

# **VGI Health Technology Limited**

ABN 35 111 082 485

## **Interim Report**

for the half year ended

31 December 2022

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**CORPORATE DIRECTORY**

**VGI HEALTH TECHNOLOGY LIMITED**

**ABN** 35 111 082 485

**Directors**

Lou Panaccio	Non-Executive Chairman
Steven Jiayi Yu	Non-Executive Director
Glenn Tong	Executive Director

**Company Secretary**

Catriona Glover

**Registered Office and Principal Place of Business**

Level 57, MLC Centre  
25 Martin Place,  
Sydney, NSW, 2000

Ph: (02) 8279 8908

**Postal Address**

VGI Health Technology Limited  
Level 57, MLC Centre  
25 Martin Place,  
Sydney, NSW, 2000

**Share Register**

Link Market Services  
Level 12, 680 George Street  
SYDNEY, NSW, 2000  
Ph: 1300 554 474

**Auditors**

Hall Chadwick  
Level 40, 2 Park Street  
SYDNEY, NSW, 2000

**Securities Exchange Listing**

National Stock Exchange of Australia  
(Home Branch – Sydney)  
NSX Code: VTL

## **DIRECTORS' REPORT**

Your Directors submit the annual financial report of VGI Health Technology Limited ("VGI" or "the Company") 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 Directors who held office during the half year and up to the date of this Report are as follows. Directors were in office for this entire period unless otherwise stated.

<b>Name</b>	<b>Appointed</b>
Lou Panaccio	Non-Executive Chairman (Appointed 19 December 2019)
Steven Jiayi Yu	Non-Executive Director (Appointed 28 March 2019)
Glenn Tong	Executive Director (Appointed 19 December 2019)

### **PRINCIPAL ACTIVITIES**

During the half year ended 31 December 2022 the principal activity of VGI Health Technology Limited is to research, develop, distribute and market a range of health and therapeutic products and technologies, including innovative drugs and wellbeing supplements.

### **REVIEW OF OPERATIONS**

On 5 July 2022, the company announced that its wholly owned subsidiary, Invictus Ops Pty Ltd (Invictus), had commenced recruitment of patients for its Phase II clinical study in Non-Alcoholic Fatty Liver Disease (NAFLD)/Non-Alcoholic SteatoHepatitis (NASH). The study will enrol eighty patients across eight sites in Australia, with two sites The Gallipoli Medical Research Foundation (GMRF) in Queensland and The Royal Melbourne Hospital in Victoria had commenced recruitment of patients. This study will be a randomised, double-blind, placebo-controlled Phase II clinical study on NAFLD/NASH to analyse the efficacy and safety of IVB001, a drug candidate based on the non-invasive and direct delivery of tocotrienols using Invictus' patented transmucosal delivery platform.

The company previously announced on 5 April 2022 that a binding agreement for the sale of its wholly-owned subsidiary Invictus BioPharma Pty Ltd (IBP) had been executed with Invictus BioPharma Holdings Ltd (IVBHL). The transaction was approved by VTL's shareholders on 3 June 2022. On 8 September, VTL agreed to amend the sunset date of the transaction to 31 October 2022. The sunset date of the transaction was later extended to 30 November and then later agreed to be extended to 31 December 2022.

On 14 September VGI announced that, Invictus Ops Pty Ltd (Invictus), had made significant progress in its Phase II clinical study in Non-Alcoholic Fatty Liver Disease (NAFLD)/Non-Alcoholic SteatoHepatitis (NASH). Research Governance Office approvals have been received from the Fiona Stanley Hospital in Western Australia, the Concord Repatriation General Hospital and the John Hunter Hospital in New South Wales and these sites have been added as clinical study sites along with the existing sites The Gallipoli Medical Research Foundation (GMRF) in Queensland and The Royal Melbourne Hospital in Victoria. The study will enrol eighty NAFLD/NASH patients across eight sites in Australia and these five sites have commenced recruitment of patients.

On 13 October 2022 VGI announced that it had entered into an R&D Loan Facility Agreement with Fundsquire Pty Ltd. The Loan Facility allows up to 80% of VTL's expected R&D Tax Refund in FY23 to be advanced to VTL by Fundsquire and the first drawdown of \$209,500.00 on this Loan Facility had been received by the Company.

