KAIZEN GLOBAL
Investments

ANNUAL REPORT 2023

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CHAIRMAN'S LETTER

To my fellow Shareholders,

Our letter last year highlighted upcoming risks including step changes in climate affecting asset values, the economic impact of inflation, and control of food and water assets.

These risks remain with us.

Strategy

We continue to build our investments in private companies. We have been optimising processes within our recent private investment, generating operational efficiencies resulting in improvements in cash flow. We are able to reallocate the generated cash returns to other investments with the goal of compounding returns to our shareholders, and to pay dividends to our shareholders. We are pleased to have paid a maiden first half dividend of 6.5 cents per share.

We have also improved our financial disclosure to shareholders by breaking out the returns generated by the private investments. Shareholders last year approved an incentive programme for the manager, aligned to both EBITDA for share, and growth in NTA per share.

Inflation and Markets

Chairman Powell's statement on August 25th 2023 in regards to monetary policy includes an analogy of the Feds visibility on forecasting as 'we are navigating by the stars under cloudy skies'. The Reserve Bank of Australia shares with us that 'there are significant uncertainties around the outlook', and the Bank of England talks about risks in inflation forecasts being 'skewed to the upside'.

These statements indicate that inflation will continue to be persistent and with low visibility. Inflation risks relate primarily to time - with inflation taking longer to fall, with upside risk in inflation components such as food, and a constrained labour market resulting in higher wages.

Risks also relate to lack of visibility and climate change (increased insurance costs and food price volatility). Interest rates will likely stay higher for longer.

Shareholder engagement.

As a relatively small investment company, we encourage you to have a direct relationship with KGI, and are open for ongoing discussion throughout the year.

Performance and NTA

In the 2023 financial year the company paid a maiden dividend of 6.5 cents per share which will have come off the reported NTA. The post-tax net tangible asset (NTA) value of KGI decreased by 11.05%, on a pre-tax level, the NTA decreased by 18.45%. If you add back the dividend that was paid to shareholders (since it is a return to shareholders) the post-tax NTA decreased by 5.93% and the pre-tax NTA decreased by 13.56%. Share capital increased by $379,500 during the year.

Post tax NTA at end June 2023 was at $1.1304 vs $1.2708 at the end of June 2022.

AGM

We will be contacting you shortly about our annual general meeting – which will provide you with the chance to meet with KGI's key management personnel and ask any questions you may have. I look forward to seeing you there.

Yours sincerely,

Simon Winfield

13 September 2023

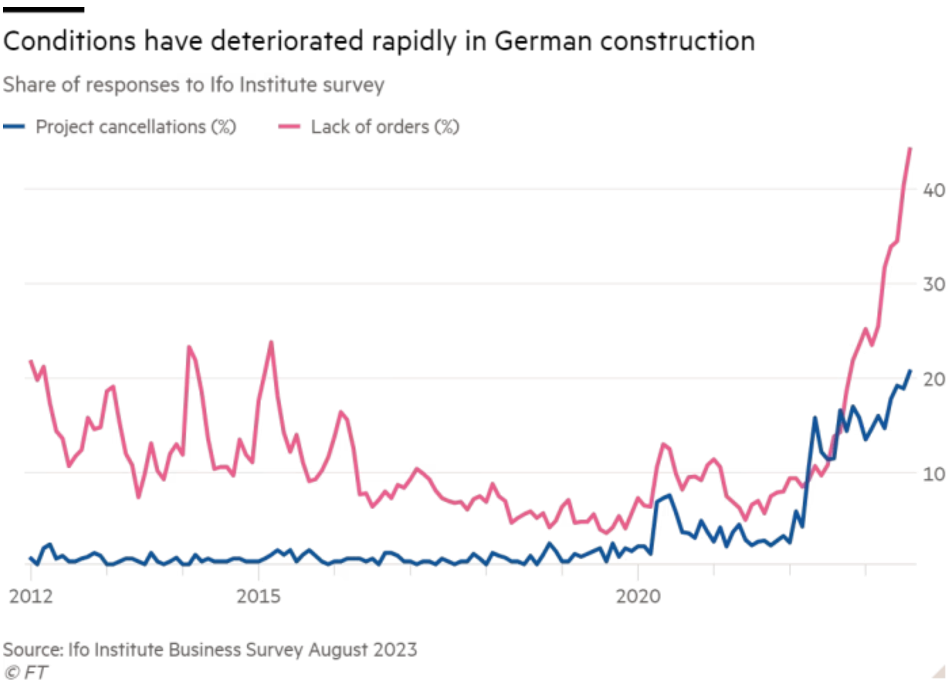
INVESTMENT MANAGER'S LETTER

Dear fellow Shareholders,

The past year has delivered continued inflation (probably peaked but still too high), large increases in global interest rates (putting pressure on households as mortgage rates have increased along with rents) and continued uncertainty. Markets (let's pick the S&P 500) are up from June '22 but flat on a 2-year basis.

