 18. Borrowings

|                                | Consolidated<br>2022<br>\$ | 2021<br>\$     |
|--------------------------------|----------------------------|----------------|
| <i>Current liabilities</i>     |                            |                |
| Term loan                      | 32,888                     | 20,029         |
| Banker's acceptance            | 434,812                    | 330,022        |
| Loan from related parties*     | 15,387                     | 14,367         |
| Other borrowings               | -                          | 464            |
|                                | <u>483,087</u>             | <u>364,882</u> |
| <i>Non-current liabilities</i> |                            |                |
| Term loan                      | 457,562                    | 417,774        |
|                                | <u>940,649</u>             | <u>782,656</u> |

Refer to note 26 for further information on financial instruments.

\* Loan from a related party is repayable upon demand and non-interest bearing.

The bankers' acceptance bears interest of 4.53% (2021: 3.43%).

The term loan is repayable over 240 monthly instalments (principal plus interest) of \$2,840 (2021: \$2,923) which commenced on 1 October 2020. The term loan bears interest rates of 3.84% (2021: 3.50%) per annum. Both facilities are secured by the following:

- Fixed deposits with licensed banks of the Group and the Company;
- Facility agreement;
- First party assignment over the office lots of the Company;
- Deed of assignment of rental proceeds;
- Executed fresh letter of authorisation, memorandum of deposit and letter of off-set; and
- Guarantee by a director of the Company.

### *Assets pledged as security of liabilities*

The carrying amounts of assets pledged as security for borrowings are:

|                             | Consolidated<br>2022<br>\$ | 2021<br>\$     |
|-----------------------------|----------------------------|----------------|
| Inventories                 | -                          | -              |
| Security deposits           | 94,904                     | 33,616         |
| Freehold land and buildings | 687,535                    | 697,773        |
|                             | <u>782,439</u>             | <u>731,389</u> |

| At balance date, the following<br>financing facilities had been<br>negotiated and were available: | Total facilities<br>2022<br>\$ | Total facilities<br>2021<br>\$ | Facilities used<br>2022<br>\$ | Facilities used<br>2021<br>\$ | Unused<br>facilities<br>2022<br>\$ | Unused<br>facilities<br>2021<br>\$ |
|---------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| Term loan                                                                                         | 490,450                        | 466,932                        | (490,450)                     | (437,803)                     | -                                  | -                                  |
| Banker's acceptance                                                                               | 1,170,647                      | 660,044                        | (434,812)                     | (330,022)                     | 735,835                            | 330,022                            |
| Total facilities at balance date                                                                  | <u>1,661,097</u>               | <u>1,126,976</u>               | <u>(925,262)</u>              | <u>(767,825)</u>              | <u>735,835</u>                     | <u>330,022</u>                     |

**Note 18. Borrowings (continued)**

**Accounting policy for Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**Note 19. Leases**

|                                | <b>Consolidated</b> |                |
|--------------------------------|---------------------|----------------|
|                                | <b>2022</b>         | <b>2021</b>    |
|                                | <b>\$</b>           | <b>\$</b>      |
| <i>Current liabilities</i>     |                     |                |
| Current                        | 37,050              | 13,521         |
| <i>Non-current liabilities</i> |                     |                |
| Non-current                    | 242,218             | 94,146         |
|                                | <u>279,268</u>      | <u>107,667</u> |

Refer to note 26 for further information on financial instruments.

**Accounting policy for lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities at the present value of lease payment to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the assessment of lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payments occurs. The present value of lease payments is discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The amount of lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recognised in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and do not contain a purchase option, and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Note 19. Leases (continued)**

***Critical judgements in determining the lease term***

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of motor vehicles, warehouse, and processing factory, the following factors are normally the most relevant:

If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).

If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).

Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. No change or revise in lease terms during the financial year.

**Note 20. Short-term provisions**

|                                     | Consolidated<br>2022<br>\$ | 2021<br>\$     |
|-------------------------------------|----------------------------|----------------|
| <i>Current liabilities</i>          |                            |                |
| Provision for employee entitlements | 40,530                     | 34,496         |
| <i>Non-current liabilities</i>      |                            |                |
| Make good provision                 | 333,819                    | 275,000        |
|                                     | <u>374,349</u>             | <u>309,496</u> |

***Description of provisions***

Provision for employee benefits represents amounts accrued for annual leave (**AL**) and long service leave (**LSL**). The current portion for this provision includes the total amount accrued for AL entitlements and the amounts accrued for LSL entitlements that have vested due to employees having completed the required period of service. The Group does not expect the full amount of AL or LSL balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The Company is required to restore the leased site of its Collagen Extraction Facility to their original condition at the end of the respective lease terms. A *make good provision* has been recognised for the estimated expenditure to be incurred to reinstate the premises. These costs have been capitalised as part of the right-of-use assets and are amortised over the shorter of the term of the lease and the useful life of the assets.

The Directors valued the make good provision based upon a third-party estimate provided to the Company.

**Note 20. Short-term provisions (continued)**

*Accounting policy for provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

**Note 21. Issued capital**

|                              | 2022<br>Shares | Consolidated<br>2021<br>Shares | 2022<br>\$ | 2021<br>\$ |
|------------------------------|----------------|--------------------------------|------------|------------|
| Ordinary shares - fully paid | 278,800,067    | 275,349,087                    | 21,787,478 | 21,707,478 |

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

*Movements in ordinary share capital*

| Details                                              | Date             | Shares      | Issue price | \$         |
|------------------------------------------------------|------------------|-------------|-------------|------------|
| Balance                                              | 1 January 2022   | 275,349,087 |             | 21,707,478 |
| Placement to supplier of Investor Relations Services | 14 July 2022     | 2,000,000   | \$0.04      | 80,000     |
| Placement to Service Provider                        | 16 August 2022   | 1,450,980   | -           | -          |
| Share issue transaction costs, net of tax            |                  | -           | -           | -          |
| Balance                                              | 31 December 2021 | 275,349,087 |             | 21,707,478 |
| Balance                                              | 31 December 2022 | 278,800,067 |             | 21,787,478 |

|                           | Consolidated<br>2022<br>\$ | 2021<br>\$  |
|---------------------------|----------------------------|-------------|
| <b>Performance rights</b> |                            |             |
| At beginning of the year  | -                          | 2,700,000   |
| Exercised during the year | -                          | -           |
| Lapsed during the year    | -                          | (2,700,000) |
| At reporting date         | -                          | -           |

**Note 21. Issued capital (continued)**

|                          | <b>Consolidated</b> |             |
|--------------------------|---------------------|-------------|
|                          | <b>2022</b>         | <b>2021</b> |
|                          | \$                  | \$          |
| <b>Options</b>           |                     |             |
| At beginning of the year | -                   | -           |
| Issued options           | 20,000,000          | -           |
| Expired options          | (20,000,000)        | -           |
|                          | <u>-</u>            | <u>-</u>    |
| At reporting date        | <u>-</u>            | <u>-</u>    |

**Capital Management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2021.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses.

None of the Group's entities are subject to externally imposed capital requirements. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

The working capital position of the Group was as follows:

|                                      | <b>Consolidated</b> |                  |
|--------------------------------------|---------------------|------------------|
|                                      | <b>2022</b>         | <b>2021</b>      |
|                                      | \$                  | \$               |
| Cash and cash equivalents (note 8)   | 117,528             | 1,213,093        |
| Trade and other receivables (note 9) | 1,321,880           | 1,795,140        |
| Inventories (note 10)                | 1,411,962           | 1,521,917        |
| Income tax refund due (note 12)      | 68,204              | 49,155           |
| Other current assets (note 13)       | 1,146,780           | 1,007,569        |
| Trade and other payables (note 16)   | (2,269,349)         | (2,746,596)      |
| Contract liabilities (note 17)       | (52,851)            | (5,245)          |
| Current borrowings (note 18)         | (483,087)           | (364,882)        |
| Leases (note 19)                     | (37,050)            | (13,521)         |
| Provisions (note 20)                 | (40,530)            | (34,496)         |
|                                      | <u>1,183,487</u>    | <u>2,422,134</u> |
| Total Working Capital                | <u>1,183,487</u>    | <u>2,422,134</u> |

**Accounting policy for issued capital**

Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

## Note 22. Reserves

|                             | Consolidated<br>2022<br>\$ | 2021<br>\$       |
|-----------------------------|----------------------------|------------------|
| Foreign currency reserve    | (99,952)                   | (204,502)        |
| Share-based payment reserve | -                          | -                |
|                             | <u>(99,952)</u>            | <u>(204,502)</u> |

### *Foreign currency reserve*

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

### *Share-based payments reserve*

The share-based payment reserve records the value of options and performance rights issued the Company to its employees or consultants.

## Note 23. Accumulated losses

|                                                           | Consolidated<br>2022<br>\$ | 2021<br>\$          |
|-----------------------------------------------------------|----------------------------|---------------------|
| Accumulated losses at the beginning of the financial year | (17,405,332)               | (16,149,123)        |
| Loss after income tax expense for the year                | (1,452,902)                | (1,256,209)         |
| Transfer from options reserve                             | -                          | -                   |
| Accumulated losses at the end of the financial year       | <u>(18,858,234)</u>        | <u>(17,405,332)</u> |

## Note 24. Non-controlling interest

|                          | Consolidated<br>2022<br>\$ | 2021<br>\$         |
|--------------------------|----------------------------|--------------------|
| Non-controlling interest | <u>(1,272,718)</u>         | <u>(1,121,431)</u> |

## Note 25. Dividends

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

## Note 26. Financial instruments

### **Financial risk management objectives**

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing risks for the Group and setting appropriate risk limits and controls. The Group is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for risk management and associated controls. Instead, the Board approves all expenditure, is intimately acquainted with all operations and discuss all relevant issues at the Board meetings. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively.