On 14 October 2022 VGI announced that it had agreed an extension of the term of the Convertible Loan facility with its cornerstone investor, Mr Aiden Jiang. The term of the agreement was extended for a further 12 months. As announced to the market on 5 October 2021, the loan is convertible into fully paid ordinary shares in the capital of VTL, subject to approval by VTL shareholders at a general meeting. VTL may also repay the loan at its election prior to the new expiry date.

30 November 2022, the VGI advised that the shareholders of the Company passed the resolutions in the Notice of Meeting dated 25 October 2022. The shareholders agreed that the terms of the Options be amended to bring forward the vesting date of all Options issued to Directors and Key Management Personnel which have not vested at 30 June 2022. The shareholders also resolved to waive Rule 6.3 of the ESOP Rules and allow Directors and Key Management Personnel to exercise Options at any time during the exercise period irrespective of whether they continue to be employed by or be an officer of the Company or its related entities.

**DIRECTORS' REPORT (Continued)**

On 21 December, VTL agreed to amend the sunset date of the transaction for the sale of Invictus BioPharma Pty Ltd from 31 December to 31 March 2023.

**EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

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

**Operating Results**

The loss of the Company for the half year ended 31 December 2022 after tax was \$1,671,570 (2021 loss \$1,008,491).

**Dividends**

No dividends have been paid or declared by the Company for the half year ended 31 December 2022 and up to the date of this report. The Directors do not recommend the payment of a dividend.

**Auditor Independence and Non-Audit Services**

Section 307C of the Corporations Act 2001 requires our auditors, Hall Chadwick, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the Financial Report. This Independence Declaration is set out on page 8 and forms part of this Directors' report for the half year ended 31 December 2022.

There were no non-audit services provided by our auditors, Hall Chadwick.

Signed in accordance with a resolution of the Directors.



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Lou Panaccio  
Chairman  
SYDNEY, New South Wales  
16 February 2023

**VGI HEALTH TECHNOLOGY LIMITED  
ABN 31 111 082 485  
AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF VGI HEALTH TECHNOLOGY 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 VGI Health Technology Limited. As the lead partner for the review of the financial report of VGI Health Technology 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:

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

*Hall Chadwick*

HALL CHADWICK (NSW)  
Level 40, 2 Park Street  
Sydney NSW 2000

*DK*

**DREW TOWNSEND**  
Partner  
Dated: 16 February 2023

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

	<b>Note</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
		\$	\$
<b>Revenue and Other Income</b>			
Interest Income	3	700	6
Other Income	3	24,600	2,521
<b>Expenses</b>			
Administration expenses	5	(3,011)	(21,750)
Bank fees		(75)	(633)
Directors fees	5	(59,996)	(59,999)
Impairment		(143,668)	-
Insurance		(22,124)	(19,059)
Interest expense		(101,203)	(31,120)
Legal and professional fees	5	(390,804)	(283,211)
Licence fee	5	(15,559)	(25,116)
Marketing expenses	5	(1,527)	(860)
Occupancy and share service expenses	5	(36,090)	(10,500)
Share based payments	5	(203,846)	(120,414)
<b>Loss before income tax benefit</b>		<b>(952,603)</b>	<b>(570,135)</b>
Income tax expense		-	-
<b>Net Loss from continuing operations</b>		<b>(952,603)</b>	<b>(570,135)</b>
<b>Discontinued operations</b>			
Loss from discontinued operations after tax		<b>(718,967)</b>	<b>(438,354)</b>
<b>Total Comprehensive Income</b>		<b>(1,671,570)</b>	<b>(1,008,489)</b>
Basic loss per share (cents per share)		(1.21)	(0.73)

The accompanying notes form part of these financial statements

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

		<b>Consolidated</b>	
		<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	21,259	31,441
Trade and other receivables	7	12,930	36,485
Assets held for sale	8	3,399,520	3,399,520
Inventory		-	100,513
Other Assets		32,130	25,271
<b>Total Current Assets</b>		<b>3,465,839</b>	<b>3,593,230</b>
<b>Non-Current Assets</b>			
Intangible assets		-	-
<b>Total Non-Current Assets</b>		<b>-</b>	<b>-</b>
<b>Total Assets</b>		<b>3,465,839</b>	<b>3,593,230</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	2,072,574	1,061,803
Borrowings	10	2,123,702	1,794,141
<b>Total Current Liabilities</b>		<b>4,196,276</b>	<b>2,855,944</b>
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>4,196,276</b>	<b>2,855,944</b>
<b>Net Assets</b>		<b>(730,437)</b>	<b>737,286</b>
<b>Equity</b>			
Issued capital	11	83,217,518	83,217,518
Reserves		12,304,132	12,100,286
Accumulated losses		(96,252,087)	(94,580,518)
<b>Total Equity</b>		<b>(730,437)</b>	<b>737,286</b>