Concerns over slowing economies/potential recessions is overshadowing the investment landscape. Stock markets are great discounting machines, where the news, good or bad, is quickly factored into share prices, sometimes well ahead of the actual events. This begs the question. Have markets pricied priced in peak interest rates already (and rallied in the back half of 2022) or will recessionary data spook them later?

Certain parts of the global economy are very weak, for example German construction companies (see chart below) are recording rapidly deteriorating demand. House prices in the U.K. are falling but still going up in the U.S. despite both economies raising interest rates. This probably has more to do with the duration of mortgages that are fixed (the U.S. has more long dated, fixed and very cheap mortgages locked in for longer, relative to the U.K.). In markets like Australia, we can see large increases in mortgage payments impacting consumption, as the fixed mortgage rate market is very short in duration. The AUD has been quite weak, on an 18 month time frame (vs the USD), and that could indicate that interest rates, here, are close to peak vs the U.S. The challenge with inflation today is that a demand crunch may not impact inflation as there are many other factors at play. Stagflation is the risk – i.e. no growth and inflation.



Source: Financial Times

Private 'growth' markets

Two years ago companies were able, and encouraged, to spend to grow markets or take share. Valuations soared as revenue grew – there was little focus on the 'burn' rate. The past 6-9 months are very different. There is a capital raising winter and companies that are burning cash (and need an influx to keep going) are experiencing highly dilutive new raises. We have been negatively impacted by two growth holdings over the year and this is, simply, disappointing.

Private assets to acquire

We remain optimistic about our ability to find and purchase cash-generating businesses and 'see' opportunity to add technology solutions to make them more efficient and productive. It has never been cheaper or easier to use technology in small, medium sized businesses and we are actively looking to bring Ai (Artificial intelligence) solutions into the operations. The digitisation of these businesses is the biggest opportunity, in our view.

How we see the value of KGI unfolding

We believe that we will be able to acquire good businesses at good prices. Of course that comes with all investment caveats and is not a guarantee of future performance.

There are two things to consider. First, if we can acquire at very attractive prices, the returns on capital will be good/better than buying at 'high' prices. However, the value of these investments will then remain static on our balance sheet even if we improve the operations.

This is problematic for two reasons. Since most LICs hold listed securities, whose value is calculated each day, the NTA (net tangible asset value) is quite a good reflection of value per share. A basket of $100 of stocks that have listed prices should be worth $100.

If, however, we have a private asset and we buy it at, say $100, at a low multiple and then improve the operations, the 'value' will be in the NTA at $100 forever. The board may believe it is undervalued but writing the value 'up' in the accounts is subjective and would, potentially, trigger performance fees. We don't really want to crystallise a performance fee on an asset increase that we are putting forward. So, we most likely won't do it. That isn't great for investors and understanding value, in our opinion.

Worse still, if we wanted to make another acquisition, and say the 'real' value of that holding was now $150 in the market (higher earnings and high multiple) the problem is that we'd use the NTA to underpin the share price in a capital raise. To have too low a share price would dilute, per share, the wonderful asset we bought at a great price.

Solution?

We think that reporting the EBITDA for the company/companies that we acquire is helpful to investors to gauge the real value. This was the logic behind the second award.

Let's say we were able to opportunistically acquire a business at 4X EBITDA (which is a 25% yield). In a more competitive market that asset might sell for 5-6X EBITDA.

Using our hypothetical example above. Let's say we had a company that made $100 of EBITDA, and we paid a 4X multiple – the enterprise value would be $400. If we then improved the asset and it increased earnings to (hypothetically) $150 and that, plus a more robust market, meant that similar assets were being acquired at 5X EBITDA, the value would be 5*150=$750. An increase of $350 for KGI and a large increase in value for that investment.

Under the NTA method no-one would see this. It would stay at $400 on the balance sheet

We believe that we should disclose the EBITDA per share of the private asset/assets as it would be potentially helpful to investors to see that the earnings had gone up (without the noise of the PL, asset gains and losses etc). This could be very important as we grow and add businesses.

The shareholder might then apply their own multiple to the $150 of earnings, take the other assets on the balance sheet (being careful not to double count and take off the private asset generating the cash flow) and **create a hybrid valuation**. i.e. A cash flow, multiple based valuation for the private(s) asset and then an asset value for the listed one. Adding both may give better insight into valuation.

