

# Appendix 4D

## 1. Company Details

Name of Entity

Health House International Limited		
ABN	Half year ended ("current period")	Half year ended ("previous period")
65 149 197 651	31 December 2022	31 December 2021

## 2. Results for announcement to the market

			AUD \$
2.1 Revenues from ordinary activities	Up	52% to	10,733,585
2.2 Profit / (loss) from ordinary activities after tax attributable to members - 31 December 2021: loss of (\$12,305,920)	Down	124% to	2,923,671
2.3 Net profit / (loss) for the period attributable to members - 31 December 2021: loss of (\$11,962,951)	Down	116% to	1,935,010
2.4 Dividends	Amount per security	Franked amount per security	
Interim dividend declared	N/A	N/A	
2.5 Record date for determining entitlements to the dividend	N/A		
2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable figures to be understood			
<p><u>Australia</u> Health House Australia has continued its growth over the first six months of the current financial year. This has come despite the challenges of ongoing regulatory changes, supply constraints and funding constraints.</p> <p>Alongside its market leading education initiatives, Health House Australia has now enhanced its offerings to pharmacies with the implementation of a new integrated customer ordering portal linked to our warehouse. This has markedly improved the ease and efficiency from a customer standpoint as well as enabling efficiencies in the warehouse and nationwide distribution.</p> <p>Health House has continued to attend major industry events and is at the forefront of the changing regulatory environment.</p> <p><u>United Kingdom</u> Health House UK has had a positive first six months of the year despite a reduction in sales due to the timing impact of regulatory changes in the EU following Brexit. A further deal between the UK and the EU in relation to the Northern Ireland Protocol, which impacts Health House in its dealings with the Maltese National Health Service is anticipated to be announced shortly. A consequence of Brexit is that</p>			

more emergency medicine requests are being made by EU governments and Health House is seeing an increase on emergency orders being tendered for and won.

The UK operation has entered into a significant number of new supply contracts executed during H1 FY23 that, if fully utilised have the potential to generate up to €950,000 revenue over the next 12 months, and also received over 30 new and re-instated approvals to supply in Malta, securing our ability to supply and demonstrating the significant work in the regulatory space post-Brexit.

The global trend of increasing raw materials and cost price increases has impacted the pharmaceutical sector. Health House has mitigated this as far as possible by entering into direct agreements with manufacturers and the early termination of reduced margin supply contracts.

Additionally, the UK wholesale business continued to see international and domestic growth alongside improved supply chain management.

The pharmacy division has continued its strong growth and continues to see demand for its services, particularly to care homes and community patients.

Health House UK was granted regulatory approval to add its pharmacy business as a site on its wholesale dealer license. This allows an increased range of products to be provided to customers. A regulatory inspection in January 2023 of both the Wholesale and Pharmacy divisions by the UK regulator has classified Health House as low risk, a fantastic achievement by the team from a starting position of high risk only 3 years previously.

Germany

CanPharma GmbH (CanPharma), the German operations were disposed of during the period. Please refer to Note 15 for details.

<b>3. Net tangible assets per security</b>	31 December 2022	31 December 2021
Net tangible asset backing per ordinary security	(0.0219)	(0.0174)

**4. Details of entities over which control has been gained or lost**

4.1. Control gained over entities

N/A

4.2. Control lost over entities

On 21 November 2022, Health House executed a scheme implementation deed pursuant to which Creso Pharma Limited (Creso) proposes to acquire Health House by way of a scheme of arrangement (Transaction and Scheme).

Health House believes that by joining the Creso group, the combined business will create an organisation with strong medicinal cannabis product and distribution capabilities.

The Transaction will result in Creso issuing consideration to Health House shareholders under the Scheme of 80,939,256 Creso fully paid ordinary shares and 20,234,814 Creso options expiring four years after the date of issue and exercisable at \$0.08. The consideration may be adjusted subject to certain debts outstanding at the Implementation Date.

The Scheme is not subject to finance and is subject only to conditions and provisions customary for transactions of this type, including exclusivity arrangements (with relevant fiduciary carve outs) and

provisions for payment of break fees of \$100,000 in certain circumstances, no material adverse change, court approval, and the requisite Health House shareholder approval.

The Scheme is subject to Health House shareholder approval to be sought at a general meeting which is expected to be convened in April 2023.

Sale of CanPharma

On 16 November 2022, Health House completed the sale of CanPharma GmbH (CanPharma) to Ms Sabine Jacker. The sale of CanPharma removed net liabilities of \$4,321,010 from the Health House group's balance sheet.

**5. Dividends**

**Individual dividends per security**

	Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
<b>Interim dividend:</b>				
Current year	N/A	N/A	N/A	N/A
Previous year	N/A	N/A	N/A	N/A

**6. Dividend reinvestment plans**

The dividend or distribution plans shown below are in operation.

N/A	
The last date(s) for receipt of election notices for the dividend or distribution plans.	N/A

**7. Details of associates and joint entities**

N/A
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**8. Foreign entities**

N/A
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**9. If the accounts are subject to audit dispute or qualification, details are described below.**

N/A

Sign here:



Date: 10 March 2023

Chairman

Print Name:

David Wheeler

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***HEALTH HOUSE INTERNATIONAL LIMITED***  
***ABN 65 149 197 651***

*Half-Year Financial Report*  
*31 December 2022*

# CONTENTS

Corporate directory	2
Directors' report	3
Auditor's independence declaration	7
Consolidated statement of profit or loss and other comprehensive income	8
Consolidated statement of financial position	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flows	11
Notes to the consolidated financial statements	12
Directors' declaration	24
Independent auditor's report	25

All announcements and financial reports are available on our website: [www.healthhouse.com.au](http://www.healthhouse.com.au).