The accompanying notes form part of these financial statements



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

	Note	Consolidated	
		31 Dec 2022	31 Dec 2021
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(763,703)	(1,033,431)
Interest received		700	6
Other revenue		455,389	317,658
<b>Net cash (used in) operating activities</b>		<b>(307,614)</b>	<b>(715,767)</b>
Payment for intangible investments		-	(43,439)
<b>Net cash (used in) investing activities</b>		<b>-</b>	<b>(43,439)</b>
<b>Cash flows from financing activities</b>			
Proceeds from Borrowings		297,431	627,609
<b>Net cash provided by financing activities</b>		<b>297,431</b>	<b>627,609</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(10,182)</b>	<b>(131,651)</b>
Cash and cash equivalents at 1 July		31,441	226,769
<b>Cash and cash equivalents at 31 December</b>	<b>6</b>	<b>21,259</b>	<b>95,118</b>

The accompanying notes form part of these financial statements

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

Consolidated	Issued Capital	Option Reserves	Accumulated Losses	Total
	\$	\$		\$
<b>Balance at 30 June 2022</b>	<b>83,217,518</b>	<b>12,100,286</b>	<b>(94,580,518)</b>	<b>737,286</b>
Loss after income tax expense for the half-year	-	-	(1,671,570)	(1,671,570)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>(1,671,570)</b>	<b>(1,671,570)</b>
<b>Transactions with owners in their capacity as owners</b>				
Vesting of Options		203,846		<b>203,846</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>203,846</b>	<b>-</b>	<b>203,846</b>
<b>Balance at 31 December 2022</b>	<b>83,217,518</b>	<b>12,304,132</b>	<b>(96,252,088)</b>	<b>(730,438)</b>

Consolidated	Issued Capital	Option Reserves	Accumulated Losses	Total
	\$	\$		\$
<b>Balance at 30 June 2021</b>	<b>83,217,518</b>	<b>11,854,206</b>	<b>(86,707,158)</b>	<b>8,364,566</b>
Loss after income tax expense for the half-year	-	-	(1,008,491)	(1,008,491)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>(1,008,491)</b>	<b>(1,008,491)</b>
<b>Transactions with owners in their capacity as owners</b>				
Vesting of Options		120,414		<b>120,414</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>120,414</b>	<b>-</b>	<b>120,414</b>
<b>Balance at 31 December 2021</b>	<b>83,217,518</b>	<b>11,974,620</b>	<b>(87,715,649)</b>	<b>7,476,489</b>

The accompanying notes form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2022 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of VGI Health Technology Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2022 together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 16 February 2023.

#### *Going Concern*

During the half year ended 31 December 2022, the company incurred a net loss of \$1,671,570 (Half year 2021 loss of \$1,008,491) and generated net operating cash outflows of \$307,614 (2021: \$715,767). As at 31 December 2022, the company had a net asset deficiency of \$730,437 (30 June 2021 surplus of \$737,286).

On 13 October 2022 VGI announced that it had entered into an R&D Loan Facility Agreement with Fundsquire Pty Ltd. The Loan Facility allows up to 80% of VTL's expected R&D Tax Refund in FY23 to be advanced to VTL by Fundsquire and the first drawdown of \$209,500.00 on this Loan Facility had been received by the Company.

On 14 October 2022 VGI announced that it had agreed an extension of the term of the Convertible Loan facility with its cornerstone investor, Mr Aiden Jiang. The term of the agreement was extended for a further 12 months. As announced to the market on 5 October 2021, the loan is convertible into fully paid ordinary shares in the capital of VTL, subject to approval by VTL shareholders at a general meeting. VTL may also repay the loan at its election prior to the new expiry date.

The company previously announced on 5 April 2022 that a binding agreement for the sale of its wholly-owned subsidiary Invictus BioPharma Pty Ltd (IBP) had been executed with Invictus BioPharma Holdings Ltd (IVBHL). The transaction was approved by VTL's shareholders on 3 June 2022. On 21 December, VTL agreed to amend the sunset date of the transaction to 31 March 2023.