Valuation per share (?) = NTA of listed assets + (EBITDA of private asset(s)* a multiple)

In addition, if we are able to pay directionally sustainable dividends then that 'yield' can be used as a guide too.

One of our shareholders recently asked a very good question

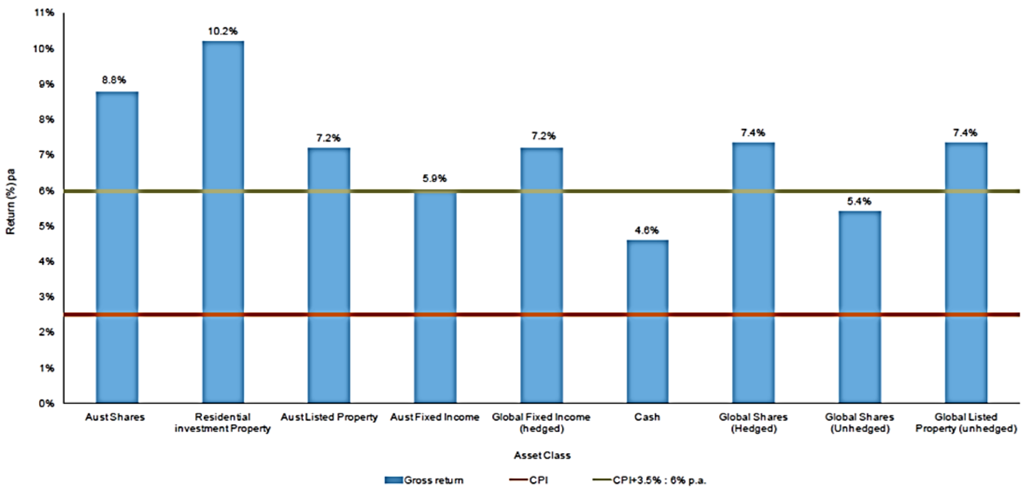
If we believed that we could re-invest the capital at mid to high teens rates, why pay it back to shareholders, as a dividend, at all? Wouldn't it be better to retain it and buy other assets? He's right, and this is exactly what Buffett has done at Berkshire Hathaway – he has not paid out the capital and reinvests it into other businesses that keep compounding that capital. The cash we are paying out as dividends would build up quite quickly, be used for other acquisitions and there is certainly an argument for doing that.

We should remain flexible, we want our investors to 'see' and realise a return and the maiden dividend that we paid was for that reason.

Last year – a reminder the 7.2% number

Last year we wrote about the long-term investment returns from an ASX study (and have added a couple of the charts again as they are so important) with the ‘average’ return across multiple asset classes being 7.2%. See below.

Figure 5 – Comparison across asset classes on a before-tax basis: 20 years to December 2017



Note: All returns are gross of tax and costs. Past performance is not a reliable indicator of future performance.

Some points to observe

1) Shares delivered a range of 5.4%-8.8% return per annum;
2) **The average of the asset returns from several asset classes (above) is 7.2%;**
3) Australian property, for that period, delivered 10.2%. We’d note that has no holding costs (repairs, taxes, levies etc.) and that is well above the long-term rate. How can houses go up so much? They’re non-productive assets. It’s falling mortgage rates and banks extending higher multiples of income – neither of which can go on forever – that is a tailwind; and
4) CPI – inflation – was much lower than today – circa 2.5% then.

What does the 7.2% return number mean for KGI?

If we take the 7.2% average return from the above chart – which is pre-tax – and consider what that means for our shareholders buying in at $1 per share or at the subsequent raise valuation of $1.15 we’d note the following.

At $1 per share, a 7.2 cent per share dividend would achieve that result.

At $1.15 per share value, an 8.3 cent dividend per share (7.2% of $1.15) would achieve that result.

Logically, if, and there are no guarantees, KGI were able to pay out a fully franked/gross dividend of 7.2-8.3 cents per share – then it would be able to deliver a return stream akin to the 20-year average of the charts above.

Any excess over that would beat the market. KGI paid a maiden dividend of 6.5 cents for the first half of 2023 – which is very close to the 7.2-8.3 cents. If this were grossed up, due to franking, at a 30% level – then the ‘gross’ dividend would be 9.28 cents. That would be above the 7.2-8.3 cent range from the logic above.

Focus on the end in mind

Without sounding like a broken record – we have to reiterate that we have a laser focus on creating a compounding machine that has a chance of beating long-term asset class and market returns.