**Note 26. Financial instruments (continued)**

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

The Group has also 10% free carried interest in Global Biolife Inc. (formerly Sed BioMed Inc.), a company incorporated in the State of Delaware, USA.

**Foreign currency risk**

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the MYR functional currency of the Group.

The average exchange rates and reporting date exchange rates applied were as follows:

|                           | Average exchange rates |         | Reporting date exchange rates |         |
|---------------------------|------------------------|---------|-------------------------------|---------|
|                           | 2022                   | 2021    | 2022                          | 2021    |
| <b>Australian dollars</b> |                        |         |                               |         |
| US dollars                | 0.6947                 | 0.7514  | 0.6775                        | 0.7256  |
| MY Ringgit                | 3.0535                 | 3.1134  | 2.9898                        | 3.0301  |
| Indian Rupee              | 54.54                  | 55.5354 | 56.06                         | 53.9000 |
| SG Dollar                 | 0.9575                 | 1.0096  | 0.9102                        | 0.9799  |

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date on its original currencies were as follows:

|                     | Assets            |                   | Liabilities         |                     |
|---------------------|-------------------|-------------------|---------------------|---------------------|
|                     | 2022              | 2021              | 2022                | 2021                |
| <b>Consolidated</b> |                   |                   |                     |                     |
| US dollars          | 870,799           | 950,848           | (2,494,198)         | (2,504,006)         |
| MY Ringgit          | 12,799,782        | 14,806,460        | (10,458,652)        | (11,928,951)        |
| Indian Rupee        | -                 | 77,299            | -                   | (66,135)            |
| SG Dollar           | -                 | -                 | (2,830)             | (2,395)             |
|                     | <u>13,670,581</u> | <u>15,834,607</u> | <u>(12,955,680)</u> | <u>(14,501,487)</u> |

If the relevant foreign currencies is strengthened by 15% against the functional currency of the Group, the effect in equity will increase/decrease by::



**Note 26. Financial instruments (continued)**

| Consolidated - 2022 | AUD strengthened |                  | AUD weakened |                  |
|---------------------|------------------|------------------|--------------|------------------|
|                     | % change         | Effect on equity | % change     | Effect on equity |
| US dollars          | 15%              | 117,456          | (15%)        | (117,456)        |
| MY Ringgit          | 15%              | (359,424)        | (15%)        | 359,424          |
| Indian Rupee        | 15%              | -                | (15%)        | -                |
| Singapore Dollar    | 15%              | 425              | (15%)        | (425)            |
|                     |                  | <u>(241,543)</u> |              | <u>241,543</u>   |
| Consolidated - 2021 | AUD strengthened |                  | AUD weakened |                  |
|                     | % change         | Effect on equity | % change     | Effect on equity |
| US dollars          | 15%              | 321,077          | (15%)        | (321,077)        |
| MY Ringgit          | 15%              | (142,446)        | (15%)        | 142,446          |
| Indian Rupee        | 15%              | (31)             | (15%)        | 31               |
| Singapore Dollar    | 15%              | 367              | (15%)        | (367)            |
|                     |                  | <u>178,967</u>   |              | <u>(178,967)</u> |

The opposite applies if the relevant foreign currencies weaken by 15% against the functional currency of the Group.

**Price risk**

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group does not presently hold material amounts subject to price risk. As such the Board considers price risk as a low risk to the Group.

**Interest rate risk**

The Company and the Group are exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

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

**Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group establishes an allowance for expected credit losses that represents its estimate of incurred losses in respect of trade and other receivables.

- Credit risk exposures

**Note 26. Financial instruments (continued)**

The maximum exposure to credit risk is that to its alliance partners and that is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the consolidated financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with financial institutions residing in Australia, where ever possible.

- Impairment losses

The ageing of the Group's trade and other receivables at reporting date is disclosed in note 9.

**Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

Typically, the Group ensures that it has sufficient cash to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The financial liabilities of the Group include trade and other payables, contract liabilities, borrowings and lease liabilities as disclosed in the statement of financial position.

All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

**Remaining contractual maturities**

The following are the contractual maturities of financial assets and financial liabilities of the Group:

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the consolidated statement of financial position.

|                                    | Weighted<br>average<br>interest rate<br>% | 1 year or less<br>\$ | Between 1<br>and 2 years<br>\$ | Between 2<br>and 5 years<br>\$ | Over 5 years<br>\$ | Remaining<br>contractual<br>maturities<br>\$ |
|------------------------------------|-------------------------------------------|----------------------|--------------------------------|--------------------------------|--------------------|----------------------------------------------|
| <b>Consolidated - 2022</b>         |                                           |                      |                                |                                |                    |                                              |
| <b>Non-derivatives</b>             |                                           |                      |                                |                                |                    |                                              |
| <i>Non-interest bearing</i>        |                                           |                      |                                |                                |                    |                                              |
| Trade and other payables           | -                                         | (2,269,349)          | -                              | -                              | -                  | (2,269,349)                                  |
| <i>Interest-bearing - variable</i> |                                           |                      |                                |                                |                    |                                              |
| Borrowings                         | 4.185%                                    | (503,304)            | (29,752)                       | (94,425)                       | (420,513)          | (1,047,994)                                  |
| Leases                             | 3.61%                                     | (38,388)             | (15,582)                       | (49,108)                       | (217,313)          | (320,391)                                    |
| Total non-derivatives              |                                           | <u>(2,811,041)</u>   | <u>(45,334)</u>                | <u>(143,533)</u>               | <u>(637,826)</u>   | <u>(3,637,734)</u>                           |

**Note 26. Financial instruments (continued)**

| <b>Consolidated - 2021</b>         | Weighted<br>average<br>interest rate<br>% | 1 year or less<br>\$ | Between 1<br>and 2 years<br>\$ | Between 2<br>and 5 years<br>\$ | Over 5 years<br>\$ | Remaining<br>contractual<br>maturities<br>\$ |
|------------------------------------|-------------------------------------------|----------------------|--------------------------------|--------------------------------|--------------------|----------------------------------------------|
| <b>Non-derivatives</b>             |                                           |                      |                                |                                |                    |                                              |
| <i>Non-interest bearing</i>        |                                           |                      |                                |                                |                    |                                              |
| Trade and other payables           | -                                         | (2,746,596)          | -                              | -                              | -                  | (2,746,596)                                  |
| <i>Interest-bearing - variable</i> |                                           |                      |                                |                                |                    |                                              |
| Borrowings                         | 3.70%                                     | (366,432)            | (35,076)                       | (105,229)                      | (403,379)          | (910,116)                                    |
| Leases                             | 5.89%                                     | (23,165)             | (18,813)                       | (32,117)                       | (64,714)           | (138,809)                                    |
| Total non-derivatives              |                                           | <u>(3,136,193)</u>   | <u>(53,889)</u>                | <u>(137,346)</u>               | <u>(468,093)</u>   | <u>(3,795,521)</u>                           |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

**Offsetting financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position where the consolidated entity currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The net amount shows the impact on the consolidated entity's statement of financial position if all set off rights were exercised.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. Refer to note 1 for accounting policy on fair value measurement.

**Note 27. Fair value measurement**

*Valuation techniques for fair value measurements categorised within level 2 and level 3*

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

**Note 28. Key management personnel disclosures**

*Directors*

The following persons were directors and key management personnel of Holista Colltech Limited during the financial year:

|                         |                                                                      |
|-------------------------|----------------------------------------------------------------------|
| Dr Rajen Manicka        | Executive Director, Managing Director and<br>Chief Executive Officer |
| Mr Walter Edward Joseph | Non-Executive Director                                               |
| Mrs Loren King          | Non-Executive Director                                               |

**Note 28. Key management personnel disclosures (continued)**

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by the Corporations Regulations 2M.3.03 is provided in the Remuneration report.

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

|                                                                               | <b>Consolidated</b> |                |
|-------------------------------------------------------------------------------|---------------------|----------------|
|                                                                               | <b>2022</b>         | <b>2021</b>    |
|                                                                               | <b>\$</b>           | <b>\$</b>      |
| Short-term employee benefits*                                                 | 438,685             | 509,218        |
| Post-employment benefits - Defined contribution superannuation funds and fees | 63,915              | 55,657         |
| Share-based payments                                                          | -                   | -              |
|                                                                               | <u>502,600</u>      | <u>564,875</u> |

\* Short-term employee benefits include other benefits of \$6,302, which represents \$6,000 in fees paid to Walter Joseph for ISO certificate consultation and \$302 to Rajen Manicka for other statutory employee benefit.