The Key Terms that have been agreed in principle by VTL and IVBHL are as follows:

- A cash payment of \$2,300,000 by IVBHL to VTL
- Issue of shares in the capital of IVBHL equating to no less than 20% of the total capital on issue in IVBHL (following any seed round capital raise dilution). These shares are to be issued to VTL on completion of the transaction.
- VTL is to be granted a first right of refusal / pre-emption in relation to any future capital raisings undertaken by IVBHL on a pro rata basis. As an illustrative example, if the VTL owns 20% of the IVBHL, and IVBHL conducts a capital raising for \$2,000,000, the right of first refusal/pre-emption will apply to a \$400,000 investment by VTL.
- VTL agrees to hand over the Invictus Group free of financial indebtedness on completion of this transaction. The Invictus Group includes Invictus Biotechnology Pty Ltd. which owns the patent rights to the "Transmucosal Delivery of Tocotrienols" patent estates and also the licensed patent rights from Monash University for tocotrienol prodrugs.
- IVBHL will transfer the ownership of the US subsidiary, Invictus Nutraceuticals, Inc., to VTL for nil consideration.
- IVBHL is to grant VTL an exclusive perpetual global licence to manufacture, market and sell nutraceutical products based on the Invictus Group's intellectual property rights, with a royalty payable of 10% of net profit after tax.
- IVBHL is to grant VTL an exclusive perpetual licence to manufacture, market and sell pharmaceutical products based on the Invictus Group's intellectual property rights in the Peoples Republic of China with a royalty payable of 10% of net profit after tax.

Based on the above, the Directors are satisfied that the Company will be able to meet its liabilities as and when they fall due in the interim and as a consequence of this belief and the planned future capital raising, the Directors believe that the Company remains a going concern at the date of this Report.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### (b) Accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for those as described below.

#### *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 issues not yet adopted*

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half year ended 31 December 2022. As a result of the review the Directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Company and, therefore, no change necessary to Group accounting policies.

### NOTE 2: FINANCIAL REPORTING BY SEGMENTS

The Board of Directors for VGI Health Technology Limited reviews internal reports prepared by management and strategic decisions of the Company are determined upon analysis of these internal reports. During the Reporting Period, the Company operated predominantly in one business and geographical segment, being Health technology and development. Accordingly, under the 'management approach' outlined, one operating segment has been identified and no further disclosure is required in the notes to the financial statements.

### NOTE 3: REVENUE AND OTHER INCOME

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	\$	\$
Revenue		
Interest received	700	6
Other revenue - Australian Export development grant	24,600	2,521
	<b>25,300</b>	<b>2,527</b>

### NOTE 4: INCOME TAX

	<b>Consolidated</b>	
<b>Income Tax Expense</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	\$	\$
The income tax expense for the year differs from the prima facie tax as follows:		
Loss for year	(1,671,570)	(1,008,491)
Prima facie income tax (benefit) @ 25%	417,892	277,335
Other temporary differences not recognised	(245,005)	(172,635)
Deferred tax assets not brought to account + #	(172,887)	(104,700)
Total income tax expense	-	-

+ These amounts have not been brought to account as it is not considered probable that the Company will earn taxable income in the foreseeable future to allow the deferred tax assets to be utilised.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

# The Company has not yet carried out an assessment as to whether it is able to utilise current year and prior years' tax losses against future taxable income following the significant changes in the Company's shareholding and the changes to the Company's operations. If the Company does not satisfy the eligibility criteria relating to the continuation of ownership test and the same business test for carrying forward these tax losses, it will not be able to utilise some or all of these tax losses against future taxable income.

### NOTE 5: EXPENSES

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	\$	\$
<b>Licence fee</b>		
- ASX and ASIC fees	15,559	25,116
<b>Marketing expenses</b>		
- Design and Branding	1,527	860
<b>Occupancy and share service expenses</b>	36,090	10,500
<b>Administration expenses</b>		
- Computer and website maintenance	2,470	5,464
- Other admin	541	28,863
	3,011	34,327
<b>Legal and professional fees</b>	390,804	283,211
<b>Directors fees</b>	59,996	59,999
<b>Share based payments</b>	203,846	120,414

### NOTE 6: CASH AND CASH EQUIVALENTS

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	\$	\$
Cash at bank	21,259	31,441
	21,259	31,441

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

NOTE 7: TRADE AND OTHER RECEIVABLES	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
Other receivables	9,005	36,485
Prepayments	3,925	-
	<u>12,930</u>	<u>36,485</u>

Other Receivables balance is the GST input tax to be reclaimed from the ATO.