Optionality

Consider that KGI will likely acquire other businesses in the future if we can find suitable opportunities at the right price. We believe that future acquisitions could be earnings and dividend accretive per share – again, there are no guarantees – and this is optionality that is not in the share price today.

Execution

We have been active in the acquired company improving systems and analysing opportunities.

We would prefer not to sell businesses – this is an absolutely key message – KGI builds considerably more internal expertise by owning businesses forever. We are not a private equity fund looking to flip assets – we are more like Berkshire Hathaway, collecting businesses, reallocating the cash flows into other opportunities and **focusing on compounding per share.**

Future opportunities

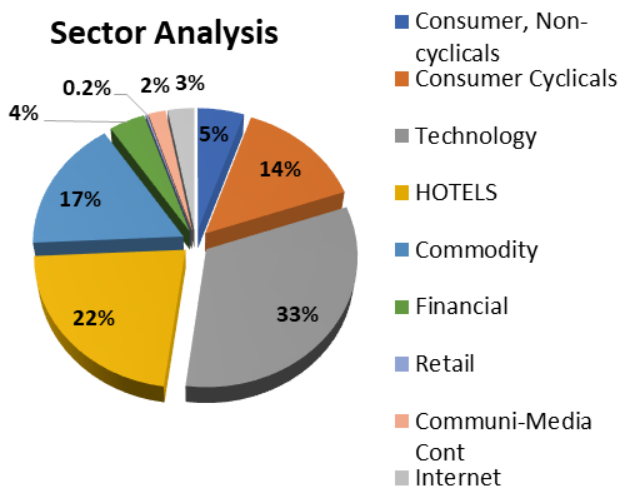
We remain excited and optimistic about the future for KGI. We 'see' opportunities and our platform company, which is a permanent capital reallocating machine, has the potential to capitalise on a long term investment horizon. Much like The Outsider CEOs in Will Thorndike's fantastic book, we see ourselves as capital allocators at our core – redeploying and controlling cash flows into a growing investment funnel.

Portfolio positioning

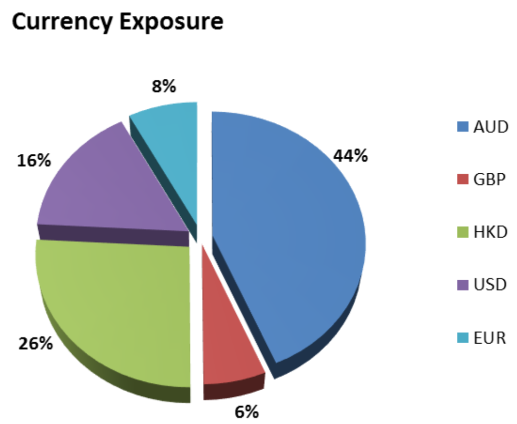
We have invested across multiple countries and sectors as can be seen in the two charts below. We are invested in a combination of long positions, shorts and our private investments. We believe that the biggest risk to markets remains prolonged inflation and low growth. Interest rates could keep increasing due to inflation, slowing GDP etc., without any impact on inflation.

We retain our view from last year that we see two 'fat tails' in terms of probabilities of outcome. We believe there is a 35% chance that inflation rates remain stubbornly high, but also the opposite. There is some evidence of deflation in China today.

Investing is a long game akin to the story of the tortoise and the hare – we'd rather be the tortoise and win through in the long-run. We believe that our best days lie ahead.



Sector analysis excluding private investment co



FX analysis excluding private investment co

Conclusion

We'd reiterate what we wrote last year. If KGI were able to deliver dividends in a range of 7.2-8.3 cents per share (fully franked) then it would match the 20-year average diversified return of the ASX study. There are many studies like this – we have simply pointed out a third party report.

If, and again this is only an 'if', KGI were able to deliver a 10-11 cent per share dividend (fully franked) – then it would match the top performing asset class in that study.

Yours sincerely,

Connor Grindlay

13 September 2023

DIRECTORS' REPORT

Your directors present their annual financial report on Kaizen Global Investments Limited (the **Company** or **KGI**) for the financial year ending 30 June 2023 as required by the Corporations Act 2001 (Cth)(**the Act**) and the NSX Listing Rules. In addition to the financial statements for the year and the notes accompanying those statements, your Directors provide a declaration about those statements and notes.

General information about operations and activities

The Company is listed on the NSX. During the year the Company's Investment Manager continued to implement KGI's investments strategy by investing the Company's capital in global listed securities affected by thematic trends, while paying close attention to valuation and margin of safety. KGI made an additional investment in unlisted private company in the health space during the year.