**Note 29. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by Stantons, the auditor of the company:

|                                                                                        | <b>Consolidated</b> |               |
|----------------------------------------------------------------------------------------|---------------------|---------------|
|                                                                                        | <b>2022</b>         | <b>2021</b>   |
|                                                                                        | <b>\$</b>           | <b>\$</b>     |
| <i>Audit services - Audit or review of the financial statements</i>                    |                     |               |
| Stantons                                                                               | 71,023              | 59,000        |
| Russell Bedford LC & Company                                                           | 37,006              | 31,288        |
| Other                                                                                  | 589                 | -             |
| Taxation and independent expert services provided by a related practice of the Auditor | 5,510               | 5,590         |
|                                                                                        | <u>114,128</u>      | <u>95,878</u> |

**Note 30. Contingent liabilities**

**Gara Group**

On September 27, 2019, iGalen (a related company and a customer of the Group), acting as plaintiff, filed an action against Gara Group, Inc. and others alleging breach of contract, breach of covenant of good faith and fair dealing, and intentional interference with economic relations. This complaint stems from the Gara Group's failure to provide services including product fulfillment, software development and maintenance of non-site platform which manages the Company's back office and managing the Company's social media sites. Two weeks later, the Gara Group filed a complaint against the Company for breach of contract, breach of covenant of good faith and fair dealing, quantum meruit, intentional misrepresentation, negligent misrepresentation, open book account, intentional interference with prospective economic advantage, alter-ego liability, and accounting. The Company then filed a related complaint in Florida in early 2020. This case has now been dismissed with prejudice.

**ProImmune Company LLC ("Pro immune")**

The present lawsuit involves four claims brought by Proimmune against the Company for breach of four distinct contracts which seeks total damages of USD 2 million. The Company has completed the discovery phase of the litigation where after attempting to seek dismissal of the claims brought against it, the Company has answered the complaint of ProImmune Company LLC and asserted its own counterclaims against ProImmune for breach of contract as well as one claim for breach of express warranty, both of which seeking monetary damages in excess of USD300,000 plus interest.

**Note 30. Contingent liabilities (continued)**

With the completion of the discovery phase of the litigation, both sides have filed respectively their own motions for summary judgment in September 2021, which effectively seeks a judgment without trial on either sides' respective claims and/or defences. The court granted partial summary judgment on the issue of liability in favour of ProImmune, however failed to award any damages until it received further legal briefing on whether or not (a) ProImmune had a duty to mitigate its damages (in which case it could likely be awarded nothing or an amount to be determined) and (b) whether the last contract entered into by the parties was still in full force and effect. This briefing was provided to the court in the middle of 2022, but no decision was ever rendered by the Court till date.

At the date of this report, it is premature to estimate any material contingent liabilities for this case.

**ASIC**

The Australian Securities and Investments Commission (ASIC) has commenced Federal Court proceedings against the Company on 5 August 2021. The proceedings relate to allegedly false and misleading statements with respect to Holista's sanitiser products and partnership with Global Infection Control Consultants (GICC), which are said to have been disseminated by the Company in the period from January 2020 to July 2020. ASIC claims that between April and July 2020 the Company was in breach of its continuous disclosure obligations. The proceedings also alleged that Dr Marnicka, the Company's Chairman, Managing Director and CEO, breached his director's duties to the Company by causing or permitting the Company to engage in the conduct complained of by ASIC.

A mediation on this matter was scheduled on 28 April 2022 but with no avail and was ended by ASIC. Both parties are in the process of preparing submission to Court for determination.

The Company and its directors, being the defendants of this case, have filed their respective concise statements to the Court in 2021. The Company have also filed in the expert evidence on which they intend to rely on at trial, the defendants' and witnesses' affidavits or a written outline of evidence they anticipate to give at trial to the Court on 24 February 2023.. The case management was completed on 1 March 2023 with ordered evidence submission deadlines to be met by the plaintiff ie ASIC by 29 March 2023 and the defendants by 26 April 2023. The trial is set tentatively for 2 weeks from 9 to 20 October 2023 (inclusive) followed by 1 week in reserve from 4 to 8 December 2023 (inclusive).

As the Court process is still on going at the date of this report, it is premature to estimate any material contingent liabilities for this case.

The prosecution commenced by ASIC in relation with Directors, Ex-Directors, and Ex-Company Secretaries is coverable by the insurer of Director and Officers insurance policy.

**Note 31. Commitments**

The Group has no capital commitments at 31 December 2022 (31 December 2021: \$nil).

**Note 32. Related party transactions**

*Parent entity*

Holista Colltech Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 34.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

**Note 32. Related party transactions (continued)**

*Transactions with related parties*

The following transactions occurred with related parties:

|                                                                                                                                                  | <b>Consolidated</b> |             |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------|
|                                                                                                                                                  | <b>2022</b>         | <b>2021</b> |
|                                                                                                                                                  | <b>\$</b>           | <b>\$</b>   |
| <b>Transactions (P/L impact):</b>                                                                                                                |                     |             |
| Professional fees paid to Sumita K & Associates for provision of legal advice. Mrs Sumita's husband is a director of the Holista Biotech Sdn Bhd | 11,790              | 11,563      |
| Director fee paid to Mrs Sumita                                                                                                                  | 11,790              | 11,563      |
| Consulting fees paid to Samabudi Consulting Sdn Bhd which certain directors of Holista Biotech Sdn Bhd have interest                             | 47,158              | 46,251      |
| Legal fees paid by the Group on behalf of its directors, ex-company secretary and ex-director, with insurance refund                             | (60,544)            | 109,350     |
| Sales to iGalen                                                                                                                                  | -                   | 41,528      |
| Impairment expense related to trade receivables from iGalen                                                                                      | -                   | 41,528      |
| <b>Transactions (BS impact)</b>                                                                                                                  |                     |             |
| Loans to Galen Biomedical Inc., an entity 75% owned by Rajen Manicka                                                                             | 547,542             | 511,246     |

*Receivable from and payable to related parties*

Included in trade receivables is an amount due from iGalen (companies in which director has interest) of \$nil (2021: \$41,528).

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 33. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

|                            | <b>Parent</b> |             |
|----------------------------|---------------|-------------|
|                            | <b>2022</b>   | <b>2021</b> |
|                            | <b>\$</b>     | <b>\$</b>   |
| Loss after income tax      | (1,245,701)   | (1,212,903) |
| Total comprehensive income | (1,245,701)   | (1,212,903) |

**Holista Colltech Limited**  
**Notes to the consolidated financial statements**  
**31 December 2022**

**Note 33. Parent entity information (continued)**

*Statement of financial position*

|                               | <b>Parent</b> |              |
|-------------------------------|---------------|--------------|
|                               | <b>2022</b>   | <b>2021</b>  |
|                               | <b>\$</b>     | <b>\$</b>    |
| Total current assets          | 910,234       | 3,725,591    |
| Total non-current assets      | 2,270,094     | 2,378,407    |
| Total assets                  | 3,180,328     | 6,103,998    |
| Total current liabilities     | 264,209       | 2,076,471    |
| Total non-current liabilities | 407,830       | 353,537      |
| Total liabilities             | 672,039       | 2,430,008    |
| Equity                        |               |              |
| Issued capital                | 20,296,403    | 20,216,403   |
| Share-based payment reserve   | -             | -            |
| Accumulated losses            | (17,788,114)  | (16,542,413) |
| Total equity                  | 2,508,289     | 3,673,990    |

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

There are no guarantees entered into by Holista Colltech Limited for the debts of its subsidiaries as at 31 December 2022 (2021: Nil).

*Contingent liabilities*

The parent entity had no contingent liabilities as at 31 December 2022 (2021: \$nil).

*Contractual commitments*

The parent company has no capital commitments at 2022 (2021: \$nil). The parent company other commitments are disclosed in note 31 Commitments.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates 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.

**Note 34. Interests in 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                                             | Principal place of business /<br>Country of incorporation | Ownership interest |           |
|--------------------------------------------------|-----------------------------------------------------------|--------------------|-----------|
|                                                  |                                                           | 2022<br>%          | 2021<br>% |
| Holista Biotech Sdn Bhd                          | Malaysia                                                  | 100.00%            | 100.00%   |
| Total Health Concept Sdn Bhd                     | Malaysia                                                  | 100.00%            | 100.00%   |
| Alterni (M) Sdn Bhd                              | Malaysia                                                  | 100.00%            | 100.00%   |
| Medi Botanics Sdn Bhd                            | Malaysia                                                  | 100.00%            | 100.00%   |
| Revonutrix Sdn Bhd                               | Malaysia                                                  | 100.00%            | 100.00%   |
| Holista Ingredients India Private Ltd *          | India                                                     | 51.00%             | 51.00%    |
| Holista Infection Control Pte Ltd                | Singapore                                                 | 100.00%            | 100.00%   |
| LiteFoods Inc **                                 | USA                                                       | 53.00%             | 53.00%    |
| Holista Foods Inc. (74% owned by LiteFoods Inc.) | USA                                                       | 39.00%             | 39.00%    |
| HF Pre IPO Fund I LLC                            | USA                                                       | 67.00%             | 67.00%    |
| Ovicoll LLC ***                                  | USA                                                       | 100.00%            | 100.00%   |
| Holista Life LLC ***                             | USA                                                       | 100.00%            | 100.00%   |

\* Incorporated in 2018. The company has been deregistered.

\*\* Lite Foods Inc. is 53% owned by the Group with the remaining 47% being held by private shareholders including the company's previous director, Mr Chan Heng Fai.

\*\*\* Incorporated in year 2020. Inactive since incorporation.