### NOTE 8: ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

	2022
a) <u>Assets held for Sale at fair value less cost to sell</u>	\$
Cash Consideration	2,300,000
Share Consideration (20% of the issued shares in IVBH Ltd)	1,841,071
Less Invictus BioPharma Trade Creditors and other payables	<u>(741,551)</u>
	<u>3,399,520</u>

VTL executed a binding agreement on 5 April 2022 for the sale of its wholly owned subsidiary Invictus BioPharma Pty Ltd (IBP). At an extraordinary General meeting held on 3 June 2022, the shareholders approved the sale of Invictus BioPharma Ltd to Invictus BioPharma Holdings Ltd (IVBHL or purchaser).

The Key Terms that have been agreed in principle by VTL and Invictus BioPharma Holdings Ltd (IVBHL) are as follows:

- A cash payment of \$2,300,000 by IVBHL to VTL
- Issue of 18,410,710 shares at 10 cent per share, in the capital of IVBHL equating to no less than 20% of the total capital on issue in IVBHL (following any seed round capital raise dilution). These shares are to be issued to VTL on completion of the transaction.
- VTL agrees to hand over the Invictus Group free of financial indebtedness on completion of this transaction

Dr Glenn Tong (director of the Company), Richard Estalella and Dr David Kingston (both are key management personnel of the Company) are in controlling capacity of the Purchaser and therefore the Purchaser is a related party of the Company under the operation of sections 228(2), 228(4) and 228(5) of the Corporations Act and the transaction is considered to be a related party transaction.

By virtue of them controlling the Purchaser, each of Dr Glenn Tong, Richard Estalella and David Kingston are deemed to be related parties of the Company and each will receive an indirect financial benefit in connection with the Invictus Sale.

On 8 September, VTL agreed to amend the sunset date of the transaction to 31 October 2022. The sunset date of the transaction was later agreed to be extended to 31 March 2023. IVBHL has agreed with VTL that any expenses incurred by the IBP group post the original 30 June 2022 completion date, will be taken over by IVBHL and remain within the IBP group post settlement.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### b) Discontinued operations

The loss from discontinued operations presented in the statement of profit or loss and other comprehensive income comprises of the following:

	31 Dec 2022	31 Dec 2021
<b>Revenue and other income</b>		
Other Income	430,789	315,137
<b>Expenses</b>		
Administration expenses	(634)	(12,577)
Bank fees	(32)	(51)
Borrowing costs	(1,378)	(7,628)
Depreciation and Amortisation	(24,677)	(23,318)
Directors' fees	(328,498)	(60,000)
Insurance	(18,300)	(19,059)
Legal and professional fees	(65)	(123,509)
Research and related expenses	(776,171)	(507,349)
Loss before income tax expense	(718,966)	(438,354)
Income tax expense	-	-
Net loss from discontinued operations	(718,966)	(438,354)

### NOTE 9: TRADE AND OTHER PAYABLES

#### Consolidated

31 Dec 2022	30 Jun 2022
\$	\$

Trade payables	1,971,991	1,017,453
Other payables and accruals	100,583	44,350
	<u>2,072,574</u>	<u>1,061,803</u>

### NOTE 10: BORROWINGS

#### Consolidated

31 Dec 2022	30 Jun 2022
\$	\$

#### Current

Convertible loan *	948,694	908,311
FIFO capital loan – Advance on R&D tax incentive	-	178,420
Fundsquire – Advance on R&D tax incentive	281,550	-
Attvest Finance – Loan for Insurance premium	24,649	25,555
Loan – Andrew Chia	160,000	-
Loan – Steven Yu	708,809	681,855
	<u>2,123,702</u>	<u>1,794,141</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

VTL has entered into finance agreements with Fundsquire Pty Ltd. Under the Fundsquire Agreement, Fundsquire provides the Company with an ongoing finance facility of an amount up to 80% of the estimated tax rebate on any eligible R&D expenditure of the Company. Interest of 15% per annum is payable on amounts draw down on this loan facility.

