

KAIZEN GLOBAL INVESTMENTS LIMITED
A.C.N 602 033 670

**APPENDIX 3: HALF-YEAR REPORT for
The half-year ended 31 December 2022**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The results for this half-year report are for the period of 1 July 2021 to 31 December 2022.

	2021	2022	Change
Revenue from ordinary activities	(76,959)	(27,117)	64.76%
Profit (loss) from ordinary activities before tax	572,721	318,152	-44.45%
Profit (loss) from ordinary activities after tax	517,389	345,872	-33.15%
Dividends	Previous period	Current period	Previous corresponding period
Franking rate applicable: n/a	n/a	n/a	n/a
Interim dividend			
Amount per security	n/a	n/a	n/a
Franked amount per security	n/a	n/a	n/a
	31 December 2021	31 December 2022	Previous corresponding period
Net tangible asset backing per share post tax	1.4306 \$	1.3506 \$	1.2708 \$
<i>This report is based on the half-year financial report which has been subject to independent review by the Company's auditors, Stantons International Audit and Consulting Pty Ltd. Information required by the NSX Listing Rules is included. Information in this report should be read in conjunction with KGI's 30 June 2022 Annual Financial Report.</i>			



KAIZEN GLOBAL
Investments

**Financial Report for the Half-Year
Ended 31 December 2022**

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COMPANY DETAILS

KAIZEN GLOBAL INVESTMENTS LIMITED
ACN 602 033 670

DIRECTORS:

Jason Connor Grindlay / Connor Grindlay (Managing Director)
Simon Charles Winfield (Chairman)
Andre Lloyd Edmunds (Non-executive Director)

SECRETARY:

Lisa Grindlay

FUND MANAGER:

Kaizen Capital Pty Limited
ACN: 137 114 160

REGISTERED OFFICE:

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377 Kent Street
SYDNEY NSW 2000

CONTACT DETAILS:

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SYDNEY NSW 2000
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Website: www.kaizenglobalinvestments.com

SHARE REGISTRY:

Boardroom Pty Limited
Grosvenor Place, Level 12, 225 George Street, SYDNEY, NSW, 2000
Telephone: 1300 737 760
Facsimile: 1300 653 459

AUDITOR:

Stantons
Level 36, Gateway 1 Macquarie Place
Sydney NSW 2000

DIRECTORS' REPORT TO SHAREHOLDERS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

The Directors present their report on Kaizen Global Investments Limited (**the Company**, or **KGI**) for the financial period ended 31 December 2022. The Company is a public company listed on the National Stock Exchange of Australia (**NSX**). The following report complies with the requirements of the *Corporations Act 2001*.

PRINCIPAL ACTIVITIES

The principal activity of the company is to generate long-term capital appreciation while preserving capital. The Company invests substantially in Global Listed Equities.

OPERATIONS

For the half year ended 31 December 2022, the NTA per share of the Company increased by 6.28%. Majority of investments are valued continuously to market value. For the half-year ended 31 December 2022, net investments were valued at \$1,809,190 and net investment in associate is valued at \$3,075,642.

FINANCIAL POSITION

The net asset value of the Company for the half-year ended 31 December 2022 was \$5,177,064

DIRECTORS

The names of the Directors at any time during or since the end of the half-year:

Connor Grindlay – Managing Director
Simon Charles Winfield – Executive Chairman
Andre Lloyd Edmunds – Non-Executive Director


DIVIDENDS

No dividends or distributions were recommended or declared during the half-year.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditors' independence declaration in accordance with section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the Board of Directors.