**Note 34. Interests in subsidiaries (continued)**

*Summarised financial information*

Summarised financial information of the subsidiary with non-controlling interests that are material to the consolidated entity are set out below:

|                                                                              | <b>LiteFoods Group(LiteFoods Inc. and Holista Foods Inc.)</b> |                    | <b>HF Pre IPO Fund I LLC</b> |                |
|------------------------------------------------------------------------------|---------------------------------------------------------------|--------------------|------------------------------|----------------|
|                                                                              | <b>2022</b>                                                   | <b>2021</b>        | <b>2022</b>                  | <b>2021</b>    |
|                                                                              | <b>\$</b>                                                     | <b>\$</b>          | <b>\$</b>                    | <b>\$</b>      |
| <i>Summarised statement of financial position</i>                            |                                                               |                    |                              |                |
| Current assets                                                               | 679,513                                                       | 447,955            | 605,799                      | 565,640        |
| Non-current assets                                                           | -                                                             | -                  | -                            | -              |
| Total assets                                                                 | <u>679,513</u>                                                | <u>447,955</u>     | <u>605,799</u>               | <u>565,640</u> |
| Current liabilities                                                          | <u>3,656,053</u>                                              | <u>3,670,175</u>   | <u>25,419</u>                | <u>23,734</u>  |
| Total liabilities                                                            | <u>3,656,053</u>                                              | <u>3,670,175</u>   | <u>25,419</u>                | <u>23,734</u>  |
| Net assets/(liabilities)                                                     | <u>(2,976,540)</u>                                            | <u>(3,222,220)</u> | <u>580,380</u>               | <u>541,906</u> |
| <i>Summarised statement of profit or loss and other comprehensive income</i> |                                                               |                    |                              |                |
| Revenue and other income                                                     | 1,025,898                                                     | 972,143            | -                            | -              |
| Expenses                                                                     | <u>(1,139,311)</u>                                            | <u>(1,136,415)</u> | <u>-</u>                     | <u>-</u>       |
| Loss before income tax expense                                               | (113,413)                                                     | (164,272)          | -                            | -              |
| Income tax expense                                                           | <u>(1,126)</u>                                                | <u>(1,950)</u>     | <u>-</u>                     | <u>-</u>       |
| Loss after income tax expense                                                | (114,539)                                                     | (166,222)          | -                            | -              |
| Other comprehensive income                                                   | <u>29,438</u>                                                 | <u>42,832</u>      | <u>-</u>                     | <u>-</u>       |
| Total comprehensive income                                                   | <u>(85,101)</u>                                               | <u>(123,390)</u>   | <u>-</u>                     | <u>-</u>       |
| <i>Statement of cash flows</i>                                               |                                                               |                    |                              |                |
| Net cash (used in) operating activities                                      | (778)                                                         | 506                | -                            | -              |
| Net cash generated from/(used in) investing activities                       | -                                                             | (1,640)            | -                            | -              |
| Net cash provided by financing activities                                    | -                                                             | -                  | -                            | -              |
| Net (decrease) in cash and cash equivalents                                  | <u>(778)</u>                                                  | <u>(1,134)</u>     | <u>-</u>                     | <u>-</u>       |

**Note 35. 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 36. Reconciliation of loss after income tax to net cash (used in) operating activities**

|                                                       | <b>Consolidated</b> |                    |
|-------------------------------------------------------|---------------------|--------------------|
|                                                       | <b>2022</b>         | <b>2021</b>        |
|                                                       | <b>\$</b>           | <b>\$</b>          |
| Loss after income tax expense for the year            | (1,522,130)         | (1,357,034)        |
| Adjustments for Non-cash items:                       |                     |                    |
| Depreciation and amortisation                         | 273,952             | 199,999            |
| Interest income                                       | -                   | (597)              |
| Foreign exchange loss                                 | -                   | -                  |
| Non-cash payment in lieu of services (through shares) | 80,000              | -                  |
| Stocks written-off – Finished goods                   | 228,976             | -                  |
| Net share-based payments (reversed)/expensed          | -                   | (360,109)          |
| Impairment                                            | 134,252             | 144,515            |
| Interest on lease liabilities                         | -                   | -                  |
| Other – stock written off                             | -                   | (1,350)            |
| Change in operating assets and liabilities:           |                     |                    |
| Decrease(Increase) in trade and other receivables     | 308,749             | (1,017,317)        |
| (Increase) in inventories                             | (92,225)            | (373,464)          |
| (Increase) in prepayments                             | (48,442)            | (66,448)           |
| Increase/(decrease) in trade and other payables       | (478,964)           | 1,151,127          |
| Increase/(decrease) in other provisions               | 6,034               | 21,082             |
| (Decrease) in tax balances                            | (1,646)             | (16,472)           |
| Net cash (used in) operating activities               | <u>(1,111,444)</u>  | <u>(1,676,068)</u> |

**Note 37. Changes in liabilities arising from financing activities**

|                             | Short-term     | Long-term      | Leases         | Total            |
|-----------------------------|----------------|----------------|----------------|------------------|
|                             | borrowings     | borrowings     | \$             | \$               |
|                             | \$             | \$             |                |                  |
| <b>Consolidated</b>         |                |                |                |                  |
| Balance at 1 January 2021   | 401,173        | 430,605        | 110,919        | 942,697          |
| Cash flows                  | 151,632        | (19,697)       | (22,441)       | 109,494          |
| Exchange differences        | 7,246          | 6,866          | 566            | 14,678           |
| Other changes               | (195,169)      | -              | 18,623         | (176,546)        |
| Balance at 31 December 2021 | 364,882        | 417,774        | 107,667        | 890,323          |
| Cash flows                  | 118,205        | 39,788         | (37,140)       | 120,853          |
| Exchange differences        | -              | -              | -              | -                |
| Other changes               | -              | -              | 208,741        | 208,741          |
| Balance at 31 December 2022 | <u>483,087</u> | <u>457,562</u> | <u>279,268</u> | <u>1,219,917</u> |

**Note 38. Earnings per share**

|                                                                              | <b>Consolidated</b> |                    |
|------------------------------------------------------------------------------|---------------------|--------------------|
|                                                                              | <b>2022</b>         | <b>2021</b>        |
|                                                                              | <b>\$</b>           | <b>\$</b>          |
| Loss after income tax                                                        | (1,522,130)         | (1,357,034)        |
| Non-controlling interest                                                     | 69,228              | 100,825            |
| Loss after income tax attributable to the owners of Holista Colltech Limited | <u>(1,452,902)</u>  | <u>(1,256,209)</u> |

**Note 38. Earnings per share (continued)**

|                                                                                           | Number      | Number      |
|-------------------------------------------------------------------------------------------|-------------|-------------|
| Weighted average number of ordinary shares used in calculating basic earnings per share   | 276,821,233 | 275,349,087 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 276,821,233 | 275,349,087 |
|                                                                                           | Cents       | Cents       |
| Basic loss per share                                                                      | (0.52)      | (0.46)      |
| Diluted loss per share                                                                    | (0.52)      | (0.46)      |

**Accounting policy for earnings per share**

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Holista Colltech 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*

Diluted earnings per share adjusts 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.

All potential fully paid ordinary shares on issue would decrease the loss per share and are thus not considered dilutive.

**Note 39. Share-based payments**

*Performance rights*

As approved by shareholders 9 January 2017, the Company issued 2,700,000 performance rights to Dr Rajen Manicka with non-market performance conditions attached. The performance conditions were not achieved on vesting date. Consequently, the share-based expenses previously recognised in relation to the performance rights were fully reversed. There are no performance rights on issue during the 2022 financial year.

| <b>2021</b> |                | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|-------------|----------------|----------------------------------|---------|-----------|---------------------------|--------------------------------|
| Grant date  | Milestone date |                                  |         |           |                           |                                |
| 09/01/2017  | 09/01/2022     | 1,800,000                        | -       | -         | (1,800,000)               | -                              |
| 09/01/2017  | 09/01/2022     | 900,000                          | -       | -         | (900,000)                 | -                              |

The performance conditions linked to the performance rights are detailed below:

| Class of Performance Right | Performance Condition                                                             | Performance rights No. | Milestone Date            | Expiry Date                    | Performance Condition Satisfied |
|----------------------------|-----------------------------------------------------------------------------------|------------------------|---------------------------|--------------------------------|---------------------------------|
| Class C                    | The Company achieving an EBIT of at least \$2.2m from the sale of Low GI Products | 1,800,000              | On or before 30 June 2021 | 5 years from the date of issue | No                              |
| Class D                    | The Company achieving an EBIT of at least \$4m from the sale of Low GI Products   | 900,000                | On or before 30 June 2021 | 5 years from the date of issue | No                              |

On milestone date, the performance conditions for Class C and Class D performance rights were not achieved. Consequently, the share-based payments previously recognised in relation to the performance rights were fully reversed.

**Note 39. Share-based payments (continued)**

*Reconciliation of (reversal)/recognition of share-based payments during the year:*

|                                                               | Consolidated<br>2022<br>\$ | 2021<br>\$       |
|---------------------------------------------------------------|----------------------------|------------------|
| Recognition of Share-based payment expenses - Options         | -                          | -                |
| Reversal of Share-based payment expenses - Performance Rights | -                          | (360,109)        |
|                                                               | <u>-</u>                   | <u>(360,109)</u> |

**Accounting policy for Share-based payments**

The grant-date fair value of equity-settled share-based payment arrangements granted to holders of equity-based instruments (including employees) are generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised 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 conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. In determining the fair value of share-based payments granted, a key estimate and judgement is the volatility input assumed within the pricing model.

