



Beroni Group Limited

ABN 20 613 077 526

**APPENDIX 3 AND
INTERIM FINANCIAL REPORT
For the Half Year Ended 30 June 2023**

Beroni Group Limited

ABN 20 613 077 526

Appendix 3

1. Details of the reporting period

Current Period: 1 January 2023 – 30 June 2023 ("HY2023")

Previous Corresponding Period: 1 January 2022 – 30 June 2022 ("HY2022")

2. Results for announcement to the market

Comparison to previous period		HY2023 (AUD)	HY2022 (AUD)	Change %
2.1	Revenue from continuing operations	405,428	241,412	68%
2.2	Loss from ordinary activities after income tax attributable to members	(5,010,881)	(3,512,916)	43%
2.3	Net loss attributable to members	(5,010,881)	(3,512,916)	43%

2.6 Dividend

No dividend declared during the period.

2.7 Explanation of Results

The explanation of the results is included in the Directors' Report.

3. Net tangible assets per ordinary share

	30.06.2022	31.12.2022
	Cents	Cents
Net tangible assets per ordinary share	2.97	5.73

Calculation based on ordinary shares issued of 79,943,372 as of 30 June 2023 and 76,638,372 as of 31 December 2022.

4. Details of entities over which control has been gained or lost during the period

No other entities were acquired or disposed during the period.

5. Dividend payment information

No dividend was paid during the period.

6. Dividend/distribution reinvestment plan

No dividend/distribution reinvestment plan was made during the period.

7. Investment in associates and joint ventures

No new investment in associates or joint ventures was made during the period.

8. Accounting standards

Australian Accounting Standards have been used in complying with the information contained in Appendix 3.

9. Audit qualification or review

The financial statements were subject to review by the auditors and the Auditor's Review Report is attached as part of Interim Financial Report.

Beroni Group Limited and Its Subsidiaries

ABN 20 613 077 526

Condensed Consolidated Financial Statements

for the

Half Year Ended 30 June 2023

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Directors' Report

The directors present their report, together with the financial statements on the consolidated entity (referred to hereafter as the 'Group') consisting of Beroni Group Limited (referred to hereafter as the 'Company' or 'Beroni') and the entities it controlled at the end of, or from 1 January 2023 to 30 June 2023.

Directors

The following persons were directors of Beroni during the whole of the financial period and up to the date of this report, unless otherwise stated:

Jacky Boqing ZHANG (Executive Director, Chairman)
 Hai HUANG (Executive Director)
 Peter Yap Ting WONG (Executive Director and CFO)
 Libing GUO (Non-executive Director)
 Dr Zhinan YIN (Non-executive Director, resigned 22 March 2023)
 Dr Richard BUCHTA (Non-executive Director)
 Nicholas Ong (Non-executive Director)
 Dr John Chiplin (Non-executive Director)

Company secretary

Nicholas Ong

Principal activities

The principal activities of the Company during the financial year are the sales of smoking control product (NicoBloc), air purifiers, water filters, healthcare products and supplements, cell therapies, cosmetics and viral diagnostic kits, and investing in the research and development of oncology drugs and therapies.

Review of Operations

The table below sets out the selected key performance indicators for the half year ending 30 June 2023 ("HY2023") and 30 June 2022 ("HY2022"):

A\$'000	HY2023	HY2022	Change
Sales revenue	405,428	241,412	68%
Cost of sales	(222,593)	(92,581)	140%
Gross profit	182,835	148,831	-23%
Other income	103,918	159,432	-35%
Selling and distribution expenses	(213,910)	(155,510)	38%
General and administrative expenses	(5,118,821)	(3,641,693)	41%
Finance expense	(54,710)	(24,817)	120%
Finance income	19,372	4,161	366%
Realised foreign exchange gain/(loss)	12,652	63,536	-80%
Unrealised foreign exchange gain/(loss)	(36,202)	(166,548)	-78%
Loss before income tax	(5,104,866)	(3,612,609)	41%
Depreciation and amortization	232,094	229,598	1%
Finance expense	54,710	24,817	120%
Finance income	(19,372)	(4,161)	366%
EBITDA	(4,837,434)	(3,362,355)	44%

(A) Revenue

Sales revenue has increased by 68% compared to the same period last year. This is mainly because of the opening of the China market in January 2023 after a year of strict COVID restrictions in 2022. Consumer spending has experienced a rebound in early 2023 after the COVID restrictions were lifted. The Company sold \$150,000 worth of COVID test kits in January 2023 after the Chinese market re-opened again.

(B) Gross Profit

The gross profit margin has deteriorated from 62% to 45% in this period as the Company lowers its product margins to attract more sales. Health supplements and cosmetic products which used to fetch margins exceeding 80% in the past have seen a decline in profitability to around 60% in this half year period.

(C) Other Income

Other income mainly represents an estimated refundable R&D tax incentive of \$101,588 from the Australian government for the PENAO drug development program for the half year ending 30 June 2023. The lower tax incentive in this period is due to less expenses incurred.

(D) Expenses

The increase in general and administrative expenses is mainly due to the following:

- In June 2023, the Company issued new shares to directors and employees instead of share options as it has done in the preceding 2 years. The shares were issued at \$0.99 per share amounting to \$3,271,950. The Company first issued share options in July 2021 but modified the milestone parameters and extended the vesting period by another year in May 2022. A total apportioned cost of \$1,485,921 relating to the share options issued was reflected in the previous financial period. However, in the current financial period, due to the change of probabilities of the vesting milestones and expected vesting dates, there was an expense reversal of \$195,379 relating to the cost apportionment of the share options.
- An additional allowance of \$560,471 for expected credit losses on trade and other receivables in the current period whereas in the previous period, there was a smaller provision of \$272,769 for impairment losses. The increase in expected credit losses is due to the deterioration in the recovery of the long outstanding debts as a result of the lacklustre performance of the Chinese economy.

