

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Health House International Limited

ABN

65 149 197 651

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,640	4,640
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3,848)	(3,848)
(c) advertising and marketing	(26)	(26)
(d) leased assets	(35)	(35)
(e) staff costs	(959)	(959)
(f) administration and corporate costs	(659)	(659)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(20)	(20)
1.6 Income taxes paid	(46)	(46)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(951)	(951)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	(5)	(5)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:	-	-
	(a) entities		
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(5)	(5)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	400	400
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	84	84
3.6	Repayment of borrowings	(447)	(447)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)		
	- Zelira working capital facility	700	700
3.10	Net cash from / (used in) financing activities	736	736

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	974	974
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(951)	(951)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5)	(5)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	736	736
4.5	Effect of movement in exchange rates on cash held	(20)	(20)
4.6	Cash and cash equivalents at end of period	735	735

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	602	841
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) - Rent deposit	133	133
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	735	974

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	39
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Director services - \$13,000</p> <p>Non director services:</p> <p>Serviced Office services - \$5,000</p> <p>Legal and consulting services - \$15,000</p> <p>Rent - \$6,000</p>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	4,754	4,754
7.2	Credit standby arrangements	515	213
7.3	Other (please specify)	-	-
7.4	Total financing facilities	5,269	4,967
7.5	Unused financing facilities available at quarter end		302
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

Additional information 7.1.

Lender	Gees Pharmacy	Coronavirus Business Interruption Loan Scheme	Investitionsbank des Landes Brandenburg
Amount	\$223,000	\$126,000	\$911,000
Interest rate	5%	12.22%	7%
Maturity date	At call of HHI	August 2023	31 September 2026
Secured or unsecured	Unsecured	Unsecured	Unsecured
Comment			Removed as part of CanPharma sale.

Lender	Multiple private lenders	Banco Santander	Zelira Therapeutics Ltd
Amount	\$1,450,000	\$5,100	\$1,100,000
Interest rate	4.12% (Euribor plus 5%)	5.95%	4%
Maturity date	1 July 2023	20 October 2022	31 October 2022
Secured or unsecured	Unsecured	Unsecured	Unsecured
Comment	Removed as part of CanPharma sale.	Removed as part of CanPharma sale.	Settlement agreed between Health House, Creso and Zelira

Lender	Celtic Capital	Creso Pharma Ltd
Amount	\$400,000	Up to \$3,400,000
Interest rate	10% per quarter	12%
Maturity date	5 September 2023	30 November 2022
Secured or unsecured	Unsecured	Secured behind Zelira and Celtic Capital
Comment	Settlement agreed between Health House, Creso and Celtic	Refer 8.6.2

Additional information 7.2.
 Rolling debtor financing facility. Secured over sales invoices.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(951)
8.2	Cash and cash equivalents at quarter end (item 4.6)	732
8.3	Unused finance facilities available at quarter end (item 7.5)	302
8.4	Total available funding (item 8.2 + item 8.3)	1,036
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.1
<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	<p>Answer: Yes.</p>	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	<p>Answer: On 21 November 2022, the Company executed a Scheme Implementation Deed with Creso Pharma where it is proposed that Creso will acquire 100% of the shares in Health House. The scheme of arrangement is expected to complete in March 2023.</p> <p>In conjunction with execution of the scheme implementation deed, the Facility was increased to \$3,400,000 which will be used to as follows:</p> <ul style="list-style-type: none"> • \$750,000 – already advanced to Health House for working capital purposes; • in accordance with the terms of a deed of settlement between Health House, Creso and Zelira (Zelira Deed): <ul style="list-style-type: none"> ○ \$550,000 – paid to Zelira Therapeutics Limited (Zelira) in cash (in partial settlement of a debt owing by Health House to Zelira); and ○ \$800,000 – comprised of Creso Shares to be issued to Zelira in partial satisfaction of a debt owing by Health House to Zelira, subject to approval of Creso's shareholders; if Creso shareholder approval is not obtained on or prior to 31 December 2022, Health House will remain liable to Zelira to repay this amount; • \$400,000 – assumed debt obligation of Health House to Celtic Capital Pty Ltd (Celtic) in accordance with a deed of settlement between Health House, Creso and Celtic; and • up to \$900,000 – additional funding for Health House's general corporate purposes and working capital. 	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	<p>Answer: Refer to 8.6.2.</p>	
<p><i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i></p>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:24 November 2022.....

Authorised by:By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.