C. GRINDLAY
Director
Dated: 15 March 2023

AUDITOR'S INDEPENDENCE DECLARATION

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

	December 2022	December 2021
Income from deposits	(25,958)	(35,740)
Income from dividends	(1,975)	(28)
Net changes to net fair value of investments	816	(41,192)
Total income from ordinary activities	(27,117)	(76,959)
Other income	-	186,534
Total income for the period	(27,117)	109,575
Administration expenses	74,278	334,177
Other expenses	-	62,981
Operating (loss)/profit before income tax	(101,395)	(287,583)
Gain on sale of Privately held investment	-	860,304
Share of profit from associates - net of tax	419,547	-
Profit/(loss) before income tax	318,152	572,721
Income tax (expense)/benefit relating to ordinary activities	27,720	(55,332)
Profit attributable to members of the company	345,872	517,389
Other comprehensive income/(loss) for the financial year	-	-
Total comprehensive Income for the financial year	345,872	517,389
Overall operations		
Basic earnings per share (cents per share)	9.1547	16.8003
Basic earnings per share (cents per share)	9.1547	16.8003

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

ASSETS	Note	31 December 2022 \$	30 June 2022 \$
Current Assets			
Cash and cash equivalents		498,732	1,005,342
Trade and other receivables		19,525	27,765
Financial assets held at fair value through profit and loss	4	2,579,063	2,335,576
Total Current Assets		3,097,320	3,368,683
Deferred tax assets		102,889	60,818
Investment in associates		3,075,642	2,298,495
Total non-current assets		3,178,531	2,359,313
TOTAL ASSETS		6,275,851	5,727,996
LIABILITIES			
Trade and other payables		43,882	235,897
Financial liabilities held at fair value through profit and loss	4	769,873	769,726
Total Current Liabilities		813,755	1,005,623
Deferred tax liabilities		285,033	270,681
Total Non-Current Liabilities		285,033	270,681
TOTAL LIABILITIES		1,098,788	1,276,304
NET ASSETS		5,177,064	4,451,692
EQUITY			
Issued capital	3	3,888,297	3,508,797
Retained Earnings		1,288,767	942,895
TOTAL EQUITY		5,177,064	4,451,692

The accompanying notes form part of these financial statements.

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

	Issued capital	Retained Earnings	Total
December 2022	\$	\$	\$
Balance at 1.07.2022	3,508,797	942,895	4,451,692
Issues (Net of Costs)	379,500		379,500
Repurchases (Net of Costs)	-	-	-
Profit for the half year	-	345,872	345,872
Balance at 31.12.2022	3,888,297	1,288,767	5,177,064
December 2021	\$	\$	\$
Balance at 1.07.2021	3,029,837	844,074	3,873,911
Issued (Net of Costs)	-	-	-
Repurchases (Net of Costs)	(99,567)		(99,567)
Profit for the half year		517,389	517,389
Balance at 31.12.2021	2,930,270	1,361,463	4,291,733

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

	December 2022	December 2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received (paid)	(14,224)	(30,474)
Dividends Received	(869)	3,785
Receipts from customers	-	186,534
Payments to suppliers	(250,823)	(260,680)
Net cash (used in) operating activities	<u>(265,916)</u>	<u>(100,835)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases to acquire financial assets	(579,994)	(1,671,525)
Sales of Financial Assets	338,672	3,091,995
Investments in associates	(357,600)	-
Sale of private investment	-	1,075,198
Net cash provided by/(used in) investing activities	<u>(598,922)</u>	<u>2,495,668</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of Shares	379,706	-
Share buyback	-	(55,620)
Net cash (used in) financing activities	<u>379,706</u>	<u>(55,620)</u>
Net increase/(decrease) in cash held	<u>(485,132)</u>	<u>2,339,213</u>
Cash at beginning of period	1,005,342	(167,785)
Effect of Exchange Rate Changes	(21,478)	(20,308)
Cash at end of period	<u>498,732</u>	<u>2,151,120</u>

The accompanying notes form part of these financial statements.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial Statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001 and Accounting Standards and Interpretations, and other laws that apply. Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the financial statements and notes of the company comply with International Financial Reporting Standards (IFRS).

All Amounts are presented in Australian dollars unless otherwise noted.

The financial statements of the Company for the half year ended 31 December 2022 were approved by the Directors on 15 March 2023.

The financial Statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001 and Accounting Standards and Interpretations, and other laws that apply.

(b) Accounting Policies

There are no new and revised accounting requirements significantly affecting the half-year financial statements. The accounting policies have been consistently applied by the Company throughout the period and are consistent with those applied in the 30 June 2022 Annual Financial Report.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current.