VTL had financed the \$48,247 Directors and Officers insurance policy premium through Attvest Finance. The \$51,169 premium finance facility was taken out in February 2022. It includes Credit charges of \$2,922 and was repaid in 10 monthly instalments.

On 14 October 2022 VGI announced that it had agreed an extension of the term of the Convertible Loan facility with its cornerstone investor, Mr Aiden Jiang. The term of the agreement was extended for a further 12 months. The loan is convertible to shares in VTL at a Loan Conversion Price of \$0.20 per share, subject to approval, by VTL shareholders at a general meeting. The interest rate applicable is 8% per annum (to be capitalised and repaid with the principle upon settlement of the loan), VTL may repay the loan at its election prior to the expiry date or extend the repayment period by a further 12 months.

In June 2022, Steven Yu agreed to lend \$672,000 to the company. The interest rate applicable is 8% per annum (to be capitalised and repaid with the principle upon settlement of the loan), the initial period of the loan is for 12 months and VTL may repay the loan prior to 1 July 2023.

NOTE 11: ISSUED CAPITAL	Consolidated			
	31 Dec 2022	30 Jun 2022		
	\$	\$		
Issued and paid up capital				
Ordinary shares fully paid	83,217,518	83,217,518		
(a) Ordinary shares				
Details	Issue Date	Number of shares	Issue Price	Amount \$
Balance as at 1 July 2022		138,246,522		83,217,518
Balance as at 31 December 2022		138,246,522		83,217,518

### NOTE 12: CONTINGENT LIABILITIES

There were no contingent liabilities for the half year ended 31 December 2022 (2021: \$Nil)

### NOTE 13: RELATED PARTY DISCLOSURES

On 8 March 2022 the company agreed to a loan of \$49,000 to Tearum Pty Ltd, a company controlled by Greg Starr. Interest will be payable on the loan at the ATO benchmark interest rate of 4.77%. As at 31 December 2022 \$31,431 had been lent to Tearum on this loan facility.

VTL executed a binding agreement on 5 April 2022 for the sale of its wholly owned subsidiary Invictus BioPharma Pty Ltd (IBP). At an extraordinary General meeting held on 3 June 2022, the shareholders approved the sale of Invictus BioPharma Ltd to Invictus BioPharma Holdings Ltd (IVBHL or purchaser). By virtue of control of the Purchaser, Dr Glenn Tong, Richard Estalella and Dr David Kingston are deemed to be related parties of in relation to the Invictus Sale and each will receive an indirect financial benefit in connection with the sale.

There were no other transactions with related parties during the half year ended 31 December 2022.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

**NOTE 14: EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

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

## DIRECTORS' DECLARATION

1. In the opinion of the Directors of VGI Health Technology Limited ("the Company"):

a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:

i) complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and

ii) 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.

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.



.....  
Lou Panaccio

Chairman

SYDNEY, New South Wales

16 February 2023

**VGI HEALTH TECHNOLOGY LIMITED**  
**ABN 31 111 082 485**  
**AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE OWNERS OF**  
**VGI HEALTH TECHNOLOGY LIMITED**

**Report on the Half Year Financial Report**

**Conclusion**

We have reviewed the accompanying half year financial report of VGI Health Technology Limited (the Company) and its controlled entities (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 half year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of VGI Health Technology Limited and its controlled entities is not 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 half year then ended; and
- (ii) complying with AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*.

**Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 *Review of Financial Report performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities 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.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 1(a) to the financial report, which indicates that the Group had incurred a net loss of \$1,671,570 and net operating cash outflows of \$307,614 for the year ending 31 December 2022 and as of that date, the Group had net liabilities of \$730,437. These conditions, along with other matters as set forth in Note 1(a) indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. As a result, the financial report may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

**Responsibilities of the Directors for the Half Year Financial Report**

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

**VGI HEALTH TECHNOLOGY LIMITED  
ABN 31 111 082 485  
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE OWNERS OF  
VGI HEALTH TECHNOLOGY LIMITED**

**Auditor's Responsibilities for the Review of the Half Year Financial Report**

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 410 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 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.



HALL CHADWICK (NSW)  
Level 40, 2 Park Street  
Sydney NSW 2000



**DREW TOWNSEND**  
Partner  
Date: 16 February 2023