**CORPORATE DIRECTORY**

***NON-EXECUTIVE DIRECTORS***

Christopher Mews  
Hon Michael Rann

***EXECUTIVE DIRECTORS***

David Wheeler  
Dr Henrik Sprengel (resigned 16 November 2022)

***COMPANY SECRETARY***

Tim Slate

***PRINCIPAL & REGISTERED OFFICE***

Level 3, 101 St Georges Terrace  
PERTH WA 6000  
AUSTRALIA  
Telephone: +61 8 6558 0886

***AUDITORS***

HLB Mann Judd (WA Partnership)  
Level 4, 130 Stirling Street  
PERTH WA 6000  
AUSTRALIA

***SHARE REGISTER***

Link Market Services  
Central Park Level 4  
152 St Georges Terrace  
PERTH WA 6000  
AUSTRALIA  
Telephone: +61 8 6160 4455

***SECURITIES EXCHANGE LISTING***

Securities of Health House International Limited are listed on the Australian Securities Exchange.  
ASX Code: HHI

***BANKERS***

Westpac Banking Corporation  
109 St George Terrace  
PERTH WA 6000  
AUSTRALIA

***ATTORNEYS***

Blackwall Legal LLP  
Level 26, 140 St Georges Terrace  
PERTH WA 6000  
AUSTRALIA

## **DIRECTORS' REPORT**

Your directors submit the financial report of the Group for the half-year ended 31 December 2022. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### **DIRECTORS**

The names of the directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated:

David Wheeler	Executive Chairman
Christopher Mews	Non-Executive Director
Hon Michael Rann	Non-Executive Director
Dr Henrik Sprengel	Executive Director (Appointed 10 August 2021, resigned 16 November 2022)

### **PRINCIPAL ACTIVITIES**

Health House International Limited is an international pharmaceutical distributor specialising in, but not limited to, the distribution of medicinal cannabis products across Australasia, United Kingdom and Europe.

The Company is a fully licenced and regulated specialised importer, exporter, consolidator and distributor of medicinal cannabis products, currently distributing medicinal cannabis products to pharmacies, prescribers, specialist medicinal cannabis clinics and researchers across Australasia. With its Wholesale Dealers and Controlled Drugs licences the Company supplies pharmacies, hospital, government departments and other wholesalers with medicinal cannabis and general pharmaceutical products across the UK, Europe and Globally.

Health House has supply agreements in place with a number of EU Good Manufacturing Practice (GMP) certified manufacturers and producers of high-quality medicinal cannabis products. The EU GMP licence is issued by the European Medicines Agency and is the most highly credentialled in the world for compliance for the production and manufacturing of pharmaceutical grade medicinal products.

### **REVIEW OF OPERATIONS**

#### **Operating results**

The consolidated gain (loss) of the group after providing for income tax attributable to owners of the parent entity amounted to \$2,923,671 (2021: (\$12,305,920)).

	<b>6 months to 31 December 2022</b>	<b>6 months to 31 December 2021</b>	<b>Change %</b>
<b>Revenue</b>	\$10,733,585	\$7,057,694	52%
<b>Gross Profit</b>	\$2,358,520	\$1,515,642	56%
<b>Gross Profit %</b>	21.97%	21.48%	2%
<b>Net Loss (pre-tax)</b>	(\$1,013,241)	(\$1,891,709)	46%
<b>Net Loss %</b>	(9.44%)	(26.9%)	65%
<b>EBITDA</b>	(\$755,349)	(\$1,627,541)	52%

#### Australia

Health House Australia has continued its growth over the first six months of the current financial year. This has come despite the challenges of ongoing regulatory changes, supply constraints and funding constraints.

## **DIRECTORS' REPORT**

Alongside its market leading education initiatives, Health House Australia has now enhanced its offerings to pharmacies with the implementation of a new integrated customer ordering portal linked to our warehouse. This has markedly improved the ease and efficiency from a customer standpoint as well as enabling efficiencies in the warehouse and nationwide distribution.

Health House has continued to attend major industry events and is at the forefront of the changing regulatory environment.

Particularly pleasing was Health House Australia's improvement in the following key financial performance indicators when compared to the coinciding period:

	<b>6 months to 31 December 2022</b>	<b>6 months to 31 December 2021</b>	<b>Change %</b>
<b>Revenue</b>	\$7,322,243	\$2,904,344	152%
<b>Gross Profit</b>	\$1,531,112	\$535,351	186%
<b>Gross Profit %</b>	20.91%	18.43%	13%
<b>Net Loss (pre-tax)</b>	\$846,135	\$112,922	649%
<b>Net Loss %</b>	11.56%	3.89%	197%
<b>EBITDA</b>	\$871,690	\$129,219	575%

### United Kingdom

Health House UK has had a positive first six months of the year despite a reduction in sales due to the timing impact of regulatory changes in the EU following Brexit. A further deal between the UK and the EU in relation to the Northern Ireland Protocol, which impacts Health House in its dealings with the Maltese National Health Service is anticipated to be announced shortly. A consequence of Brexit is that more emergency medicine requests are being made by EU governments and Health House is seeing an increase on emergency orders being tendered for and won.

The UK operation has entered into a significant number of new supply contracts executed during H1 FY23 that, if fully utilised have the potential to generate up to €950,000 revenue over the next 12 months, and also received over 30 new and re-instated approvals to supply in Malta, securing our ability to supply and demonstrating the significant work in the regulatory space post-Brexit.