Dividend

No dividends were paid or declared during or subsequent to the end of the financial period.

Significant Changes in State of Affairs

1. Claim against Beroni Tianjin

A claim for RMB1.4 million (approximately A\$280,000) compensation was lodged by the deceased estate of a shareholder in the later part of 2020 against the Chinese subsidiary, Beroni Biotechnology Co., Ltd. The claimant challenged that the share subscription agreement entered into between the Chinese subsidiary and the deceased shareholder in the pre-IPO period before Beroni Group Limited was listed on the National Stock Exchange of Australia was not valid and thereby sought a return of the share subscription money. Beroni Biotechnology Co., Ltd has strongly defended against the claim and provided evidence that the share subscription agreement was valid and effective. In December 2020, the Chinese court issued a judgement dismissing the validity of the claim. After the court ruling, the deceased estate lodged an appeal in February 2021. In August 2021, the appeal court having considered the case, dismissed the ruling of the first trial and requested a retrial. The retrial was held on 2 June 2022 and subsequently on 4 July 2022, the Chinese court issued a judgement rejecting the claim again and ruling in favour of the Chinese subsidiary. The claimant however lodged a further appeal and a court hearing was attended by Beroni on 18 November 2022. On 24 April 2023, the Chinese court dismissed the claim again and ruled in favour of Beroni.

2. Extension of maturity date of 5,000 convertible notes

The 5,000 convertible notes issued to the Chinese investor on 28 January 2022 matured on 28 January 2023. Upon maturity, the Company must convert all convertible notes which are not yet converted to shares. However, the investor agreed to extend the maturity date of the convertible notes to the official date of listing of the Company on the Nasdaq stock market.

3. Issue of new convertible loans totaling RMB2 million or US\$291,545

In April 2023, the Company entered into unsecured and interest-free convertible loan agreements with two investors for an aggregate principal loan amount of RMB2 million or US\$291,545. The loans are convertible at US\$1.50 per share upon listing of the Company's securities on the Nasdaq Stock Exchange or another US national securities exchanger prior to the repayment date. The loans are repayable on 18 April 2024 unless converted earlier. However subsequent to the half year end, letters have been obtained from the noteholders to extend these to 18 October 2024, if the Nasdaq listing is further delayed.

4. Issue of new ordinary shares

On 30 June 2023, the Company issued 3,305,000 new Ordinary Shares at \$0.99 per share to its directors and senior employees as a reward for their performance in the past financial year.

Likely developments and expected results of operations

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

Matters subsequent to the end of the half year

1. On 10 July 2023, 110,000 new shares were issued to the Crone Law Group, PC as part payment of legal fees for assisting with the preparation, lodgement and amendment of the F-1 registration statement.
2. On 11 July 2023, the Company entered into an unsecured interest-free convertible loan agreement with an investor for a principal loan amount of US\$27,778. The loan is convertible at US\$2.00 per share upon listing of the Company's securities on the Nasdaq Stock Exchange or another US national securities exchanger prior to the repayment date. The loan is repayable on 11 January 2025 unless converted earlier.
3. Subsequent to the half year end, the Company has obtained letters from the two investors to extend the unsecured and interest-free convertible loans of RMB2 million or US\$291,545 to 18 October 2024 (which are contractually repayable on 18 April 2024 if not converted earlier), if the Nasdaq listing is further delayed.

There has not arisen, in the interval between the end of the financial period and the date of this report, any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect substantially:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

This report is made in accordance with a resolution of directors, pursuant to section 306(3) (a) of the Corporations Act 2001.

On behalf of the directors



Boqing Zhang
Chairman

13 September 2023

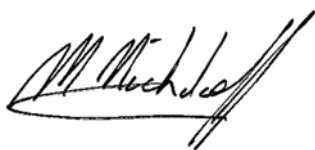
**Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001**

To the Directors of Beroni Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 30 June 2023, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Beroni Group Limited and the entities it controlled during the financial period.

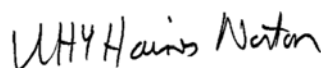


Mark Nicholaeff

Partner

Sydney

Date: 13 September 2023



UHY Haines Norton

Chartered Accountants

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Consolidated Half-year Ended 30.06.2023 AUD	Consolidated Half-year Ended 30.06.2022 AUD
Revenue			
Sales revenue	3	405,428	241,412
Cost of sales		(222,593)	(92,581)
Gross profit		<u>182,835</u>	<u>148,831</u>
Other income			
Government subsidy		103,918	159,432
Finance income		19,372	4,161
Selling and distribution expenses	4	(213,910)	(155,510)
General and administration expenses	4	(5,118,821)	(3,641,693)
Finance expense		(54,710)	(24,817)
Unrealised foreign exchange loss		(36,202)	(166,548)
Realised foreign exchange gain		12,652	63,535
Loss before income tax		<u>(5,104,866)</u>	<u>(3,612,609)</u>
Income tax benefit / (expense)		-	-
Net loss for the period		<u>(5,104,866)</u>	<u>(3,612,609)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation			
Attributed to Beroni Group parent company		(89,095)	(87,924)
Attributed to non-controlling interest		484	(1,366)
		<u>(88,611)</u>	<u>(89,290)</u>
Total comprehensive loss for the period		<u>(5,193,477)</u>	<u>(3,701,899)</u>
Loss for the period is attributable to:			
Owners of Beroni Group Limited		(5,010,881)	(3,512,916)
Non-controlling interest		(93,985)	(99,693)
Total loss for the period		<u>(5,104,866)</u>	<u>(3,612,609)</u>
Total comprehensive loss for the period attributable to:			
Owners of Beroni Group Limited		(5,099,976)	(3,600,840)
Non-controlling interest		(93,501)	(101,059)
Total comprehensive loss for the period		<u>(5,193,477)</u>	<u>(3,701,899)</u>
Earnings per share for loss for the period			
Basic loss per share		(6.54)	(4.58)
Diluted loss per share		(6.54)	(4.58)