We remain focussed on growing our shareholders' post-tax NTA per share in absolute terms. As at 30 June 2023 the NTA post tax valuation was $1.1304 per share. As of July 31, 2023 the post-tax NTA per share (Unaudited) was $1.1771.

Principal activities

KGI's principal activities during the year were investing in global listed securities, predominantly equities. Additionally, KGI has made a significant investment in private equity of a haircare company. There were no significant changes in the nature of those activities during the year.

Financial Position

For the year ended 30 June 2023, the Company recorded a post-tax loss of $466,660 and its net tangible assets (**NTA**) were $4,333,020 after tax, versus $4,451,692 of the previous year. The Company's financial position is set out in its Financial Statements at pages 16 to 33.

Summary of Performance

A summary of the performance since the beginning of the company is shown below.

Years ending 30th of June ($)	**2023**	**2022**	**2021**	**2020**	**2019**
Income from deposits	(27,549)	(60,579)	(42,034)	(17,276)	(25,476)
Income from dividends	(696)	(122)	30,590	20,612	22,271
Net changes to fair value of investments	(1,107,886)	(476,073)	1,585,854	262,454	(87,890)
Net profit/ (loss) after tax	(466,660)	98,821	$924,443	115,832	(139,826)
Earnings per Share (cents per share)	(12.2626)	3.1217	29.8634	3.687	(4.419)
Total Assets	4,834,657	5,727,996	5,572,453	3,935,448	3,849,204
Total Liabilities	501,638	1,276,304	1,698,542	985,980	958,353
Shareholders' Funds	4,333,020	4,451,692	3,873,911	2,949,468	2,890,851
Return on Shareholders' Funds	(10.62%)	2.37%	31.34%	3.97%	(4.72%)
Net Asset backing per share (cents)	1.1304	1.2708	1.2514	95.28	91.36
Shares on issue	3,833,067	3,503,067	3,095,568	3,095,568	3,164,215

After Balance Date Events

There were no significant after balance sheet events.

Environmental issues

The Company's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Omissions

The Company has not omitted from this report any prejudicial material that would otherwise be required to be included by law.

Significant Changes

The Directors are not aware of any other events that would have significant impact on the operations of the Company.

Future developments, prospects and business strategies

The Company will continue to pursue its investment objectives for the long-term benefit of its shareholders. This will involve the continued review of its investment strategy, and may, from time-to-time, require some changes to that strategy. To achieve our investment objectives, we intend to invest the majority of the Company's capital (at cost) in global listed shares and to diversify risk by investing in other investments, including unlisted private companies.

We do not believe it is possible or appropriate to make a prediction on the future course of markets or the performance of our investments. Accordingly, we do not provide a forecast of the likely results of our activities.

Additional general information

The Company has reported and released to the NSX an unaudited NTA valuation per share each month of the financial year ending 30 June 2023. Each of those monthly valuations is available at the following website: http://www.nsxa.com.au/summary/KGI.

In accordance with Listing Rule 6.9, the Directors further report that, as set out above, the principal activities of the Company are investing in global securities. The Company has no subsidiary entities and does not form part of a group of companies.

The annual accounts for the period do not differ materially from any published forecast made by the Company, of which there was none. None of the Directors are parties to service contracts between them and the Company.

Insofar as contracts of significance are concerned, those described in the Company's Prospectus dated 21 January 2015 remain in place, namely the Investment Management Agreement and the Deeds of Access, Indemnity and Insurance. These are contracts of significance in which the Company's Directors are or were materially interested either directly or indirectly and which subsisted during or at the end of the financial year.

The director fees for the year ending June 30, 2023 was $6,000. There are no arrangements under which a shareholder has waived or agreed to waive any dividends. Below is a list of KGI's top 10 shareholders and the number of KGI fully paid ordinary shares that they hold.

Shareholder	**Shareholding**	
	Number of shares	**% Holding**
CLG Investments Pty Ltd	473,175	12.34%
T2 Growth Partners Limited	417,672	10.90%
Tom Hale Pty Ltd	380,000	9.91%
Mr Andre Edmunds & Mrs Jenny Edmunds	294,313	7.68%
Mr Simon Charles Winfield	203,128	5.30%
HSBC Custody Nominees (Australia) Limited	200,000	5.22%
Kaizen Capital Pty Ltd	174,344	4.55%
Mel Blackford	174,000	4.54%
MDH Capital Pty Ltd	150,000	3.91%
Mr Devdutt Lama	100,000	2.61%

Shareholder distribution is as follows:

Shareholder Distribution			
Holding	**Number of shareholders**	**Number of shares**	**% Holding**
1-1,000	3	1,900	0.05
1,001-5,000	28	135,997	3.55
5,001-10,000	10	94,000	2.45
10,001-100,000	23	972,849	25.38
100,001-9,999,999,999	11	2,628,508	68.57
Total	75	3,833,254*	100.00%

*The share registry is yet to be updated for 187 shares bought back.