The global trend of increasing raw materials and cost price increases has impacted the pharmaceutical sector. Health House has mitigated this as far as possible by entering into direct agreements with manufacturers and the early termination of reduced margin supply contracts.

Additionally, the UK wholesale business continued to see international and domestic growth alongside improved supply chain management.

The pharmacy division has continued its strong growth and continues to see demand for its services, particularly to care homes and community patients.

Health House UK was granted regulatory approval to add its pharmacy business as a site on its wholesale dealer license. This allows an increased range of products to be provided to customers. A regulatory inspection in January 2023 of both the Wholesale and Pharmacy divisions by the UK regulator has classified Health House as low risk, a fantastic achievement by the team from a starting position of high risk only 3 years previously.

**DIRECTORS' REPORT**

	6 months to 31 December 2022	6 months to 31 December 2021	Change %
<b>Revenue</b>	\$3,411,342	\$4,153,350	(18%)
<b>Gross Profit</b>	\$827,408	\$980,291	(16%)
<b>Gross Profit %</b>	24.25%	23.60%	3%
<b>Net Loss (pre-tax)</b>	(\$535,067)	(\$1,125,713)	52%
<b>Net Loss %</b>	(15.68%)	(27.10%)	42%
<b>EBITDA</b>	(\$408,665)	(\$877,115)	53%

Germany

CanPharma GmbH (CanPharma), the German operations were disposed of during the period. Please refer to Note 15 for details.

Corporate

On 17 November 2022, Health House advised that, coinciding with the sale of CanPharma, Dr Henrik Sprengel has resigned effective immediately from the position of executive director. Furthermore, Mr David Attwood resigned from his position of CEO with Health House effective 19 March 2023 and Mr Paul Mavor, founder, resigned from his position as COO of Australasia effective 2 December 2022.

**SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

On 21 November 2022, Health House executed a scheme implementation deed pursuant to which Creso Pharma Limited (Creso) proposes to acquire Health House by way of a scheme of arrangement (Transaction and Scheme).

Health House believes that by joining the Creso group, the combined business will create an organisation with strong medicinal cannabis product and distribution capabilities.

The Transaction will result in Creso issuing consideration to Health House shareholders under the Scheme of 80,939,256 Creso fully paid ordinary shares and 20,234,814 Creso options expiring four years after the date of issue and exercisable at \$0.08. The consideration may be adjusted subject to certain debts outstanding at the Implementation Date.

The Scheme is not subject to finance and is subject only to conditions and provisions customary for transactions of this type, including exclusivity arrangements (with relevant fiduciary carve outs) and provisions for payment of break fees of \$100,000 in certain circumstances, no material adverse change, court approval, and the requisite Health House shareholder approval.

The Scheme is subject to Health House shareholder approval to be sought at a general meeting which is expected to be convened in April 2023.

*Creso Facility Agreement*

On 5 September 2022, the Company entered into the Debt Facility for \$700,000, which was increased to \$3,400,000 on 21 November 2022, which will be used to as follows:

- \$1,110,000 – 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):
  - \$550,000 – paid to Zelira Therapeutics Limited (Zelira) in cash (in partial settlement of a debt owing by Health House to Zelira); and

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**DIRECTORS' REPORT**

- \$800,000 – comprised of Creso Shares issued to Zelira in partial satisfaction of a debt owing by Health House to Zelira on 10 January 2023;
- \$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 \$390,000 – additional funding for Health House's general corporate purposes and working capital.

**Convertible Note issue**

On 5 September 2022, Health House raised \$400,000 via the issue of a convertible note (Note). The Note was used to repay \$400,000 to Zelira.

The Note had a term of one (1) year and is convertible into ordinary shares of the Company at the lesser of \$0.01 per share (representing a 20% discount to Company's current share price) or 80% of the issue price of the most recent capital raising undertaken by the Company prior to conversion. The Note carries a 10% per quarter coupon payable in advance.

The Note was settled as part of the increase of the Creso Facility Agreement.

**Sale of CanPharma**

On 16 November 2022, Health House completed the sale of CanPharma GmbH (CanPharma) to Ms Sabine Jacker. The sale of CanPharma removed net liabilities of \$4,321,010 from the Health House group's balance sheet.

There were no significant changes in the state of affairs other than that disclosed above.

**AUDITOR'S INDEPENDENCE DECLARATION AND NON-AUDIT SERVICES**

Section 307C of the Corporations Act 2001 requires the Group's auditors to provide the Directors of Health House International Limited with an Independence Declaration in relation to the review of the financial report. A copy of that declaration is included on page 7 of the half-year financial report.

On behalf of the Board



**David Wheeler**  
Chairman

**Perth, 10 March 2023**

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the consolidated financial report of Health House International Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia  
10 March 2023