The above Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Consolidated As at 30.06.2023 AUD	Consolidated As at 31.12.2022 AUD
Assets			
Current Assets			
Cash and cash equivalents		2,075,896	2,577,606
Trade receivables	5	642,906	1,399,048
Inventories		225,948	293,720
Prepayments and other current assets		731,562	600,089
Other receivables	5	362,805	373,867
Total current assets		<u>4,039,117</u>	<u>5,244,330</u>
Non-Current Assets			
Property, plant and equipment	6	1,137,905	1,203,250
Right-of-use assets	7	539,653	694,466
Intangible assets	8	3,154,287	3,189,503
Investment in other entities	9	-	-
Current tax assets		98,969	42,582
Other assets		49,218	50,197
Total non-current assets		<u>4,980,032</u>	<u>5,179,998</u>
Total Assets		9,019,149	10,424,328
Liabilities			
Current Liabilities			
Trade and other payables		729,775	587,962
Lease liabilities	7	216,143	262,596
Convertible notes / loans – liability	12	1,195,233	725,795
Other current liabilities	13	862,566	750,111
Total current liabilities		<u>3,003,717</u>	<u>2,326,464</u>
Non-Current Liabilities			
Borrowing from related parties	11	100,000	-
Lease liabilities	7	449,713	515,239
Total non-current liabilities		<u>549,713</u>	<u>515,239</u>
Total Liabilities		3,553,430	2,841,703
Net Assets		5,465,719	7,582,625
Equity			
Issued capital	14	34,057,951	30,786,001
Convertible notes – equity	15	3,010,038	3,010,038
Reserves		4,485,555	4,770,029
Accumulated losses		(36,315,907)	(31,305,026)
Equity attributable to equity holders of the parent entity		<u>5,237,637</u>	<u>7,261,042</u>
Non-controlling interests		<u>228,082</u>	<u>321,583</u>
Total Equity		5,465,719	7,582,625

The above Interim Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Surplus reserve	Revaluation reserve	Share options reserve	Convertible Notes - Equity	Foreign currency translation reserve	Accumu- lated losses	Non- controlling interests	Total
	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD
Consolidated 2023									
Balance as at 1 January 2023	30,786,001	16,885	(2,431,515)	6,088,393	3,010,038	1,096,266	(31,305,026)	321,583	7,582,625
Comprehensive income/(loss) for the period:									
Net loss for the period							(5,010,881)	(93,985)	(5,104,866)
Other comprehensive (gain) / loss for the period						(89,095)		484	(88,611)
Total comprehensive loss for the period						(89,095)	(5,010,881)	(93,501)	(5,193,477)
Transactions with owners in their capacity as owners, net of transaction cost									
Ordinary shares issued to directors and employees	3,271,950								3,271,950
Share-based compensation payments				(195,379)					(195,379)
Balance as at 30 June 2023	34,057,951	16,885	(2,431,515)	5,893,014	3,010,038	1,007,171	(36,315,907)	228,082	5,465,719

The above Interim Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent							Non-controlling interests	Total
	Issued Capital	Surplus reserve	Revaluation reserve	Share options reserve	Convertible Notes - Equity	Foreign currency translation reserve	Accumulated losses		
	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD	AUD
Consolidated 2022									
Balance as at 1 January 2022	30,766,002	16,885	(2,431,515)	1,362,735	-	1,326,774	(23,204,283)	470,351	8,306,949
Comprehensive income/(loss) for the period:									
Net loss for the period							(3,512,916)	(99,693)	(3,612,609)
Other comprehensive (gain) / loss for the period						(87,924)		(1,366)	(89,290)
Total comprehensive loss for the period						(87,924)	(3,512,916)	(101,059)	(3,701,899)
Transactions with owners in their capacity as owners, net of transaction cost									
Ordinary shares issued to directors and employees	20,000								20,000
Investment of new subsidiary								35,650	35,650
Reclassification of convertible notes					3,010,038				3,010,038
Share-based payments				1,485,920					1,485,920
Balance as at 30 June 2022	30,786,002	16,885	(2,431,515)	2,848,655	3,010,038	1,238,850	(26,717,199)	404,942	9,156,658

The above Interim Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Notes	Consolidated Half-year Ended 30.06.2023 AUD	Consolidated Half-year Ended 30.06.2022 AUD
Cash flows from operating activities:		
Receipts from customers	658,410	398,149
Amounts received from government	43,588	-
Payments to suppliers and employees	(1,428,002)	(1,751,984)
Interest paid	(26,035)	(15,516)
Income and other taxes paid	(105,866)	(102,050)
Net cash used in operating activities	(857,905)	(1,471,401)
Cash flows from financing activities:		
Gross proceeds from issue of convertible notes of the Company	426,812	686,512
Amounts due to / (from) related parties	100,000	(34,443)
Principal elements of lease payments	(114,725)	(124,435)
Net cash generated from financing activities	412,087	527,634
Cash flows from investing activities:		
Purchase of property, plant and equipment	(491)	(672,680)
Investments in other entities		
Interest received	-	250
Payments for intangible assets	-	(8,674)
Net cash used in investing activities	(491)	(681,104)
Net increase / (decrease) in cash and cash equivalents	(446,309)	(1,624,871)
Cash and cash equivalents at beginning of the period	2,577,606	5,744,956
Exchange (loss) / gain on cash and cash equivalents	(55,401)	(46,941)
Cash and cash equivalents at end of the period	2,075,896	4,073,144