The Company uses historical volatility of the Company to determine an appropriate level of volatility expected, commensurate with the expected instrument's life.

**Holista Colltech Limited**  
**Directors' declaration**  
**31 December 2022**

In the directors' opinion:

- the attached consolidated financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached consolidated 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 year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Dr Rajen Manicka  
Executive Chairman, MD and CEO

31 March 2023

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

We have audited the financial report of Holista Colltech Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 31 December 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 Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

**Material Uncertainty in Relation to Going Concern and Carrying amount of Non-current Assets**

As referred to in Note 1 to the consolidated financial statements, the consolidated financial statements have been prepared on a going concern basis. The Group incurred a loss after tax of \$1,522,129 and in net cash outflow from operating activities of \$1,111,444 for the financial year ended 31 December 2022. At 31 December 2022, the Group had cash and cash equivalents of \$117,528 and working capital of \$1,183,487.

The ability of the Group to continue as a going concern is subject to the future profitability of the Group, and the ability of management to collect the receivables and sell its inventories. The Group's ability to generate revenue from its operations also depends on the proper utilisation of its property, plant and equipment, intangible assets and right-of-use assets.

In the event that the Group is not successful in commencing profitable operations, collecting receivables, selling the inventories and properly utilising its non-current assets, the Group may not be able to meet its liabilities as when they fall due and the realisable value of the Group's assets, may be significantly less than book values. These events or conditions 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**

In addition to the matter described in the Material Uncertainty in Relation to Going Concern section, we have determined the matter described below to be Key Audit Matters to be communicated in our report.

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

| Key Audit Matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | How the matters were addressed in the audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Revenue recognition</b></p> <p>For the financial year ended 31 December 2022, the Group's sales revenue amounted to \$8,241,225 (2021: \$8,023,129). The Group earns revenue from different business streams, with each stream having differing revenue recognition points under the Group's revenue recognition policies (Note 4).</p> <p>On the basis of the significant of the amount to the consolidated financial statements and the processes used to determine the recognition point, we have considered revenue recognition as a key audit matter.</p> | <p>Inter alia, our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>▪ Obtained a detailed understanding of each of the sources of revenue and the related systems processes for quantifying and recording revenue;</li> <li>▪ Evaluated a sample of contracts, identified performance obligations, and agreed revenue amounts to the records, including supporting billing system and bank records;</li> <li>▪ Performed cut-off procedures to ensure that the revenue is recognised in the correct period;</li> <li>▪ Assessed the consistency of the Group's accounting policies in respect of revenue recognition with the criteria prescribed by the applicable standard, AASB 15 <i>Revenue from contract with customers</i>; and</li> <li>▪ Assessed the adequacy of the related disclosures within the consolidated financial statements.</li> </ul> |
| <p><b>Allowance for credit losses against trade and other receivables</b></p> <p>As at 31 December 2022, the Group's trade and other receivables gross balance amounted to \$3,887,362 (2021: \$4,204,820).</p> <p>Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for credit losses (Note 9).</p> <p>The allowance for expected credit losses represents management's best estimate of the</p>                                               | <p>Inter alia, our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>▪ Reviewed methodology applied in the allowance for credit loss calculation by comparing it to the requirements of AASB 9 <i>Financial Instruments</i> and tested key underlying assumptions used by management to calculated the impairment provision;</li> <li>▪ Held discussion with management and challenged the judgments and estimates used</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                           |

| Key Audit Matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | How the matters were addressed in the audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>impairment losses incurred at the balance sheet date. The Group assessed impairment on a forward-looking basis and applied the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables. As at 31 December 2022, the Group recognised allowance for credit losses of \$2,565,482 (2021: \$2,409,680) for its trade and other receivables.</p> <p>Calculation of allowance for credit losses is a complex area and requires management to make significant assumptions on the customer payment behavior and other relevant risk characteristics such as historical information and estimating the level and timing of expected future cashflows. On this basis, we identified provisioning allowance for expected credit losses as a key audit matter.</p> | <p>to determine if provision is required with reference to supporting documentation and external evidence where applicable;</p> <ul style="list-style-type: none"> <li>Reviewed the working papers of component auditor with great care and in accordance with the requirements of ASA 600; and</li> <li>Assessed the adequacy of the related disclosures within the consolidated financial statements.</li> </ul>                                                                                                                                                                   |
| <b>Inventory valuation and existence</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p>As at 31 December 2022, the Group's inventories (excluding stock-in-transit) amounted to \$1,411,962 (2021: \$1,108,801).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>Inter alia, our audit procedures included the following:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p>Inventories are carried at the lower of cost and net realisable value on a first-in-first-out basis for both raw materials and finished goods (Note 10).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <ul style="list-style-type: none"> <li>Performed stock-take procedures and agreed the samples to the final inventory listing and obtained explanations for any variances noted;</li> <li>Performed substantive testing to ensure that the inventories have been recorded on a first-in-first-out basis;</li> <li>Reviewed the final stock listing for any slow-moving and obsolete stock;</li> <li>Recalculated inventory valuation allowance as appropriate; and</li> <li>Assessed the adequacy of the related disclosures within the consolidated financial statements.</li> </ul> |
| <p>Inventory valuation and existence was identified as a key audit matter because of the variety and volume of inventory items which are management across 4 warehouses in Malaysia and 1 warehouse in USA and the judgment applied in the valuation of inventory.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

### 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 31 December 2022, but does not include the financial report and our auditor's report thereon.

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



In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### ***Responsibilities of the Directors for the Financial Report***

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

In preparing the financial report, the directors are responsible for assessing the 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 has 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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### ***Report on the Remuneration Report***

#### *Opinion on the Remuneration Report*

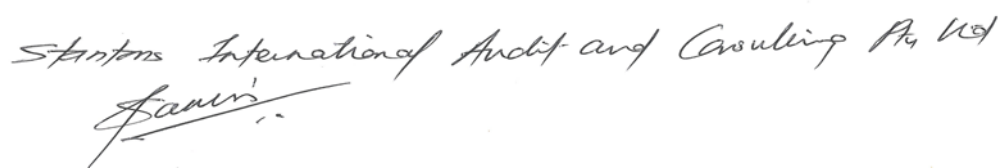
We have audited the Remuneration Report included on pages 12 to 16 of the directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Holista Colltech Limited for the year ended 31 December 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.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(An Authorised Audit Company)**



**Samir Tirodkar**  
Director  
West Perth, Western Australia  
31 March 2023

**HOLISTA COLLTECH LIMITED**  
**ACN 094 515 992**  
**(Company)**

**Corporate Governance Statement**

This Corporate Governance Statement is current as at 31 March 2023 and has been approved by the Board of the Company on that date.

This Corporate Governance Statement discloses the extent to which the Company will, as at the date it is admitted to the official list of the ASX, follow the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations – 4<sup>th</sup> Edition (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons provided for not following them along with what (if any) alternative governance practices the Company intends to adopt in lieu of the recommendation.

The Company has adopted a Corporate Governance Plan which provides the written terms of reference for the Company's corporate governance duties.

Due to the current size and nature of the existing Board and the scale of the Company's operations, the Board does not consider that the Company will gain any benefit from individual Board committees and that its resources would be better utilised in other areas as the Board is of the strong view that at this stage, the experience and skill set of the current Board is sufficient to perform these roles. Under the Company's Board Charter, the duties that would ordinarily be assigned to individual committees are currently carried out by the full Board under the written terms of reference for those committees.

The Company's Corporate Governance Plan is available on the Company's website at [www.holistaco.com](http://www.holistaco.com)

| RECOMMENDATIONS (4 <sup>TH</sup> EDITION)                                                                                                                                                                                                                                                                 | COMPLY | EXPLANATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><i>Principle 1: Lay solid foundations for management and oversight</i></b>                                                                                                                                                                                                                             |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Recommendation 1.1</b><br>(a) A listed entity should have and disclose a board charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management. | YES    | <p>The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management.</p> <p>The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.</p> <p>A copy of the Company's Board Charter, which is part of the Company's Corporate Governance Plan, is available on the Company's website.</p> |

| RECOMMENDATIONS (4 <sup>TH</sup> EDITION)                                                                                                                                                                                                                                                                                                                                         | COMPLY | EXPLANATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Recommendation 1.2</b></p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a Director; and</p> <p>(a) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.</p> | YES    | <p>(a) The Company has guidelines for the appointment and selection of the Board and senior executives in its Corporate Governance Plan. The Company's Nomination Committee Charter (in the Company's Corporate Governance Plan) requires the Nomination Committee (or, in its absence, the Board) to ensure appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate)) are undertaken before appointing a person, or putting forward to security holders a candidate for election, as a Director. In the event of an unsatisfactory check, a Director is required to submit their resignation.</p> <p>(b) Under the Nomination Committee Charter, all material information relevant to a decision on whether or not to elect or re-elect a Director must be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.</p> |
| <p><b>Recommendation 1.3</b></p> <p>A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</p>                                                                                                                                                                                                       | YES    | <p>The Company's Nomination Committee Charter requires the Nomination Committee (or, in its absence, the Board) to ensure that each Director and senior executive is personally a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.</p> <p>The Company has written agreements with each of its Directors and senior executives.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <p><b>Recommendation 1.4</b></p> <p>The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>                                                                                                                                                                   | YES    | <p>The Board Charter outlines the roles, responsibilities and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <p><b>Recommendation 1.5</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p>      | YES    | <p>(a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish, achieve and measure diversity objectives, including in respect of gender diversity. The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company's website.</p> <p>(b) The Diversity Policy allows the Board to set measurable gender diversity objectives and to continually monitor both the objectives and the Company's progress in achieving them.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