**D I Buckley**  
Partner

**hlb.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	NOTE	6 months to 31 Dec 2022	6 months to 31 Dec 2021
		\$	\$
<b>Revenue from continuing operations</b>			
Revenue	3	10,733,585	7,057,694
Interest revenue	4	1,671	1,813
Other revenue	4	11,969	75,814
<b>Expenses</b>			
Cost of Sales	4	(8,375,065)	(5,542,052)
Administration	4	(2,402,067)	(2,909,427)
Directors' fees		(128,508)	(81,000)
Depreciation and amortisation expense		(146,458)	(260,572)
Finance costs		(160,527)	(41,990)
Impairment		-	-
Share based payment		(547,841)	(191,989)
(Loss) from continuing operations before income tax		(1,013,241)	(1,891,709)
Income tax benefit		12,469	28,737
<b>Net (Loss) after income tax from continuing operations</b>		<b>(1,000,772)</b>	<b>(1,862,972)</b>
<b>Discontinued operation</b>			
Profit / (loss) after tax from discontinued operation	15	3,924,443	(10,442,948)
<b>Net profit (loss) for the year</b>		<b>2,923,671</b>	<b>(12,305,920)</b>
<b>Other comprehensive income / (loss)</b>			
Foreign currency recognised on conversion		(233,597)	342,969
<b>Discontinued operation</b>			
Exchange difference realised on disposal of CanPharma	15	(755,064)	-
<b>Total other comprehensive profit / (Loss) for the Half-Year, net of tax</b>		<b>(988,661)</b>	<b>342,969</b>
<b>Total comprehensive income / (loss) for the period</b>		<b>1,935,010</b>	<b>(11,962,951)</b>
<b>Profit / (loss) per share, attributable to the owners</b>			
Basic profit / (loss) per share – continuing and discontinued		0.011	(0.07)
Diluted profit / (loss) per share – continuing and discontinued		0.014	(0.07)
Basic and diluted (loss) per share – continuing		(0.005)	(0.01)

*The accompanying notes form part of these consolidated financial statements.*

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	NOTE	31 Dec 2022	30 June 2022
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	389,204	990,715
Financial assets at amortised cost		235,656	-
Trade and other receivables	6	2,426,012	1,755,229
Inventory	7	202,432	761,405
<b>TOTAL CURRENT ASSETS</b>		<u>3,253,304</u>	<u>3,507,349</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		460,716	545,847
Financial assets at amortised cost		-	222,138
Other financial assets		125,000	125,000
Intangible assets	14	1,702,917	1,839,900
<b>TOTAL NON-CURRENT ASSETS</b>		<u>2,288,633</u>	<u>2,732,885</u>
<b>TOTAL ASSETS</b>		<u>5,541,937</u>	<u>6,240,234</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	3,689,033	5,220,702
Lease liabilities		171,945	138,854
Borrowings	9	3,630,557	4,165,915
<b>TOTAL CURRENT LIABILITIES</b>		<u>7,491,535</u>	<u>9,525,471</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		192,495	293,786
Borrowings	9	-	1,033,766
Deferred tax liability		54,347	66,502
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>246,842</u>	<u>1,394,054</u>
<b>TOTAL LIABILITIES</b>		<u>7,738,377</u>	<u>10,919,525</u>
<b>NET (LIABILITIES)</b>		<u><b>(2,196,440)</b></u>	<u><b>(4,679,291)</b></u>
<b>EQUITY</b>			
Share capital	10	21,464,938	21,464,938
Translation reserve		(313,862)	674,799
Other reserves	11	(1,480,346)	(2,028,187)
Accumulated losses		(21,867,170)	(24,790,841)
<b>TOTAL (DEFICIENCY)</b>		<u><b>(2,196,440)</b></u>	<u><b>(4,679,291)</b></u>

*The accompanying notes form part of these consolidated financial statements.*

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Share Capital	Accumulated Losses	Foreign Currency Reserve	Other reserves (Note 11)	Total
	\$	\$	\$	\$	\$
<b>Balance as at 1 July 2021</b>	<b>19,236,538</b>	<b>(7,832,071)</b>	<b>28,449</b>	<b>(4,642,487)</b>	<b>6,790,429</b>
Loss for the half-year	-	(12,305,920)	-	-	(12,305,920)
Other comprehensive income	-	-	342,969	-	342,969
Total comprehensive loss for the Half-year	-	(12,305,920)	342,969	-	(11,962,951)
18,000,000 Ordinary Shares issued on the acquisition of CanPharma	2,070,000	-	-	-	2,070,000
Shares issued for consultancy services	68,400	-	-	-	68,400
Shares issued for introduction fees	90,000	-	-	-	90,000
Issue of options for employment services	-	-	-	43,309	43,309
Issue of 12,000,000 Class A performance shares to CanPharma vendors as part of the acquisition	-	-	-	1,242,000	1,242,000
Issue of 6,000,000 Class B performance shares to CanPharma vendors as part of the acquisition	-	-	-	345,000	345,000
Performance shares issued for employment incentives and introduction fees	-	-	-	148,681	148,681
<b>Balance at 31 December 2021</b>	<b>21,464,938</b>	<b>(20,137,991)</b>	<b>371,418</b>	<b>(2,863,497)</b>	<b>(1,165,132)</b>
<b>Balance as at 1 July 2022</b>	<b>21,464,938</b>	<b>(24,790,841)</b>	<b>674,799</b>	<b>(2,028,187)</b>	<b>(4,679,291)</b>
Gain for the half-year	-	2,923,671	-	-	2,923,671
Other comprehensive loss	-	-	(988,661)	-	(988,661)
Total comprehensive income for the half-year	-	2,923,671	(988,661)	-	1,935,010
Vesting of previously issued performance shares	-	-	-	547,841	547,841
<b>Balance at 31 December 2022</b>	<b>21,464,938</b>	<b>(21,867,170)</b>	<b>(313,862)</b>	<b>(1,480,346)</b>	<b>(2,196,440)</b>