The above Interim Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Interim Condensed Consolidated Financial Statements

Note 1. Corporate information

The financial statements cover Beroni Group Limited ("Parent entity" or the "Company") as a consolidated entity consisting of Australia Beroni Group Limited and the entities it controlled (together referred to as the "Group") at the end of, or during, the half-year ended 30 June 2023. The financial statements are presented in Australian dollars, which is the Company's presentation currency, with all values rounded to the nearest dollar unless otherwise stated.

The Company is a for-profit listed public company limited by shares, incorporated and domiciled in Australia. The Company's shares are publicly traded on the National Stock Exchange of Australia and on the OTC markets in the USA.

The Company's registered office and principal place of business is Level 16, 175 Pitt Street, Sydney NSW 2000, Australia.

The principal activities of the Group during the financial period are the sales of smoking control products (NicoBloc), air purifiers, water filters, cosmetics, healthcare products, stem-cell therapies and viral diagnostic kits and investing in the research and development of oncology drugs and therapies. It currently has four core businesses – cell therapies, developing new anti-cancer drugs, e-commerce platform for pharmaceutical and healthcare products, and detection & diagnosis of infectious diseases.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 13 September 2023.

Note 2. Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 30 June 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

These general purpose financial statements have been prepared on a historical cost basis, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

The company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest dollar, unless otherwise indicated.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New, revised or amended Accounting Standards and Interpretations adopted

The Group has adopted all the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The adoption of these standards did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been adopted early. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions, however management will continue to assess the potential impacts closer to the application dates.

Going concern

For the half year ended 30 June 2023, the Group made a loss after income tax expense of \$5,104,866 (30 June 2022: loss after income tax expense of \$3,612,609). The cash balances as at 30 June 2023 was \$2,075,896 (31 December 2022: \$2,577,606). The convertible loan agreements entered into in April 2023, totaling approximately US\$291,545 are to be repaid on 18 April 2024, however letters have been obtained from the noteholders to extend these to 18 October 2024, if the Nasdaq listing is further delayed.

Note 2. Basis of preparation (continued)

The above matters give rise to a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business at the amounts stated in the financial report.

The directors have prepared detailed cash flow projections for the period of 12 months from the signing of this interim financial report. The Group's ability to fund its operations is dependent upon management's plans and execution, which includes raising additional capital, either through the proposed public offering or private equity, meeting expected sales forecasts, and that if in the event of not raising sufficient funds to meet its current cash flow forecasts, the Group will be able to reduce expenditure accordingly to be able to pay its debts as and when they fall due.

The Group's interim financial statements have been prepared on a going concern basis which contemplates the realisation of assets and satisfaction of liabilities and commitments in the normal course of business. The interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities should the Group be unable to continue as a going concern.

Note 3. Segment reporting

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

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on the basis of the nature of the business activities. Operating segments are therefore determined on the same basis.

The following operating segments have been noted:

- Nicobloc
- Health supplements
- Cosmetic products
- Viral diagnostic kits
- Technical advisory services

Note 3. Segment reporting (continued)

Segment information

Segment information provided to the board of directors for the half year ended 30 June is as follows:

Segment	Segment Revenue		Segment Gross Profit	
	HY2023 AUD	HY2022 AUD	HY2023 AUD	HY2022 AUD
Nicobloc	131,201	51,716	59,511	21,839
Health supplements	67,007	25,893	44,057	16,913
Cosmetic products	43,910	604	25,659	240
Viral diagnostic kits	152,344	-	23,412	-
Technical advisory services	-	-	-	-
All others	10,966	163,199	30,196	109,839
Total for all segments	405,428	241,412	182,835	148,831
Other income			103,918	159,432
Unallocated selling and distribution expenses			(213,910)	(155,510)
Central general and administrative expenses			(5,118,821)	(3,641,693)
Net finance costs			(35,338)	(20,656)
Unrealised foreign exchange gain/(loss)			(36,202)	(166,548)
Realised foreign exchange gain/(loss)			12,652	63,535
Loss before income tax			(5,104,866)	3,612,609

Other segment information

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current half year (HY2022: nil). The executive management committee monitors segment performance based on gross profit. Segment gross profit represents the gross profit earned by each segment without allocation of selling and distribution expenses, central general and administration expenses, other income as well as net finance costs.

Geographical information

Segment revenue based on the geographical location of customers is as below:

	Sales Revenue by Geographical Market	
	HY2023 AUD	HY2022 AUD
China	405,428	241,412

Note 3. Segment reporting (continued)

Major customers

Major customers accounting for more than 10% of the sales of the Group are as follows:

	HY2023 AUD	HY2022 AUD
China Business Belloni (Tianjin) Technology Co., Ltd	244,224	227,447
Xuhua Medical (Tianjin) Technology Co., Ltd	108,932	-
Fu Liansheng (Tianjin) Technology Co., Ltd	52,441	-
Total ¹	405,597	227,447

¹ The total sales of these 3 customers in HY2023 exceeded the total sales for the half year period due to some minor sales refunds to a few other customers.