| RECOMMENDATIONS (4 <sup>TH</sup> EDITION)                                                                                                                                                                                                                                                                                                                                                               | COMPLY | EXPLANATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>(i) the measurable objectives set for that period to achieve gender diversity;</p> <p>(ii) the entity's progress towards achieving those objectives; and</p> <p>(iii) either:</p> <p>(A) the respective proportions of men and women on the Board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> | N/A    | <p>(c) The measurable diversity objectives for each financial year (if any), and the Company's progress in achieving them, will be detailed in the Company's Annual Report</p> <p>(i) the Board currently has 1 woman Director of the Company. The board does not anticipate there will be a need to appoint any new Directors or senior executives due to the scale of the Company's existing and proposed activities and the Board's view that the existing Directors and senior executives have sufficient skill and experience to carry out the Company's plans;</p> <p>(ii) if it becomes necessary to appoint any new Directors or senior executives, the Board will consider the application of the measurable diversity objectives and determined whether, given the small size of the Company and the Board, requiring specified objectives to be met will unduly limit the Company from applying the Diversity Policy as a whole and the Company's policy of appointing the best person for the job; and</p> <p>(iii) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes) for each financial year will be disclosed in the Company's Annual Report.</p> |

| RECOMMENDATIONS (4 <sup>TH</sup> EDITION)                                                                                                                                                                                                                                                                                                                                                                                                                                    | COMPLY | EXPLANATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (B) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in the Workplace Gender Equality Act. If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period. |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Recommendation 1.6</b><br>A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</li> <li>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</li> </ul>                                                      | YES    | <ul style="list-style-type: none"> <li>(a) The Company’s Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Board, its committees and individual Directors on an annual basis. It may do so with the aid of an independent advisor. The process for this is set out in the Company’s Corporate Governance Plan, which is available on the Company’s website.</li> <li>(b) The Company’s Corporate Governance Plan requires the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. The Company intends to complete performance evaluations in respect of the Board, its committees (if any) and individual Directors for each financial year in accordance with the above process.</li> </ul> |
| <b>Recommendation 1.7</b><br>A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</li> <li>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</li> </ul>                                                           | YES    | <ul style="list-style-type: none"> <li>(a) The Company’s Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Company’s senior executives on an annual basis. The Company’s Remuneration Committee (or, in its absence, the Board) is responsible for evaluating the remuneration of the Company’s senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non-executive Director.</li> </ul>                                                                                                                                                                                                                                                        |

| RECOMMENDATIONS (4 <sup>TH</sup> EDITION)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | COMPLY    | EXPLANATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |           | <p>The applicable processes for these evaluations can be found in the Company's Corporate Governance Plan, which is available on the Company's website.</p> <p>(b) The Company's Corporate Governance Plan requires the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. The Company intends to complete performance evaluations in respect of the senior executives (if any) for each financial year in accordance with the applicable processes.</p> <p>At this stage, due to the current size and nature of the existing Board and the scale of the Company's operations, the Company has not appointed any senior executives other than the Executive Director.</p> |
| <b>Principle 2: Structure the Board to be effective and add value</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p><b>Recommendation 2.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> | PARTIALLY | <p>(a) The Board recently appointed a Nomination Committee made up of two independent directors.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

| RECOMMENDATIONS (4 <sup>TH</sup> EDITION)                                                                                                                                                                     | COMPLY                                  | EXPLANATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                     |                                         |                                        |   |                                   |   |            |   |                                          |   |                    |   |                                  |   |                       |   |                            |   |            |   |                    |   |                     |   |                                |   |                 |   |                    |   |                           |   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------------|----------------------------------------|---|-----------------------------------|---|------------|---|------------------------------------------|---|--------------------|---|----------------------------------|---|-----------------------|---|----------------------------|---|------------|---|--------------------|---|---------------------|---|--------------------------------|---|-----------------|---|--------------------|---|---------------------------|---|
| <p><b>Recommendation 2.2</b></p> <p>A listed entity should have and disclose a Board skills matrix setting out the mix of skills that the Board currently has or is looking to achieve in its membership.</p> | YES                                     | <p>Under the Nomination Committee Charter (in the Company’s Corporate Governance Plan), the Nomination Committee (or, in its absence, the Board) is required to prepare a Board skills matrix setting out the mix of skills that the Board currently has (or is looking to achieve) and to review this at least annually against the Company’s Board skills matrix to ensure the appropriate mix of skills to discharge its obligations effectively and to add value and to ensure the Board has the ability to deal with new and emerging business and governance issues.</p> <p>The Company has a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership. A copy will be available in the Company’s Annual Report.</p> <table><tr><th>Board Skills Matrix</th><th>Number of Directors that meet the skill</th></tr><tr><td>Executive and Non-Executive experience</td><td>3</td></tr><tr><td>Industry experience and knowledge</td><td>3</td></tr><tr><td>Leadership</td><td>3</td></tr><tr><td>Corporate governance and risk management</td><td>2</td></tr><tr><td>Strategic thinking</td><td>3</td></tr><tr><td>Desired behavioural competencies</td><td>3</td></tr><tr><td>Geographic experience</td><td>3</td></tr><tr><td>Capital markets experience</td><td>1</td></tr><tr><td>Accounting</td><td>1</td></tr><tr><td>Capital management</td><td>1</td></tr><tr><td>Corporate financing</td><td>1</td></tr><tr><td>Industry taxation<sup>1</sup></td><td>0</td></tr><tr><td>Risk management</td><td>2</td></tr><tr><td>Legal<sup>2</sup></td><td>0</td></tr><tr><td>IT expertise<sup>3</sup></td><td>0</td></tr></table> <p>1. Skill gap noticed however an external taxation firm is employed to maintain taxation requirements.</p> <p>2. Skill gap noticed however an external legal firm is employed to maintain legal requirements.</p> <p>3. Skill gap noticed however an external IT firm is employed on an adhoc basic to maintain IT requirements.</p> | Board Skills Matrix | Number of Directors that meet the skill | Executive and Non-Executive experience | 3 | Industry experience and knowledge | 3 | Leadership | 3 | Corporate governance and risk management | 2 | Strategic thinking | 3 | Desired behavioural competencies | 3 | Geographic experience | 3 | Capital markets experience | 1 | Accounting | 1 | Capital management | 1 | Corporate financing | 1 | Industry taxation <sup>1</sup> | 0 | Risk management | 2 | Legal <sup>2</sup> | 0 | IT expertise <sup>3</sup> | 0 |
| Board Skills Matrix                                                                                                                                                                                           | Number of Directors that meet the skill |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                                         |                                        |   |                                   |   |            |   |                                          |   |                    |   |                                  |   |                       |   |                            |   |            |   |                    |   |                     |   |                                |   |                 |   |                    |   |                           |   |
| Executive and Non-Executive experience                                                                                                                                                                        | 3                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                                         |                                        |   |                                   |   |            |   |                                          |   |                    |   |                                  |   |                       |   |                            |   |            |   |                    |   |                     |   |                                |   |                 |   |                    |   |                           |   |
| Industry experience and knowledge                                                                                                                                                                             | 3                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                                         |                                        |   |                                   |   |            |   |                                          |   |                    |   |                                  |   |                       |   |                            |   |            |   |                    |   |                     |   |                                |   |                 |   |                    |   |                           |   |
| Leadership                                                                                                                                                                                                    | 3                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                                         |                                        |   |                                   |   |            |   |                                          |   |                    |   |                                  |   |                       |   |                            |   |            |   |                    |   |                     |   |                                |   |                 |   |                    |   |                           |   |
| Corporate governance and risk management                                                                                                                                                                      | 2                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                                         |                                        |   |                                   |   |            |   |                                          |   |                    |   |                                  |   |                       |   |                            |   |            |   |                    |   |                     |   |                                |   |                 |   |                    |   |                           |   |
| Strategic thinking                                                                                                                                                                                            | 3                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                                         |                                        |   |                                   |   |            |   |                                          |   |                    |   |                                  |   |                       |   |                            |   |            |   |                    |   |                     |   |                                |   |                 |   |                    |   |                           |   |
| Desired behavioural competencies                                                                                                                                                                              | 3                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                                         |                                        |   |                                   |   |            |   |                                          |   |                    |   |                                  |   |                       |   |                            |   |            |   |                    |   |                     |   |                                |   |                 |   |                    |   |                           |   |
| Geographic experience                                                                                                                                                                                         | 3                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                                         |                                        |   |                                   |   |            |   |                                          |   |                    |   |                                  |   |                       |   |                            |   |            |   |                    |   |                     |   |                                |   |                 |   |                    |   |                           |   |
| Capital markets experience                                                                                                                                                                                    | 1                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                                         |                                        |   |                                   |   |            |   |                                          |   |                    |   |                                  |   |                       |   |                            |   |            |   |                    |   |                     |   |                                |   |                 |   |                    |   |                           |   |
| Accounting                                                                                                                                                                                                    | 1                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                                         |                                        |   |                                   |   |            |   |                                          |   |                    |   |                                  |   |                       |   |                            |   |            |   |                    |   |                     |   |                                |   |                 |   |                    |   |                           |   |
| Capital management                                                                                                                                                                                            | 1                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                                         |                                        |   |                                   |   |            |   |                                          |   |                    |   |                                  |   |                       |   |                            |   |            |   |                    |   |                     |   |                                |   |                 |   |                    |   |                           |   |
| Corporate financing                                                                                                                                                                                           | 1                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                                         |                                        |   |                                   |   |            |   |                                          |   |                    |   |                                  |   |                       |   |                            |   |            |   |                    |   |                     |   |                                |   |                 |   |                    |   |                           |   |
| Industry taxation <sup>1</sup>                                                                                                                                                                                | 0                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                                         |                                        |   |                                   |   |            |   |                                          |   |                    |   |                                  |   |                       |   |                            |   |            |   |                    |   |                     |   |                                |   |                 |   |                    |   |                           |   |
| Risk management                                                                                                                                                                                               | 2                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                                         |                                        |   |                                   |   |            |   |                                          |   |                    |   |                                  |   |                       |   |                            |   |            |   |                    |   |                     |   |                                |   |                 |   |                    |   |                           |   |
| Legal <sup>2</sup>                                                                                                                                                                                            | 0                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                                         |                                        |   |                                   |   |            |   |                                          |   |                    |   |                                  |   |                       |   |                            |   |            |   |                    |   |                     |   |                                |   |                 |   |                    |   |                           |   |
| IT expertise <sup>3</sup>                                                                                                                                                                                     | 0                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                                         |                                        |   |                                   |   |            |   |                                          |   |                    |   |                                  |   |                       |   |                            |   |            |   |                    |   |                     |   |                                |   |                 |   |                    |   |                           |   |