The accompanying notes form part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	NOTE	31 Dec 2022	31 Dec 2021
		\$	\$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		10,077,577	6,583,202
Payments to suppliers and employees		(11,677,706)	(9,309,524)
Interest received		-	308
Interest paid		(157,983)	(30,048)
Other income		-	75,945
Income taxes paid		(71,726)	-
CanPharma acquisition costs		-	(362,893)
<i>Net cash used in operating activities</i>		<u>(1,829,838)</u>	<u>(3,043,010)</u>
<b>Cash Flows from Investing Activities</b>			
Loans to CanPharma prior to completion of the acquisition		-	(484,221)
Cash acquired as part of CanPharma acquisition		-	305,588
Cash disposed of on CanPharma disposal	15	(104,886)	-
Purchase of property, plant and equipment		-	(1,048)
Purchase of intangible assets		(6,823)	-
Purchase of other non-current assets		-	(59,244)
Proceeds from the disposal of investments		-	7,809
<i>Net cash from / (used in) investing activities</i>		<u>(111,709)</u>	<u>(231,116)</u>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares		-	-
Proceeds from loans		1,577,408	281,028
Repayment of loans		(144,503)	(695,428)
Payments of lease liabilities		(96,410)	(91,188)
<i>Net cash (used in) / from financing activities</i>		<u>1,336,495</u>	<u>(505,588)</u>
<b>Net (decrease) in cash and cash equivalents</b>		(605,052)	(3,779,714)
Effect of exchange rate fluctuations on cash held		3,541	(25,382)
<b>Cash and cash equivalents at beginning of financial half-year</b>		990,715	5,224,961
<b>Cash and cash equivalents at end of financial half-year</b>		<u>389,204</u>	<u>1,419,865</u>

*The accompanying notes form part of these consolidated financial statements.*

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. SUMMARY OF ACCOUNTING POLICIES

#### **Reporting basis and conventions**

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standard AASB 134: Interim financial reporting and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied where relevant.

The financial statements are presented in Australian dollars which is Health House International Limited's functional and presentation currency.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

This condensed half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by Health House International Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies adopted and methods of computation are consistent with those of the previous financial year and corresponding half-year reporting period.

#### **Standards and Interpretations applicable to 31 December 2022**

In the half-year ended 31 December 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

#### **Standards and Interpretations in issue not yet effective**

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet effective for the half-year ending 31 December 2022. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet effective on the Group and therefore no material change is necessary to Group accounting policies.

#### **Going concern**

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. SUMMARY OF ACCOUNTING POLICIES (CONT.)

As disclosed in the financial statements, the Group incurred a profit for the period of \$2,923,671 (2021: loss of \$12,305,920) which included a profit on the disposal of CanPharma of \$3,924,443 (2021: \$nil) and had operating cash outflows of \$1,829,838 for the period ended 31 December 2022 (2021: \$3,043,010). As at 31 December 2022, the Group's held cash and cash equivalents of \$389,204 (2021: \$1,419,865). These conditions indicate the existence of material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

On 21 November 2022, the Group executed the scheme implementation deed pursuant to which Creso proposes to acquire Health House by way of a scheme of arrangement (Transaction and Scheme). Health House has entered into a Debt Facility with Creso for up to \$3,400,000 on 21 November 2022, which will be used to as follows:

- \$1,110,000 – 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):
- \$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 \$390,000 – additional funding for Health House's general corporate purposes and working capital.

On 16 November 2022, Health House completed the sale of CanPharma GmbH (CanPharma) to Ms Sabine Jacker. The sale of CanPharma removed net liabilities of \$4,321,010 from the Health House group's balance sheet.

The ability of the entity to continue as a going concern is dependent on Health House continuing to grow revenue through increasing its distribution range as the market matures within Australia, the UK maintaining its supply to the National Health Service in the United Kingdom and continuing to secure supply contracts with the Malta government, and completing the Scheme with Creso or securing additional funding through capital raising activities to continue its operational and marketing activities. Should these be unsuccessful, there is a material uncertainty relating to the Group's ability to continue as a going concern.

The directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will complete the Scheme with Creso and be able to generate sufficient revenue or secure funds to meet its commitments.

### 2. OPERATING SEGMENTS

#### *Identification of reportable operating segments*

The consolidated entity is organised into three operating segments based on geographic location of operations: Australia United Kingdom and Germany/Spain. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. OPERATING SEGMENTS (CONT.)

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

The information reported to the CODM is on a monthly basis.

#### **Intersegment receivables, payables and loans**

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

#### *Operating segment information*

**31 Dec 2022**

<b>Segment Revenue from continuing operations</b>	<b>Australia</b> \$	<b>UK</b> \$	<b>Europe</b> \$	<b>Total</b> \$
Sale of goods	7,322,243	3,411,342	-	10,733,585
Interest revenue	-	1,671	-	1,671
Other revenue	-	11,969	-	11,969
<b>Total revenue</b>	<b>7,322,243</b>	<b>3,424,982</b>	<b>-</b>	<b>10,747,225</b>
<b>Segment Result from continuing operations</b>	<b>Australia</b> \$	<b>UK</b> \$	<b>Europe</b> \$	<b>Total</b> \$
<b>Loss after income tax expense</b>	<b>(478,174)</b>	<b>(522,598)</b>	<b>-</b>	<b>(1,000,772)</b>
<b>Segment assets and liabilities from continuing operations</b>	<b>Australia</b> \$	<b>UK</b> \$	<b>Europe</b> \$	<b>Total</b> \$
Total assets	1,982,263	3,559,674	-	5,541,937
Total liabilities	(5,649,201)	(2,089,176)	-	(7,738,377)
<b>Net assets (liabilities)</b>	<b>(3,666,938)</b>	<b>1,470,498</b>	<b>-</b>	<b>(2,196,440)</b>
<b>Segment Revenue from discontinued operations</b>	<b>Australia</b> \$	<b>UK</b> \$	<b>Europe</b> \$	<b>Total</b> \$
Sale of goods	-	-	337,262	337,262
Interest revenue	-	-	-	-
Other revenue	-	-	12,328	12,328
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>349,590</b>	<b>349,590</b>
<b>Segment Result from discontinued operations</b>	<b>Australia</b> \$	<b>UK</b> \$	<b>Europe</b> \$	<b>Total</b> \$
<b>Loss after income tax expense</b>	<b>-</b>	<b>-</b>	<b>(1,151,632)</b>	<b>(1,151,632)</b>
<b>Segment assets and liabilities from discontinued operations</b>	<b>Australia</b> \$	<b>UK</b> \$	<b>Europe</b> \$	<b>Total</b> \$
Total assets	-	-	747,868	747,868
Total liabilities	-	-	(5,068,878)	(5,068,878)
<b>Net assets (liabilities)</b>	<b>-</b>	<b>-</b>	<b>(4,321,010)</b>	<b>(4,321,010)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. OPERATING SEGMENTS (CONT.)