Revenue by timing of revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time as follows:

	HY2023 AUD	HY2022 AUD
Goods transferred at a point in time	405,428	241,412
Services transferred over time	-	-
	405,428	241,412

Note 4. Expenses

Profit before income tax is derived at after taking the following expenses into account:

	Consolidated 30 June 2023 AUD	Consolidated 30 June 2022 AUD
Listing expenses	38,321	19,858
Consultancy fees	36,787	72,742
Wages and salaries	345,328	470,273
Rent expenses	28,014	34,304
R&D expenses	174,771	447,760
Legal fees	36,119	31,823
Share-based payment compensation ¹	3,076,571	1,485,920
Depreciation and amortisation	232,094	229,598
Directors' fees	336,335	279,822
Accounting and audit fees	123,286	103,281
Expected credit losses / (reversals) on trade and other receivables ²	560,471	272,769
All other expenses	344,634	349,053
	5,332,731	3,797,203

¹ Share-based compensation relates to the cost of new shares of \$3,271,950 granted to the directors and employees in June 2023 and a reversal of expense reserve of \$195,379 for the share options issued in July 2021.

² Being increase in expected credit losses based on trade receivables aging as at 30 June 2023. See Note 5.

Note 5. Trade and other receivables

	Consolidated 30 June 2023 AUD	Consolidated 31 December 2022 AUD
Amounts due from customers	3,155,136	3,401,794
Less: Provision for expected credit loss ¹	(2,512,230)	(2,002,746)
Trade receivables	<u>642,906</u>	<u>1,399,048</u>
Receivable from Youtokukai Fund ²	1,224,868	1,224,868
Less: Provision for expected credit loss	(1,224,868)	(1,224,868)
Net receivable from Youtokukai Fund	<u>-</u>	<u>-</u>
Other receivables	706,463	657,472
Less: Provision for expected credit loss	(343,658)	(283,605)
Other receivables	<u>362,805</u>	<u>373,867</u>

¹ Being increase in expected credit losses based on trade receivables aging at 30 June 2023.

² On 18 June 2018, the Company invested JPY100 million (A\$1.22 million) into a capital fund, the Youtokukai Fund which was set up to fund the establishment and development of the Tokyo Ginza International Medical Clinic to be operated by Youtokukai, a medical group based in Japan specialising in regenerative medicine technology such as gene therapy, immune cell therapy, and stem cell therapy. The Medical Clinic is wholly owned by Youtokukai. For this investment, Beroni Group was to receive a monthly dividend from January 2019 onwards based on the operating surplus of the business and its share of the total investment in this joint venture. The investment can be fully redeemed after 30 June 2021. However, due to the investment terms not being met by Youtokukai Fund, Beroni has decided to withdraw from this investment and is now seeking a refund for the full payment. But in view of the uncertainty of recovery and market condition in Japan, Beroni has decided to make a 100% credit loss provision against the debt. Any subsequent repayments received from Youtokukai will be taken as a reversal of expected credit loss provision.

Note 6. Property, plant & equipment

	Consolidated 30 June 2023 AUD	Consolidated 31 December 2022 AUD
Land & Building	865,243	882,459
Machinery	1,371	5,639
Motor vehicles	8,596	30,658
Office equipment	11,169	15,129
Other equipment	251,526	296,365
Total	<u>1,137,905</u>	<u>1,203,250</u>

Note 7. Leases

This note provides information for leases where the Group is a lessee. The Group leases various offices and the rental contracts are typically made for fixed periods of one to five years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Lease assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. There are no new leases or lease modifications in the current period. Lease liabilities recognized as at 30 June 2023:

	Consolidated 30 June 2023 AUD	Consolidated 31 December 2022 AUD
Current lease liabilities	216,143	262,596
Non-current lease liabilities	449,713	515,239
	<u>665,856</u>	<u>777,835</u>

Note 7. Leases (continued)

The recognised right-of-use assets relate to the following types of assets:

Properties	Consolidated 30 June 2023 AUD	Consolidated 31 December 2022 AUD
Cost	1,569,636	1,580,991
Accumulated depreciation	(1,029,983)	(886,525)
Carrying amount	539,653	694,466

The amounts recognised in profit and loss:

	Consolidated 30 June 2023 AUD	Consolidated 30 June 2022 AUD
Depreciation expense on right-of-use assets	157,879	128,785
Interest expense on lease liabilities	31,736	12,550
	189,615	141,335

The total cash outflow for leases in HY2023 was \$145,877 (HY2022: \$139,951).

Note 8. Intangible assets

	Consolidated 30 June 2023 AUD	Consolidated 31 December 2022 AUD
PENAO patent ¹	1,993,226	1,993,226
Capitalised development cost ²	1,052,312	1,084,232
Patents	108,395	111,683
Software	354	362
	3,154,287	3,189,503

¹ The PENAO patent asset arose from the acquisition of Penao as a subsidiary in 2020. The recoverable amount of the patents owned by the PENAO company was based on the fair value of the commercialisation of the cancer drug upon successful completion of the clinical trials, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used. The Group has engaged an independent business valuation expert, Leadenhall, to determine the fair value of the PENAO patents in 2021. As this asset is not yet ready for use, no amortisation was noted as of 30 June 2023. No indication of impairment was noted in this financial period.

² The Company has entered into an agreement with the Columbia University, New York to provide US\$1 million funding to a 12-month research program in the field of ArboViroPlex rRT-PCR Test, a multiplex assay that can simultaneously test for Zika virus, all dengue virus serotypes, Chikungunya virus and West Nile virus, under the direction of Professor Walter Ian Lipkin. In return for the research funding support, Columbia University grants the Company an exclusive option to obtain an exclusive, compensation bearing license in the territory of China to the ArboViroPlex rRT-PCR Test patents and inventions and also a non-exclusive, compensation bearing license in the territory of China to the information and materials developed in the course of this research. In April 2019, the Company signed a 20-year exclusive license agreement with the Columbia University to sell the diagnostic kit product on a worldwide basis. The capitalized development cost will be amortised over the 20-year life of the license. No indicators of impairment existed as of 30 June 2023.