Dividends

KGI declared and paid its maiden fully franked dividend at the rate of 6.5 cents per share in April 2023.

Share award scheme approved at 2022 AGM

KGI's shareholders approved a performance based share award scheme to its investment manager during 2022 AGM. There are two ways for Kaizen Capital Pty Ltd (KC), as the manager, to be awarded new shares. Either the 'First award' is triggered OR the 'Second Award' is triggered.

The term that this incentive package would be active is 10 years to the 30 November 2032. The award would be capped at $12 per share or $0.60 EBITDA per share. The Board, in its opinion, believes that being awarded up to a maximum 12% of the shares of KGI after delivering a 12X return (from $1 IPO price) to its shareholders would align all parties. Or, at a potential $0.60 gross dividend per share (on a $1 investment at IPO), equating to a 60% return per year if the share price remained at $1, would also align all stakeholders.

First Award: For every $1 per share the price increases an award is triggered corresponding to a percentage of the company. First, 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.

In the year to June 2023 the investment company achieved the $0.25 per share threshold and therefore triggered the award to issue 5% new shares to Kaizen Capital Pty Ltd. These shares will be issued post 30 June.

Increased transparency and disclosure to enable investors to value KGI

Most LICs have an NTA (net tangible asset) value that is calculated based on the holding value of shares. Since many are listed securities the value is quite easy to determine. The profit and loss is, in our opinion, a little messy in terms of showing earnings as gains/losses can be realised in any one year and are unlikely to exactly repeat.

As KGI acquires private businesses it faces/faced a dilemma. On the one hand, the price paid for the acquisition should be as low as possible (this is logical) – and negotiating attractive entry prices is the core skill. However, this value then remains on the balance sheet and could be undervalued. The board could 'write up' the value of the investment, however, this is subjective and would trigger performance fees (on the increase). This is not something the board would want to do. The unintended consequence of this is to potentially have holdings that are very cheap on the balance sheet and NTA.

To remedy this, the board considered that showing the EBITDA (proxy for cash flow) per share of the investment companies could be a way to help investors to value the company and add transparency. The manager would be rewarded for growing the cash flows/share of the investment companies without having to subjectively change the holding value on the balance sheet. The cash flows are clear.

The investor could then put their own multiple of EBITDA onto the cashflows to determine a valuation, then add on the listed company value/share to arrive at a total value.

As we move forward and look to acquire other businesses we want to be focused on buying at the lowest possible multiple (negotiating) and generating the most cash flow/EBITDA per share from the investment company/ies over time. The valuation on the balance sheet (as expressed though NTA) may understate the real value of the business. The award at the AGM was created to address this and keep the incentive for the manager to grow these cashflows per share.

Consider too, if we raised capital in the future for another acquisition (for example) then the NTA might understate the value of the historic holding and we'd dilute great historic asset purchases as investors couldn't see the true underlying value. This isn't a silver bullet but by breaking out the cashflows, investors are able to make their own minds up on what they think the value could be.

Indemnities

During the year the Company provided an indemnity to directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of KGI, other than conduct involving a wilful breach of duty in relation to the Company. The content of the insurance policy prohibits disclosure of the nature of the loss or liability indemnified, the indemnity limit or the amount of premium paid. The Company did not provide an indemnity to the auditors.

Directors, Company Secretary and Auditor

The following persons have been a director of the Company at all times during, or since, the end of the year:

- Connor Grindlay – appointed 26 September 2014
- Simon Winfield – appointed 26 September 2014 and re-elected at AGM on 29 November 2019.
- Andre Edmunds – appointed 4 November 2014 and re-elected at AGM on 22 November 2018.

KGI's company secretary at any time during the year was Lisa Grindlay.

For the relevant period, Samir Tirodkar was a director of Stantons International Audit and Consulting Pty Ltd (Stantons), that is the auditor of KGI, and was such a director at a time when Stantons undertook an audit of KGI.