(c) Details of Reporting Period

The current reporting period is the half-year ended 31 December 2022.

(d) Segment Reporting

I. Description of segments

The Board makes the strategic resource allocations for the Company. The Company has therefore determined the operating segments based on the reports reviewed by the Board, which are used to make strategic decisions.

The Board is responsible for the Company's entire portfolio of investments and considers the business to have a single operating segment. The Board's asset allocation decisions are based on a single, integrated investment strategy, and the Company's performance is evaluated on an overall basis.

II. Segment information provided to the Board

The internal reporting provided to the Board for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of Australian Accounting Standards.

(e) Adoption of new and amended accounting standards and interpretations

The company has adopted all new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to the operations and effective for the current year. The adoption of all the new and revised Standards and Interpretations has not resulted in any material changes to the Group's accounting policies in order to comply with these amendments. However, the changes in accounting policies have no effect on the amounts reported for the current or prior years.

NOTE 2: DIVIDENDS

(a) Dividends paid during the period

No dividend was declared during the period.

(b) Dividends not recognised during the period

Since the end of the half-year the Directors have not declared any dividends.

NOTE 3: ISSUED CAPITAL AND OPTIONS

Shares

Movements in issued capital of the company during the financial period were as follows:

Date	Details	Ordinary Shares No.	Price \$	Issued Capital \$
01.07.22	Balance	3,503,067	-	3,029,837
	Share issues	330,000	1.15	379,500
31.12.22	Balance	3,833,067		3,409,337
01.07.21	Balance	3,095,568	-	3,029,837
	Share repurchase	(95,568)	1.0418	(99,567)
31.12.21	Balance	3,000,000	-	2,930,270

All ordinary shares rank equally for all purposes of participation in profits or capital of the company.

Options

There are no options outstanding as at 31 December 2022 (30 June 2022 -Nil)

No Options have been exercised in the financial period.

Performance shares

Shareholders approved a share award scheme as an incentive to manager during the 2022 AGM. The scheme has 2 award structures;

First Award - For every \$1 per share price that is added – starting at \$2/share – Kaizen Capital Pty Ltd (KC) would be issued/topped up to that percentage of the Company. The shares would need to have registered a transaction, on the exchange, for 30 days to apply. If there was a placement of over 5% of the company this would also apply as a trigger for the award.

Second Award - Shares are awarded based on an EBITDA per share target. The financial accounts released on the NSX would be the basis of the award. An increase of every 5 cents EBITDA per share, after the initial \$0.20 per share trigger, would trigger a further award.

The Directors have reviewed the accounting treatment of the shares granted. As at the 31 December 2022 it was determined under AASB 2 –“Share based payments’ that the probability of the performance shares vesting is nil thus the accounting value to be recorded is nil. The probability will be reviewed again at 30 June 2023 and in future periods

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and does not calculate a par value for issued shares.

NOTE 4: FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 -	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 -	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3 -	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2022:

31 December 2022	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets	1,436,601	1,142,462	-	2,579,063
Financial liabilities	(769,873)			(769,873)
Total	666,728	1,142,462	-	1,809,190

NOTE 5: INVESTMENTS IN ASSOCIATES

An investment was made by Kaizen Global Investments Limited (KGI) on the 20th June 2022 where it invested \$2.3 million to acquire a 33% stake in General Pacific Partners (GPP), a newly formed company created to facilitate the asset purchase of a private hair care business. KGI further invested \$0.36 million in this associate company during the half year ended December 31, 2022, increasing the stake to 40%. KGI has used the equity method of accounting and recognized \$0.42 million proportionate share of profits for the half year ending December 31, 2022.

DIRECTORS' DECLARATION

The Directors of Kaizen Global Investments Limited declare that:

1. The financial statements and notes, as set out on pages 11 to 13, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and,
 - (b) giving a true and fair view of the financial position of the Company as at 31 December 2022 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'C. Grindlay', with a stylized, cursive script.

C. GRINDLAY
Director

Dated 15 March 2023, Sydney

INDEPENDENT AUDITOR’S REVIEW REPORT