Note 9. Investment in other entities

	Consolidated 30 June 2023 AUD	Consolidated 31 December 2022 AUD
Investment in shares of Dendrix Inc.	-	-

Pursuant to a share subscription agreement signed with Dendrix Inc. on 9 April 2018, Beroni acquired 10,000 ordinary shares at an issue price of 20,000 Japanese Yen (JPY) per share, for a total investment of 200 million JPY (approximately A\$2.43 million dollars), representing 17.92% of the total share capital of Dendrix Inc. Dendrix Inc. is a company based in Tokyo, Japan and was established in December 2012 to provide immune cell culture for treatment against malignant tumours.

Note 9. Investment in other entities (continued)

Fair value measurement

In estimating the fair value of its investment, the Group considers the three levels of inputs to valuation techniques as follows:

- a. Level 1 inputs are quoted prices in active markets for identical assets that the Group can access at the measurement date
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- c. Level 3 inputs are unobservable inputs for the asset

For the investment in the equity of Dendrix Inc, the Group has previously used the intellectual properties and net tangible assets value of the entity (based on its financial statements) as the basis for the fair value measurement. In 2020, the management had engaged an independent asset valuer to determine the fair value of the intellectual properties. However in 2021, the Group having reviewed the latest financial statements of Dendrix Inc. noted that the company has shown a significant deterioration in its 2021 financial performance resulting in a negative shareholders' equity. Given the negative equity and the worsening financial results, the management decided to fully impair the value of its investment in Dendrix Inc. In 2022, the directors also decided to maintain the full impairment value, and this has continued into 30 June 2023.

Financial assets/ financial liabilities	Fair value as at 30/06/2023	Fair value as at 31/12/22	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Private equity investments	17.92% equity investment in Dendrix Inc, a Japanese company engaged in providing immune cell culture for cancer and anti-aging treatments	17.92% equity investment in Dendrix Inc, a Japanese company engaged in providing immune cell culture for cancer and anti-aging treatments	Level 3	Due to negative equity and deteriorating financial results, management has decided to fully impair the investment in Dendrix Inc.	Not applicable.	Not applicable.

Recurring fair value measurements	Fair value measurements at end of reporting period					
			Quoted prices			Total gain/(loss)
	30 June 2023	31 December 2022	in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
			AUD	AUD	AUD	AUD
Investment in equity of Dendrix Inc.	-	-	-	-	0	-

Note 10. Share-based compensation benefits

	HY2023 AUD	HY2022 AUD
Share-based compensation benefits recognised during the financial period		
Shares issued to directors and employees ¹	3,271,950	-
Options issued to directors and employees ²	(195,379)	1,485,920
	<u>3,076,571</u>	<u>1,485,920</u>

Note 10. Share-based compensation benefits (continued)

¹ Shares issued to directors and employees

On 30 June 2023, the Company issued 3,305,000 shares at A\$0.99 per share to its directors and senior employees as a reward for their performance in the past financial year. A total of 1,675,000 shares were issued to the directors as follows:

	Number of shares issued	Total number of shares held as of 30 June 2023
Jacky Boqing Zhang	800,000	25,838,482
Hai Huang	200,000	2,241,766
Peter Yap Ting Wong	350,000	870,000
Libing Guo	150,000	4,402,238
Dr. Richard Buchta	75,000	75,000
Nicholas Ong	100,000	164,854
Dr. John Chiplotin	-	-
Total	1,675,000	33,592,340

² Options issued to directors and employees

Beroni Group Limited has established a Remuneration Plan for its Directors and Employees. The Remuneration Plan provides flexibility to the Board to grant share options to Directors and Employees. The definition of employee under the Plan Rules includes any full time or permanent part time employee or officer or director of the Company or any related body corporate of the Company. In total, 13,250,000 options and 9,255,000 options have been issued to the directors and employees respectively in 2021 and 2022.

The expense reduction of \$195,379 relating to the cost apportionment of the share options in the current financial period is due to the significant changes in key assumptions (being expected vesting date and probability of vesting) as shown below.

Tranche	Vesting condition	Previous Probability of vesting	Revised Probability of vesting	Previous expected vesting date	Revised expected vesting date
Tranche 1	Nasdaq listing	95%	90%	30 June 2023	30 June 2024
Tranche 2	Annual revenue exceeds US\$2 million	90%	75%	30 June 2024	30 June 2024
Tranche 3	Annual revenue exceeds US\$3 million	75%	50%	30 June 2025	30 June 2025
Tranche 4	Annual revenue exceeds US\$4 million	50%	25%	30 June 2025	30 June 2025
Tranche 5	One clinical trial advances to next phase	90%	70%	30 June 2024	30 June 2024

The number of stock options currently held by the directors are as follows:

Director	No. of Stock Options Held 30 June 2023	No. of Stock Options Held 31 December 2022
Boqing ZHANG	6,000,000	6,000,000
Hai HUANG	1,500,000	1,500,000
Peter Yap Ting WONG	3,000,000	3,000,000
Libing GUO	950,000	950,000
Zhinan YIN (resigned on 22 March 2023)	600,000	600,000
Nicholas ONG	600,000	600,000
Richard BUCHTA	600,000	600,000
John CHIPLIN	-	-

Note 11. Related party transactions

Balances with related parties

	Consolidated 30 June 2023 AUD	Consolidated 31 December 2022 AUD
Amounts due to related parties		
Mr. Boqing Zhang (CEO) ¹	100,000	-

¹ This represents the loan to Beroni Group Limited from Mr. Boqing Zhang for working capital purposes. The loan carries an annual interest of 5% and is repayable on 13 June 2025.