## 31 Dec 2021

<i>Segment Revenue from continuing operations</i>	<b>Australia</b>	<b>UK</b>	<b>Europe</b>	<b>Total</b>
	\$	\$	\$	\$
Sale of goods	2,904,344	4,153,350	-	7,057,694
Interest revenue	142	1,671	-	1,813
Other revenue	-	75,814	-	75,814
<b>Total revenue</b>	<b>2,904,486</b>	<b>4,230,835</b>	<b>-</b>	<b>7,135,321</b>

<i>Segment Result from continuing operations</i>	<b>Australia</b>	<b>UK</b>	<b>Europe</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Loss after income tax expense</b>	<b>(765,996)</b>	<b>(1,096,976)</b>	<b>-</b>	<b>(1,862,972)</b>

<i>Segment assets and liabilities from continuing operations</i>	<b>Australia</b>	<b>UK</b>	<b>Europe</b>	<b>Total</b>
	\$	\$	\$	\$
Total assets	1,352,088	4,909,437	-	6,261,525
Total liabilities	(1,264,340)	(2,574,724)	-	(3,839,064)
<b>Net assets</b>	<b>87,748</b>	<b>2,334,713</b>	<b>-</b>	<b>2,422,461</b>

<i>Segment Revenue from discontinuing operations</i>	<b>Australia</b>	<b>UK</b>	<b>Europe</b>	<b>Total</b>
	\$	\$	\$	\$
Sale of goods	-	-	359,539	359,539
Interest revenue	-	-	2,983	2,983
Other revenue	-	-	61,071	61,071
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>423,593</b>	<b>423,593</b>

<i>Segment Result from discontinuing operations</i>	<b>Australia</b>	<b>UK</b>	<b>Europe</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Loss after income tax expense</b>	<b>-</b>	<b>-</b>	<b>(10,442,948)</b>	<b>(10,442,948)</b>

<i>Segment assets and liabilities from discontinuing operations</i>	<b>Australia</b>	<b>UK</b>	<b>Europe</b>	<b>Total</b>
	\$	\$	\$	\$
Total assets	-	-	1,142,514	1,142,514
Total liabilities	-	-	(4,730,107)	(4,730,107)
<b>Net assets</b>	<b>-</b>	<b>-</b>	<b>(3,587,593)</b>	<b>(3,587,593)</b>

## 3. REVENUE

From continuing operations:

	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	\$	\$
Revenue from contracts with customers		
Sale of goods	10,733,585	7,417,233

	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	\$	\$
Timing of revenue recognition		
Goods transferred at a point in time	10,733,585	7,417,233

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**3. REVENUE (CONT.)**

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

Consolidated -31 Dec 2022

<b>Geographical regions</b>	<b>Australia</b> \$	<b>UK</b> \$	<b>Europe</b> \$	<b>Total</b> \$
Sale of goods	7,322,243	3,411,342	337,262	11,070,847

Consolidated -31 Dec 2021

<b>Geographical regions</b>	<b>Australia</b> \$	<b>UK</b> \$	<b>Europe</b> \$	<b>Total</b> \$
Sale of goods	2,904,344	4,153,350	359,539	7,417,233

**Major Customers**

During the period ended 31 December 2022, approximately \$1.6m (2021: \$2.2m) of the Group's external revenue was derived from sales to one customer in the UK operating segments.

**4. OTHER INCOME AND EXPENSES**

	<b>31 Dec 2022</b> \$	<b>31 Dec 2021</b> \$
<b>(a) Revenue</b>		
Interest revenue	1,671	4,796
Other revenue:		
Government grants	-	83,311
Other	11,969	53,574
	<u>13,640</u>	<u>136,885</u>
<b>(b) Expenses</b>		
Cost of sales:		
- Direct costs	(8,349,618)	(5,821,380)
- Registrations	(25,447)	(8,853)
	<u>(8,375,065)</u>	<u>(5,830,233)</u>
	<b>31 Dec 2022</b> \$	<b>31 Dec 2021</b> \$
Administration expenses:		
- Salaries and other employee costs	(1,371,271)	(1,903,011)
- Audit and accountancy fees	(142,683)	(226,050)
- Legal and professional fees	(105,180)	(567,549)
- Consulting fees	(137,767)	(496,246)
- Other administration expenses	(645,166)	(1,503,356)
	<u>(2,402,067)</u>	<u>(4,696,212)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****5. CASH AND CASH EQUIVALENTS**

	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$
<b>Current</b>		
Cash at bank and on hand	<u>389,204</u>	<u>990,715</u>

Cash at bank earns interest at fixed and floating rates based on daily bank and term deposit rates.

**6. TRADE AND OTHER RECEIVABLES**

	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$
<b>Current</b>		
Trade and other receivables	2,190,285	1,120,421
GST / VAT receivable	66,149	139,681
Prepayments	101,046	147,116
Other receivables	68,532	348,011
	<u>2,426,012</u>	<u>1,755,229</u>

**Group**

The above amounts do not bear interest and the Directors consider that the carrying amount is equivalent to their fair value. The directors have reviewed the recoverability of trade and other receivables and are satisfied no expected credit losses exist.