| RECOMMENDATIONS (4 <sup>TH</sup> EDITION)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | COMPLY | EXPLANATION                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |        | The Board Charter requires the disclosure of each Board member's qualifications and expertise. Full details as to each Director and senior executive's relevant skills and experience will be available in the Company's Annual Report.                                                                                                                                                                     |
| <b>Recommendation 2.3</b><br>A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) the names of the Directors considered by the Board to be independent Directors;</li> <li>(b) if a Director has an interest, position or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendations (4th Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position or relationship in question and an explanation of why the Board is of that opinion; and the length of service of each Director</li> </ul> | YES    | <ul style="list-style-type: none"> <li>(a) The Board Charter requires the disclosure of the names of Directors considered by the Board to be independent. The Board considers there are two independent Directors</li> <li>(b) complies</li> <li>(c) The Company's Annual Report will disclose the length of service of each Director, as at the end of each financial year.</li> </ul>                     |
| <b>Recommendation 2.4</b><br>A majority of the Board of a listed entity should be independent Directors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | YES    | <p>The Company's Board Charter requires that, where practical, the majority of the Board should be independent.</p> <p>The Board currently comprises a total of 3 directors, 2 of whom are considered to be independent. As such, independent directors currently comprise the majority of the Board.</p>                                                                                                   |
| <b>Recommendation 2.5</b><br>The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | NO     | <p>The Board Charter provides that, where practical, the Chair of the Board should be an independent Director and should not be the CEO/Managing Director.</p> <p>The Chair of the Company is not an independent Director and is also the CEO/Managing Director.</p> <p>The Board does not have an independent Chair because it was not feasible due to the company's current size and Board structure.</p> |

| RECOMMENDATIONS (4 <sup>TH</sup> EDITION)                                                                                                                                                                                                                                                                                | COMPLY | EXPLANATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Recommendation 2.6</b><br>A listed entity should have a program for inducting new Directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as Directors effectively.           | YES    | In accordance with the Company's Board Charter, the Nomination Committee (or, in its absence, the Board) is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Company Secretary is responsible for facilitating inductions and professional development including receiving briefings on material developments in laws, regulations and accounting standards relevant to the Company.                                                                                                                       |
| <b>Principle 3: Instil a culture of acting lawfully, ethically and responsibly</b>                                                                                                                                                                                                                                       |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Recommendation 3.1</b><br>A listed entity should articulate and disclose its values.                                                                                                                                                                                                                                  | YES    | (a) The Company is committed to conducting all of its business activities fairly, honestly with a high level of integrity, and in compliance with all applicable laws, rules and regulations. The Board, management and employees are dedicated to high ethical standards and recognise and support the Company's commitment to compliance with these standards.<br><br>(b) The Company's values are set out in its Code of Conduct (which forms part of the Corporate Governance Plan) and are available on the Company's website. All employees are given appropriate training on the Company's values and senior executives will continually reference such values. |
| <b>Recommendation 3.2</b><br>A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a code of conduct for its Directors, senior executives and employees; and</li> <li>(b) ensure that the Board or a committee of the Board is informed of any material breaches of that code.</li> </ul> | YES    | (a) The Company's Corporate Code of Conduct applies to the Company's Directors, senior executives and employees.<br><br>(b) The Company's Corporate Code of Conduct (which forms part of the Company's Corporate Governance Plan) is available on the Company's website. Any material breaches of the Code of Conduct are reported to the Board or a committee of the Board.                                                                                                                                                                                                                                                                                           |
| <b>Recommendation 3.3</b><br>A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a whistleblower policy; and</li> <li>(a) ensure that the Board or a committee of the Board is informed of any material incidents reported under that policy.</li> </ul>                                | YES    | The Company's Whistleblower Protection Policy (which forms part of the Corporate Governance Plan) is available on the Company's website. Any material breaches of the Whistleblower Protection Policy are to be reported to the Board or a committee of the Board.                                                                                                                                                                                                                                                                                                                                                                                                     |

| RECOMMENDATIONS (4 <sup>TH</sup> EDITION)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | COMPLY    | EXPLANATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| <b>Recommendation 3.4</b><br>A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose an anti-bribery and corruption policy; and</li> <li>(b) ensure that the Board or committee of the Board is informed of any material breaches of that policy.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | YES       | The Company's Anti-Bribery and Anti-Corruption Policy (which forms part of the Corporate Governance Plan) is available on the Company's website. Any material breaches of the Anti-Bribery and Anti-Corruption Policy are to be reported to the Board or a committee of the Board.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Principle 4: <i>Safeguard the integrity of corporate reports</i></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Recommendation 4.1</b><br>The Board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have an audit committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director, who is not the Chair of the Board,</li> </ul> and disclose: <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the relevant qualifications and experience of the members of the committee; and</li> <li>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</li> </ul> | PARTIALLY | <ul style="list-style-type: none"> <li>(a) The Company does not have an Audit and Risk Committee. The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee with at least three members, all of whom must be non-executive Directors, and majority of the Committee must be independent Directors. The Committee must be chaired by an independent Director who is not the Chair.<br/><br/>The Company does not have an Audit and Risk Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to independently verify the integrity of the Company's periodic reports which are not audited or reviewed by an external auditor, as well as the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner: <ul style="list-style-type: none"> <li>(i) the Board devotes time at biannual Board meetings to fulfill the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors; and</li> <li>(ii) all members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting</li> </ul> </li> </ul> |
| <b>Recommendation 4.2</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | YES       | The Company's Audit and Risk Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a sign off on these terms.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

| RECOMMENDATIONS (4 <sup>TH</sup> EDITION)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | COMPLY | EXPLANATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. |        | The Company intends to obtain a sign off on these terms for each of its financial statements in each financial year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Recommendation 4.3</b><br>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.                                                                                                                                                                                                                                                                                                                                      | YES    | The Company will include in each of its (to the extent that the information contained in the following is not audited or reviewed by an external auditor): <ul style="list-style-type: none"> <li>(a) annual reports or on its website, a description of the process it undertakes to verify the integrity of the information in its annual directors' report;</li> <li>(b) quarterly reports, or in its annual report or on its website, a description of the process it undertakes to verify the integrity of the information in its quarterly reports;</li> <li>(c) integrated reports, or in its annual report (if that is a separate document to its integrated report) or on its website, a description of the process it undertakes to verify the integrity of the information in its integrated reports; and</li> <li>(d) periodic corporate reports (such as a sustainability or CSR report), or in its annual report or on its website, a description of the process it undertakes to verify the integrity of the information in these reports.</li> </ul> |
| <b>Principle 5: Make timely and balanced disclosure</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Recommendation 5.1</b><br>A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.                                                                                                                                                                                                                                                                                                                                                                                  | YES    | <ul style="list-style-type: none"> <li>(a) The Company's Corporate Governance Plan details the Company's Continuous Disclosure policy.</li> <li>(b) The Corporate Governance Plan, which incorporates the Continuous Disclosure policy, is available on the Company's website.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Recommendation 5.2</b><br>A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.                                                                                                                                                                                                                                                                                                                                                                                       | YES    | Under the Company's Continuous Disclosure Policy (which forms part of the Corporate Governance Plan), all members of the Board will receive material market announcements promptly after they have been made.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