Directors

Connor Grindlay, Managing Director and Chief Investment Officer

Qualifications	Masters of Civil Engineering with European Studies, Credit Suisse training program, CFA UK Certificate in Investment Management, and Investment Management and Research (IIMR) Associate examinations.
Experience	Connor Grindlay has been the Managing Director and Chief Investment Officer of KGI since 26 September 2014. He is also the Managing Director and founder of Kaizen Capital Pty Ltd (the Manager or Investment Manager for KGI). Prior to listing KGI, Connor worked with two Australian-based fund managers – 8 Investment Partners and Caledonia Investment (2010 – 2014); Millennium Capital Partners, a New York billion-dollar fund (2008); Castlegrove Capital, a London-based global multi-strategy fund (2006 - 2008); and Trafelet, a multi-billion dollar US-based hedge fund (2004 - 2006). Connor also worked as an analyst at WestLB Panmure in London (2002) and cofounded hedgefundcity.com, an online media portal for the global hedge fund industry (2000).

Special responsibilities	As Managing Director of KGI his special responsibilities include making a declaration relating to statutory accounts under s 295A of the Corporations Act 2001. He is a member of the KGI Audit Committee and holds no other directorship in any other listed entities. Connor Grindlay holds 768,607 shares (Directly and through beneficial interests)

Simon Winfield, Chairman

Qualifications	MBA, and Graduate Certificate in Carbon Management.
Experience	Simon Winfield is KGI's Chairman and has been a director since 26 September 2014. He has also been a director of the Manager since October 2009. Prior to joining Kaizen Simon was a director of a NSW-based agricultural technology company; Managing Director / Head of European Equity Sales at Bank of America (2001 – 2003); and in equities research sales at Credit Suisse (1990 – 2001). Simon also worked in UK equities for Grieveson Grant, Grant W Greenwell and UBS until 1990. He started his career in finance in 1979 at the London Stock Exchange.
Special responsibilities	As Chairman of KGI, Simon's special responsibilities include reporting to members and conducting shareholder meetings, acting as Trading Officer and as a member of the Audit Committee. He holds no other directorships in other listed entities. Simon Winfield holds 301,628 shares (Directly and through beneficial interests).

Andre Edmunds, Non-Executive Director

Qualifications	Bachelor of Aeronautical Engineering (Honours), Member of the British Computer Society, and Chartered IT Professional in Program and Project Management.
Experience	Andre Edmunds is KGI's sole Non-Executive Director, and has been a director since 4 November 2014. He has been a director of a consultancy and executive advisory service company since March 2007; was a Member of the Australian Institute of Project Management (2006-2011); and performed the role of BCS Assessor for Membership Status (2009 and 2010). Andre has experience in software development and pre-sales, project management, transformation, turnaround/rescue and mobilization programs. He has consulted to executive boards of small, medium and large companies, and government organisations. He has worked with AMP General Insurance, CSC Australia, Deloitte UK, Barclays, Toyota, Volkswagen, Cazenove Capital Management, Orange Sweden, Hutchison 3G, VirginMedia, Optus, Telstra, Downer, Foxtel, News Ltd, and Transport for NSW.

Special responsibilities	As a KGI director, Andre's special responsibilities include membership of the Board of Directors and Audit Committee. He holds no other directorships in any other listed entities. Andre Edmunds holds 304,313 shares (Directly and through beneficial interests).

Meetings of the Board of Directors

During the financial year, the following board meetings were held:

	Eligible to attend	Attended
Connor Grindlay	7	7
Simon Winfield	7	7
Andre Edmunds	7	7

Board members have been in regular contact during the period and discussed investment strategy, the operating business and have considered other acquisitions. These have not been recorded as formal board meetings but it is important to understand that there is considerably more board level activity than meetings.

Meetings of the Audit and Risk Committee

The committee met once during the period with all three directors eligible to attend, and all three attended.

Company Secretary

Lisa Grindlay BA, LLB (Hons) is the Company Secretary and was at all times during the period. Lisa has over 16 years of legal experience, gained as both a solicitor and barrister. She has been company secretary for KGI since September 2014, and for Kaizen Capital since October 2009.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is committed to maintaining high standards of safety, performance and corporate governance for the Company and any entities it may control. To foster good corporate governance, the Company has developed a set of core values and behaviours that underpins its activities and ensures transparency, fair dealing and protection of the interests of all stakeholders – including shareholders, personnel, suppliers and communities – with which it operates.

Below is a summary of the Company's full Corporate Governance Statement, which is available on the Company website.

Board of Directors

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board takes advice from the Audit Committee on matters within its Charter, however the Board retains final decision-making authority on those matters.

The Board will consider nominations for appointment or election of Directors that may arise from time to time, having regard to the skills and experience required by the and procedures outlined in the Company's Constitution and the Corporations Act.

The Company's constitution requires one third of the Directors to retire at each Annual General Meeting. The Director(s) who retire under this rule are those who have held office the longest since last being elected or appointed. This rule does not apply to the Managing Director.