The Company has engaged the services of Asia Invest Partners Limited to manage its financial and tax affairs in Australia. Asia Invest Partners is owned by the Australian director, Peter Yap Ting Wong. The Company has incurred a total of \$17,300 (HY2022: \$19,584) for such services rendered in the current financial period.

Note 12. Convertible notes / loans- liability

	Consolidated 30 June 2023 AUD	Consolidated 31 December 2022 AUD
Balance at beginning of the period	725,795	2,857,835
Issue of new convertible loans ¹	433,236	711,450
Exchange (gain) / loss on translation of USD denominated convertible notes / loans	36,202	166,548
Recognition of equity component on variation of convertible notes ²	-	(3,010,038)
Balance at end of the period	1,195,233	725,795

¹ In April 2023, the Company entered into unsecured and interest-free convertible loan agreements with two investors for an aggregate principal loan amount of US\$291,545. The loans are mandatorily convertible at US\$1.50 per share upon listing of the Company's shares on the Nasdaq Stock Exchange or another US national securities exchange prior to the repayment date. The loans are repayable on 18 April 2024 unless converted earlier. However, letters have been obtained from the noteholders subsequent to the half year end to extend these to 18 October 2024, if the Nasdaq listing is further delayed.

² See Note 15.

Note 13. Other current liabilities

	Consolidated 30 June 2023 AUD	Consolidated 31 December 2022 AUD
Payroll and employee benefits payables	173,329	83,844
Accruals ¹	131,708	112,417
Other liabilities ¹	557,529	553,850
	862,566	750,111

¹ Included in accruals and other liabilities is \$594,566 of accrued directors' fees (2022 - \$484,784).

Note 14. Share capital

	30 June 2023		31 December 2022	
	Number of shares	AUD	Number of shares	AUD
Total ordinary shares fully paid				
At the beginning of the period	76,638,372	30,786,001	76,618,372	30,766,001
Shares issued to directors and employees	3,305,000	3,271,950	-	-
Shares issued to service providers	-	-	20,000	20,000
Total ordinary shares fully paid	79,943,372	34,057,951	76,638,372	30,786,001

Note 15. Convertible notes – equity

	Consolidated 30 June 2023 AUD	Consolidated 31 December 2022 AUD
Balance at beginning of the period	3,010,038	-
Recognition of equity on change of redemption term of existing convertible notes ¹	-	3,010,038
Balance at end of the period	3,010,038	3,010,038

¹ In May 2020, 20,736 0% USD denominated convertible notes were issued by the Company to an investor at an issue price of \$100 per note. Each note entitles the holder to convert to a fixed number of shares by dividing the face value of the note by the conversion price of US\$1.728 per share. Conversion may occur at any time between the date of issue and the maturity date. The maturity date was initially set at May 2021 but was later extended to May 2022. The net proceeds received from the issue of these convertible notes were initially recognised in liability in the previous financial period as the investor could redeem the convertible notes upon maturity.

However, on 16 May 2022, the investor agreed to extend the maturity date of the convertible notes to the official date of listing of the Company on the Nasdaq stock market and to convert all unconverted notes to ordinary shares upon maturity. As the convertible notes can no longer be redeemed for cash before or upon maturity, they are fully recognised as equity in this financial period.

This is in accordance with AASB 132 Financial Instruments whereby a convertible note can be classified as equity if the noteholder does not have the right to redeem in cash and must convert to a fixed number of shares upon maturity.

Note 16. Key Management Personnel

The directors and company secretary received the following remuneration in the current half year.

Director	Consolidated 30 June 2023 AUD	Consolidated 30 June 2022 AUD
Boqing ZHANG	90,000	90,000
Hai HUANG	30,000	40,000
Peter Yap Ting WONG	60,000	60,000
Libing GUO	15,000	20,000
Zhinan YIN (resigned on 22 March 2023)	10,000	20,000
Richard BUCHTA	13,500	18,000
Nicholas ONG (Company Secretary)	13,500	18,000
John CHIPLIN	19,283	12,855

On 30 June 2023, the Company issued 1,675,000 shares at A\$0.99 per share to its directors as a reward for their performance in the past financial year. See also Note 10.

Note 17. Contingencies and commitments

The Group has no contingent liabilities or commitments as at 30 June 2023. (31 December 2022: \$nil) except for the followings:

- (a) In June 2019, Beroni signed a shareholder agreement to acquire 40% of the total share capital of PENAO Pty Ltd with NewSouth Innovations Pty Limited (NSI) owning the other 60%. NSI is the subsidiary arm of the University of New South Wales. PENAO Pty Ltd is a company recently set up to take over from Cystemix Pty Ltd the development of the anti-cancer drug called PENAO for treatment of cancer tumours. PENAO Pty Ltd will take over the licensing rights to the new drug. In December 2020, Beroni and NSI agreed to vary the original shareholding agreement whereby through the issuance of shares and convertible notes, Beroni and NSI owns 60% and 40% respectively of the share capital of PENAO Pty Ltd. Under the shareholding variation agreement, when new shares are issued to Beroni and NSI upon additional payments from the former, convertible notes will also be issued to NSI which will automatically be converted to shares upon the occurrence of key milestone events.