| RECOMMENDATIONS (4 <sup>TH</sup> EDITION)                                                                                                                                                                                              | COMPLY | EXPLANATION                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Recommendation 5.3</b><br>A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation. | YES    | All substantive investor or analyst presentations will be released on the ASX Markets Announcement Platform ahead of such presentations.                                                                                                                                                                                                                                                                                            |
| <b>Principle 6: Respect the rights of security holders</b>                                                                                                                                                                             |        |                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Recommendation 6.1</b><br>A listed entity should provide information about itself and its governance to investors via its website.                                                                                                  | YES    | Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.                                                                                                                                                                                                                                                                                         |
| <b>Recommendation 6.2</b><br>A listed entity should have an investor relations program that facilitates effective two-way communication with investors.                                                                                | YES    | The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's Corporate Governance Plan.                                                                                         |
| <b>Recommendation 6.3</b><br>A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.                                                                                          | YES    | Shareholders are encouraged to participate at all general meetings, including the annual general meeting of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material stating that all Shareholders are encouraged to participate at the meeting.<br><br>All substantive resolutions at securityholder meetings will be decided by a poll rather than a show of hands. |
| <b>Recommendation 6.4</b><br>A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.                                                     | YES    | All substantive resolutions at securityholder meetings will be decided by a poll rather than a show of hands.                                                                                                                                                                                                                                                                                                                       |
| <b>Recommendation 6.5</b><br>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.                                  | YES    | The Shareholder Communication Strategy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.                             |

| RECOMMENDATIONS (4 <sup>TH</sup> EDITION)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | COMPLY | EXPLANATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |        | Shareholders queries should be referred to the Company Secretary at first instance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Principle 7: Recognise and manage risk</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Recommendation 7.1</b><br>The Board of a listed entity should: <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p> | YES    | <p>(a) The Company does not have an Audit and Risk Committee. The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee with at least three members, all of whom must be non-executive Directors, and majority of the Committee must be independent Directors. The Committee must be chaired by an independent Director who is not the Chair.</p> <p>A copy of the Corporate Governance Plan is available on the Company's website.</p> <p>(b) The Company does not have an Audit and Risk Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to oversee the entity's risk management framework, The Board devotes time at regular board meetings to fulfill the roles and responsibilities with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.</p> |
| <b>Recommendation 7.2</b><br>The Board or a committee of the Board should: <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>                                                                                                                                                                                                                                                                                                                                                                           | YES    | <p>(a) The Audit and Risk Committee Charter requires that the Audit and Risk Committee (or, in its absence, the Board) should, at least annually, satisfy itself that the Company's risk management framework continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board.</p> <p>(b) The Company's Corporate Governance Plan requires the Company to disclose at least annually whether such a review of the Company's risk management framework has taken place.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

| RECOMMENDATIONS (4 <sup>TH</sup> EDITION)                                                                                                                                                                                                                                                                                                                                                           | COMPLY    | EXPLANATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Recommendation 7.3</b><br>A listed entity should disclose:<br>(a) if it has an internal audit function, how the function is structured and what role it performs; or<br>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes. | YES       | (a) The Audit and Risk Committee Charter provides for the Audit and Risk Committee to monitor and periodically review the need for an internal audit function, as well as assessing the performance and objectivity of any internal audit procedures that may be in place.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Recommendation 7.4</b><br>A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.                                                                                                                                                                                                | YES       | <p>The Audit and Risk Committee Charter requires the Audit and Risk Committee (or, in its absence, the Board) to assist management to determine whether the Company has any potential or apparent exposure to environmental or social risks and, if it does, put in place management systems, practices and procedures to manage those risks.</p> <p>The Company's Corporate Governance Plan requires the Company to disclose whether it has any potential or apparent exposure to environmental or social risks and, if it does, put in place management systems, practices and procedures to manage those risk.</p> <p>Where the Company does not have material exposure to environmental or social risks, report the basis for that determination to the Board, and where appropriate benchmark the Company's environmental or social risk profile against its peers.</p> <p>The Company will disclose this information in its Annual Report.</p> |
| <b>Principle 8: Remunerate fairly and responsibly</b>                                                                                                                                                                                                                                                                                                                                               |           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Recommendation 8.1</b><br>The Board of a listed entity should:<br>(a) have a remuneration committee which:<br>(i) has at least three members, a majority of whom are independent Directors; and<br>(ii) is chaired by an independent Director, and disclose:<br>(iii) the charter of the committee;<br>(iv) the members of the committee; and                                                    | PARTIALLY | (a) The Company recently adopted remuneration committee which is made up of two independent directors. does not have a Remuneration Committee.<br>(b) The Charter of the committee is found on the Company website.<br>(c) The committee will meet two times per year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |



| RECOMMENDATIONS (4 <sup>TH</sup> EDITION)                                                                                                                                                                                                                                                                                                                                                                                                                   | COMPLY | EXPLANATION                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> |        |                                                                                                                                                                                                                                                                                                                     |
| <p><b>Recommendation 8.2</b></p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.</p>                                                                                                                                                                                                                | YES    | <p>The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of Directors and senior executives, which is disclosed in the remuneration report contained in the Company's Annual Report as well as being disclosed on the Company's website.</p> |
| <p><b>Recommendation 8.3</b></p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>                                                                         | YES    | <p>(a) The Company does not have an equity-based remuneration scheme. The Company does not have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</p>                   |
| <p><b><i>Additional recommendations that apply only in certain cases</i></b></p>                                                                                                                                                                                                                                                                                                                                                                            |        |                                                                                                                                                                                                                                                                                                                     |
| <p><b>Recommendation 9.1</b></p> <p>A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.</p>                             |        | Not Applicable                                                                                                                                                                                                                                                                                                      |
| <p><b>Recommendation 9.2</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                            |        | Not Applicable                                                                                                                                                                                                                                                                                                      |



| RECOMMENDATIONS (4 <sup>TH</sup> EDITION)                                                                                                                                                                                                                                      | COMPLY | EXPLANATION    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|----------------|
| A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.                                                                                                                                         |        |                |
| <b>Recommendation 9.3</b><br>A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit. |        | Not Applicable |

**Holista Colltech Limited**  
**Shareholder information**  
**31 December 2022**

The shareholder information set out below was applicable as at 11 March 2023.

**Distribution of equitable securities**

Analysis of number of equitable security holders by size of holding:

|                                       | Ordinary shares    |                          |
|---------------------------------------|--------------------|--------------------------|
|                                       | Number of holders  | % of total shares issued |
| 1 to 1,000                            | 4,850              | -                        |
| 1,001 to 5,000                        | 171,689            | 0.06                     |
| 5,001 to 10,000                       | 1,161,944          | 0.42                     |
| 10,001 to 100,000                     | 24,453,319         | 8.77                     |
| 100,001 and over                      | 253,008,265        | 90.75                    |
|                                       | <b>278,800,067</b> | <b>100.00</b>            |
| Holding less than a marketable parcel | 363                | -                        |

**Equity security holders**

*Twenty largest quoted equity security holders*

The names of the twenty largest security holders of quoted equity securities are listed below:

|                                                            | Ordinary shares    |                          |
|------------------------------------------------------------|--------------------|--------------------------|
|                                                            | Number held        | % of total shares issued |
| GALEN BIOMEDICAL INC                                       | 58,514,245         | 20.99                    |
| BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP> | 43,268,209         | 15.52                    |
| 818 CORPORATE PTY LTD <818 A/C>                            | 13,196,169         | 4.73                     |
| MS SARINDERJIT KAUR                                        | 9,675,785          | 3.47                     |
| CITICORP NOMINEES PTY LIMITED                              | 8,086,707          | 2.90                     |
| MR ROBERT GEMELLI                                          | 7,915,016          | 2.84                     |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                  | 7,829,102          | 2.81                     |
| MR ANTHONY ROBERT RAMAGE                                   | 7,000,000          | 2.51                     |
| FAIRVIEW HOLDINGS PTY LTD <THE MANJULE SUPER A/C>          | 6,358,570          | 2.28                     |
| BNP PARIBAS NOMS PTY LTD <DRP>                             | 6,352,824          | 2.28                     |
| 123 HOME LOANS PTY LTD                                     | 6,100,000          | 2.19                     |
| DRISCOLL FUTURE PTY LTD <DRISCOLL SUPER FUND A/C>          | 3,750,000          | 1.35                     |
| MR HIMMAT SINGH                                            | 3,500,000          | 1.26                     |
| CHANDRA SEKARAN P PERUMAL                                  | 3,333,333          | 1.20                     |
| PERPETUAL CAPITAL INVESTMENTS PTY LTD                      | 3,000,000          | 1.08                     |
| MR PETER KLIMIS                                            | 1,876,029          | 0.67                     |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                  | 1,799,994          | 0.65                     |
| NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>       | 1,709,938          | 0.61                     |
| NEO HEALTH SDN BHD                                         | 1,610,613          | 0.58                     |
| MR KOK SENG CHEN                                           | 1,482,459          | 0.53                     |
|                                                            | <b>196,348,993</b> | <b>70.43</b>             |

*Unquoted equity securities*

There are no unquoted equity securities.

**Holista Colltech Limited**  
**Shareholder information**  
**31 December 2022**

**Substantial holders**

Substantial holders in the company are set out below:

|                        | <b>Number held</b> | <b>Ordinary shares<br/>% of total<br/>shares<br/>issued</b> |
|------------------------|--------------------|-------------------------------------------------------------|
| DR. RAJEN MANICKA      | 85,735,272         | 30.75                                                       |
| GLOBAL EHEALTH LIMITED | 42,999,621         | 15.42                                                       |

**Voting rights**

The voting rights attached to ordinary shares are set out below:

*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 each share shall have one vote.

There are no other classes of equity securities.