**7. INVENTORIES**

	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$
<b>Current</b>		
Finished goods – at cost	<u>202,432</u>	<u>761,405</u>

**8. TRADE AND OTHER PAYABLES**

	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$
<b>Current (unsecured)</b>		
Trade payables	3,007,852	3,948,423
Other Creditors	405,781	917,308
Accruals	84,626	137,988
Employee related payables	190,774	216,983
	<u>3,689,033</u>	<u>5,220,702</u>

The above amounts do not bear interest and the Directors consider that the carrying amount is equivalent to their fair value.

All amounts due to group companies are repayable on demand and are non-interest bearing.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9. BORROWINGS

<b>Current (secured)</b>	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$
Other loans	-	-
<b>Current (unsecured)</b>		
Bank overdraft	-	-
Bank and other loans (i) (ii) (iii) (iv) (v) (vi)	3,630,557	4,165,915
	<u>3,630,557</u>	<u>4,165,915</u>
<b>Non-current (secured)</b>		
Bank overdraft	-	-
Bank and other loans	-	1,033,766
	<u>-</u>	<u>1,033,766</u>

Included in the above borrowings balance is:

(i) On 11 March 2020, the Group entered into a loan agreement with Gees Pharma Limited. This loan agreement is unsecured, and bears interest at a rate of 5% per annum, which is repayable at the end of the loan term. The loan is expected to be repaid by 30 June 2023, and as at 31 December 2022, the outstanding amount is £83,752 (AUD\$148,380) (30 June 2022: £81,901 (AUD\$144,418)).

(ii) On 2nd June 2020, the Group entered into a loan agreement with Gees Pharma Limited. This loan agreement is unsecured, and bears interest at a rate of 5% per annum, which is repayable at the end of the loan term. The loan is expected to be repaid by 30 June 2023, and as at 31 December 2022, the outstanding amount is £150,178 (AUD\$266,065) (30 June 2022: £142,516 (AUD\$251,302)).

(iii) During the year ended 30 June 2022, the Group received funding from the UK government as support for the COVID-19 pandemic of £150,000 (AUD\$264,499) under the CBILS loan scheme and bears an interest rate of 12.22% per annum. This loan is repayable by 13 August 2023, and under the CBILS loan scheme, the UK Government paid the interest accrued on this loan until 13 August 2021. As at 31 December 2022, the outstanding amount is £54,123 (AUD\$95,888) (30 June 2022: £91,919 (AUD\$162,083)).

(iv) Also included within unsecured loans is a balance of £216,838 (AUD\$384,165) (30 June 2022: EUR 112,435 (AUD\$171,050)), which relates to the Group's credit facility with Market Finance. This balance represents funds received in advance from the credit facility, and there is no interest attached.

(v) Zelira Therapeutics Limited, Amount \$550,000, Interest rate: 2%, Maturity date: 22 August 2022, Secured or unsecured: Unsecured. Settlement agreed between Health House, Creso and Zelira. Amount owed to Creso at balance date.

(vi) Creso Pharma, Amount \$2,186,057, Interest rate: 12%, Maturity date: 31 May 2023, Secured or unsecured: Unsecured

The fair value of borrowings approximate their carrying amount at balance date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**10. ISSUED CAPITAL**

	<b>Six months to 31 December 2022</b>		<b>Year to 30 June 2022</b>	
Issued Capital		21,464,938		21,464,938
	<b>Six months to 31 December 2022</b>	<b>Year to 30 June 2022</b>	<b>Six months to 31 December 2022</b>	<b>Year to 30 June 2022</b>
	<b>No.</b>	<b>No.</b>	<b>\$</b>	<b>\$</b>
<i>Movements in ordinary shares on issue</i>				
At start of period	178,224,625	158,874,626	21,464,938	19,236,538
Ordinary shares issued	-	-	-	-
Ordinary Shares issued on the acquisition of CanPharma	-	18,000,000	-	2,070,000
Ordinary shares issued for consultancy services	-	899,999	-	68,400
Ordinary shares issued for introduction fees	-	450,000	-	90,000
Foreign exchange conversion	-	-	-	-
<b>At end of period</b>	<b>178,224,625</b>	<b>178,224,625</b>	<b>21,464,938</b>	<b>21,464,938</b>

At shareholders' meetings, each ordinary share is entitled to one vote in proportion to the paid-up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. OTHER RESERVES

At 31 December 2022, the Company had the following reserve accounts:

	31 December 2022	30 June 2022
	\$	\$
Other reserve	(4,642,487)	(4,642,487)
Options	62,623	62,623
Performance shares	3,099,518	2,551,677
<b>Balance at end of year</b>	<b>(1,480,346)</b>	<b>(2,028,187)</b>

### Performance Share Reserve Movement

	6 months to 31 December 2022		Year to 30 June 2022	
	Number	\$	Number	\$
<i>Movement of issued performance rights:</i>				
Balance at beginning of year	36,900,000	2,551,677	-	-
Brought to account during the year	-	547,841	36,900,000	2,551,677
<b>Balance at end of year</b>	<b>36,900,000</b>	<b>3,099,518</b>	<b>36,900,000</b>	<b>2,551,677</b>

### 12. RELATED PARTY INFORMATION

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

#### Transactions with director related entities:

Pathways Corporate Pty Ltd, a company of which Mr David Wheeler is the CEO, charged the Group Rent of \$9,000 (2021: \$9,000) during the period on normal commercial terms and conditions. At balance date \$1,500 (2021: \$1,500) remained payable.