Beroni has so far paid \$2.35 million to NSI for this investment and will pay a further \$7.5 million over the next 2 years. In the event Beroni is not able to pay the additional \$7.5 million, then PENAO Pty Ltd can issue on the same terms to NSI the shares which were to be issued to Beroni and Beroni will grant NSI an option to purchase all of the shares then held by Beroni for the lesser of the following and at NSI's sole discretion:

Note 17. Contingencies and commitments (continued)

- the price per share paid by a genuine third-party investor for shares in PENAO Pty Ltd; or
 - at a 20% discount on the price paid by Beroni for the Beroni Shares
- (b) In June 2018, Beroni entered into a binding agreement to acquire 100% of Medicine Plus Co., Ltd ("Medicine Plus"), a pharmaceutical company based in Osaka, Japan for JPY1.178 billion (about A\$14.37 million) via a combination of cash and shares. In October 2018, Beroni issued 2,067,900 shares at \$1.75 to the owners of Medicine Plus as partial settlement for the acquisition of the latter company. The original settlement price of \$14.37 million agreed in June 2018 was increased by 10% to approximately \$15.81 million in October 2018 as a result of the owners of Medicine Plus agreeing to extend the settlement date to April 2019. However, the cash portion of the settlement has yet to be completed and Beroni management still intends to raise cash from the capital markets to complete this acquisition. Due to the long delay in the settlement, the cost of the shares issued to the owners of Medicine Plus has been recognised as an expense in the income statement in the 2019 financial year. In the event that the acquisition can be completed, the shares expense will be reversed accordingly. Beroni has no other financial commitments in respect of this acquisition.
- (c) In January 2022, Beroni signed a contract to build a new Research & Development ("R&D") centre in the Zhuhai National High-Tech Industrial Development Zone in China. Beroni plans to build a state-of-the-art facility with new preclinical research labs, manufacturing process development labs, and a GMP pilot manufacturing plant. The Company signed a renovation contract for RMB5.2 million (A\$1.13 million) with a local builder to renovate the whole R&D office. The renovation was completed by the end of 2022. As at 30 June 2023, the Company has paid 60% payment of RMB3.12 million to the builder, with another 20% payment of RMB1.04 million due upon rectification of defects and completion of GMP facility certification and the remaining 20% of RMB1.04 million to be settled 3 months upon completion of the whole project.
- (d) A claim for RMB1.4 million (approximately A\$280,000) compensation was lodged by the deceased estate of a shareholder in the later part of 2020 against the Chinese subsidiary, Beroni Biotechnology Co., Ltd. The claimant challenged that the share subscription agreement entered into between the Chinese subsidiary and the deceased shareholder in the pre-IPO period before Beroni Group Limited was listed on the National Stock Exchange of Australia was not valid and thereby sought a return of the share subscription money. Beroni Biotechnology Co., Ltd has strongly defended against the claim and provided evidence that the share subscription agreement was valid and effective. In December 2020, the Chinese court issued a judgement dismissing the validity of the claim. After the court ruling, the deceased estate lodged an appeal in February 2021. In August 2021, the appeal court having considered the case, dismissed the ruling of the first trial and requested a retrial. The retrial was held on 2 June 2022 and subsequently on 4 July 2022, the Chinese court issued a judgement rejecting the claim again and ruling in favour of the Chinese subsidiary. The claimant however lodged a further appeal and a court hearing was attended by Beroni on 18 November 2022. On 24 April 2023, the Chinese court dismissed the claim again and ruled in favour of Beroni.

Note 18. Events after the Balance Sheet date

- (a) On 10 July 2023, 110,000 new shares were issued to the Crone Law Group, PC as part payment of legal fees for assisting with the preparation, lodgement and amendment of the F-1 registration statement.
- (b) On 11 July 2023, the Company entered into an unsecured interest-free convertible loan agreement with an investor for a principal loan amount of US\$27,778. The loan is convertible at US\$2.00 per share upon listing of the Company's securities on the Nasdaq Stock Exchange or another US national securities exchanger prior to the repayment date. The loan is repayable on 11 January 2025 unless converted earlier.
- (c) Subsequent to the half year end, the Company has obtained letters from the two investors to extend the unsecured and interest-free convertible loans of RMB2 million or US\$291,545 to 18 October 2024 (which are contractually repayable on 18 April 2024 if not converted earlier), if the Nasdaq listing is further delayed.

There has not arisen, in the interval between the end of the financial period and the date of this report, any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect substantially:

- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in future financial years.

Note 19. Dividends

There was no dividend paid nor declared during the period.

Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial half-year ended on that date; and
- 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 directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Jacky Boqing Zhang
Chairman

13 September 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Beroni Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Beroni Group Limited ("the company") and its subsidiaries ("the Group"), which comprises the condensed consolidated statement of financial position as at 30 June 2023, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed 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.

Conclusion

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 the Group is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the half-year ended on that date; and
- b) complying with Australian 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.

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.

Emphasis of matter - Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the half-year financial report, which discloses that the Group's ability to continue as a going concern is impacted by continuing losses after tax. These conditions together with other matters described in 2 of the half-year Financial Report, indicate a material uncertainty that may cast doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the half-year financial report. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year 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 controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

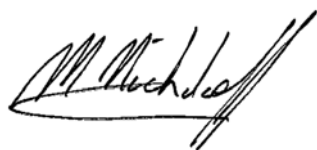
Auditor's Responsibility

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 30 June 2023 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*.

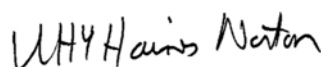
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Mark Nicholaeff

Partner

Sydney

Date: 13 September 2023

A handwritten signature in black ink, appearing to read 'UHY Haines Norton'.

UHY Haines Norton

Chartered Accountants