Dr. Henrik Sprengel along with Grupo HS3 S.L., KSK Labs S.L., Lemongrass SL and Brank-worx SL, (companies of which Dr. Henrik Sprengel has a relevant interest), has charged the Group EUR24,691 (\$38,865) for rent and professional services in the period from 1 July 2022 until the disposal of CanPharma.

### 13. SHARE BASED PAYMENTS

During the half-year ended 31 December 2022, a total of \$547,841 vesting expense was recognised on prior period share-based arrangements. No new arrangements were entered into in the half-year period.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**14. INTANGIBLE ASSETS**

	<b>Website Costs</b>	<b>Customer Contracts</b>	<b>Goodwill</b>	<b>Total</b>
<b>Cost</b>				
<b>At 1 July 2022</b>	73,745	1,447,739	1,365,034	2,886,518
<b>Disposals</b>	-	(69,561)	-	(69,561)
<b>Movement in FX rates</b>	349	6,518	-	6,867
<b>At 31 December 2022</b>	74,094	1,384,696	1,365,034	2,823,824
<b>Amortisation</b>				
<b>At 1 July 2022</b>	18,458	1,028,160	-	1,046,618
<b>Charge for the year</b>	7,384	166,427	-	173,811
<b>Movement in FX rates</b>	(3,587)	(95,935)	-	(99,522)
<b>At 31 December 2022</b>	22,255	1,098,652	-	1,120,907
<b>Net book value as at 31 December 2022</b>	51,839	286,044	1,365,034	1,702,917
<b>Net book value as at 30 June 2022</b>	55,287	419,579	1,365,034	1,839,900

The CGU to which goodwill relates to was measured for impairment on 30 June 2022, there are no indicators of impairment at 31 December 2022 therefore no impairment has been recorded.

**15. DISCONTINUED OPERATIONS**

*Description*

On 16 November 2022 the consolidated entity sold CanPharma, a subsidiary of Health House International Limited, for consideration of \$1 resulting in a gain on disposal before income tax of \$3,924,443.

*(a) Gain on disposal*

	<b>2022</b>
	<b>\$</b>
Cash consideration	1
Total disposal consideration	1
Add: Net liabilities disposed of	4,321,010
Add: Realised on deconsolidation – foreign exchange	755,064
Gain on disposal after income tax	5,076,075

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**15. DISCONTINUED OPERATIONS (CONT.)**

	<b>2022</b>
	<b>\$</b>
Net cash disposed	
Cash consideration	1
Cash and cash equivalents	<u>(104,886)</u>
	<u>(104,885)</u>

*(b) Carrying amounts of assets and liabilities disposed*

The carrying amount of assets and liabilities as at the date of sale were:

	<b>2022</b>
	<b>\$</b>
Cash and cash equivalents	104,886
Trade and other receivables	37,496
Inventories	525,824
Property, plant and equipment	7,560
Intangible assets	<u>72,102</u>
Total assets	<u>747,868</u>
Trade and other payables	3,270,640
Borrowings	<u>1,798,238</u>
Total liabilities	<u>5,068,878</u>
Net liabilities	<u><u>(4,321,010)</u></u>

*(c) Financial performance information*

The financial performance of the discontinued operations for the half-year ended 31 December 2022 and 31 December 2021 is as follows:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Revenue	349,590	423,593
Expenses	<u>(1,498,760)</u>	<u>(10,866,541)</u>
Loss before income tax	<u>(1,149,170)</u>	<u>(10,442,948)</u>
Tax benefit	<u>(2,462)</u>	-
Loss after income tax	<u>(1,151,632)</u>	<u>(10,442,948)</u>
Gain / (loss) on disposal after income tax	5,076,075	-
Gain / (loss) from discontinued operations	3,924,443	(10,442,948)

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**15. DISCONTINUED OPERATIONS (CONT.)**

(d) Cash flows from discontinued operations

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Net cash from operating activities	(867,050)	(1,724,967)
Net cash used in investing activities	(6,823)	(51,435)
Net cash used in financing activities	<u>10,236</u>	<u>(626,667)</u>
Net increase in cash and cash equivalents from discontinued operations	<u>(863,637)</u>	<u>(2,403,069)</u>

**16. EVENTS SUBSEQUENT TO REPORTING DATE**

The following occurred after the Balance Date:

*Settlement of Zelira Therapeutics Loan*

On 10 January 2023, Creso Pharma Limited issued 40,000,000 shares at an issue price of \$0.02, being equal to \$800,000 in settlement of the HHI loan.

There were no significant changes in the state of affairs other than that disclosed above.

**17. CONTINGENCIES**

As at the 31 December 2022 the Company did not have any contingent liabilities.

## **DIRECTORS' DECLARATION**

In the directors' opinion:

- the attached 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 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 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;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

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



David Wheeler  
Chairman

Dated at Perth this 10<sup>th</sup> day of March 2023

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Health House International Limited

### **Report on the Condensed Half-Year Financial Report**

#### *Conclusion*

We have reviewed the accompanying half-year financial report of Health House International Limited ("the company") 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Health House International Limited does not comply with the *Corporations Act 2001* including:

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

#### *Basis for conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### *Material uncertainty related to going concern*

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

#### *Responsibility of the directors for the financial report*

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

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*Auditor's responsibility for the review of the financial report*

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

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

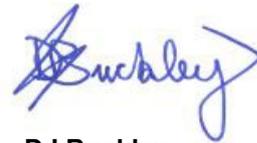
*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**10 March 2023**



**D I Buckley**  
**Partner**