The Chairman leads the Board and has responsibility for ensuring that the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board.

Executive and Non-Executive Directors

The Company currently has two Executive Directors - the Managing Director and Chairman. The Board believes that the benefits to shareholders of a separate, independent Non-Executive Chairman, CEO and CFO does not outweigh the disadvantage of the real or perceived divergence of command and the additional remuneration and administrative expenses involved. However, the Board will periodically review whether it would be more appropriate to appoint an independent Non-Executive Chairman, CEO and CFO.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. The Board currently has one Non-Executive Director. The Board as a whole is satisfied that the Non-Executive Director brings an independent discretion to his deliberations, unaffected by the executive status of the Chairman.

Meetings of the Board

The Board holds regular meetings, and holds additional meetings whenever necessary to deal with specific matters requiring attention. Directors' circulatory resolutions are also utilised where appropriate either in place of or in addition to formal Board meetings. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

Conflicts of Interest

To ensure that Directors are at all times acting in the interests of the Company, Directors must disclose to the Board actual or potential conflicts between the interests of the Director and those of the Company; and if requested by the Board, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest, then the Director must absent himself from the room when Board discussion and/or voting occurs on matters to which the conflict relates (unless the law allows otherwise).

Related-Party Transactions

Related-party transactions include any financial transaction between a Director and the Company as defined in

the Corporations Act or the NSX Listing Rules. Unless there is an exemption from the requirement to obtain shareholders' approval for the related-party transaction, the Board may not approve the transaction. The Company will also disclose related-party transactions in its Annual Report as required under the Corporations Act and relevant Accounting Standards.

Share Dealings and Disclosures

The Company has adopted a Share Trading Policy, which applies to Directors and employees of the Company and contractors who have agreed to be bound by the policy. The policy is designed to explain the type of conduct in relation to dealings in the Company's securities that is prohibited under the relevant law and by the Company, including insider trading; and establish a procedure for buying, selling or otherwise dealing in the Company's securities.

Independent Professional Advice

Subject to prior approval by the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as a Director.

Audit Committee

The Audit Committee has a formal charter to prescribe its objectives, duties and responsibilities, access and authority, composition, membership requirements of the Committee and other administrative matters. It has an audit oversight function, with key responsibilities being to review and approve the audited annual and auditor reviewed half-yearly financial reports, to review reports from management and matters related to the external auditor and a risk management function. The Audit Committee currently comprises all members of the Board.

CEO and CFO Declarations

The Company has a Managing Director and the Board has determined that (pursuant to section 295A(3) Corporations Act) the Managing Director is the appropriate person to make the CEO/CFO equivalent declaration in relation to the Company's financials.

External Auditor

The Company's external auditor is selected for its professional competence, reputation and the provision of value for professional fees. The external Auditor attends the Company's AGMs (in person or by teleconference) and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

Continuous Disclosure to NSX

In accordance with the law, the Company continuously notifies the NSX of information which a reasonable person would expect to have a material effect on the price or value of the Company's securities. A reasonable person is taken to expect information to have a material effect on the price or value of the Company's securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Market and Shareholder Communications

Shareholders own the Company. Increasing shareholder value is the Company's key mission. Shareholders require an understanding of the Company's operations and performance to enable them to be aware of how that mission is being fulfilled. The Directors are the shareholders' representatives. In order to properly perform their role, the Directors must be able to ascertain the shareholders' views on matters affecting the Company.

The Board therefore considers it paramount to ensure that shareholders are informed of all major developments affecting the Company and have the opportunity to communicate their views on the Company to the Board. Information is communicated to shareholders and the market through various means including the Company's website and social media presence, emails and notifications, and the NSX website.

Risk Committee

As a consequence of the size and composition of the Company's Board, the Board does not have a stand-alone Risk Committee. However, the Company's Audit Committee has an important risk management and compliance function, with key responsibilities being to ensure that an appropriate risk management framework is in place and is operating properly and reviewing and monitoring legal and policy compliance systems and issues.

Internal Audit

The Company does not have an independent internal audit function. Due to the nature and size of the Company's operations, the expense of an independent internal auditor is not considered to be appropriate.

Remuneration Committee

Due to the nature and size of the Company, the Board does not currently have a Remuneration Committee with a remuneration and nomination function.

Equity-Based Remuneration Scheme

KGI approved a performance based share issue scheme as a reward to its investment manager. Based on the achievement of EBITDA targets during the year ("Second Award"), the investment manager has been eligible to a share based payment equal to 5% of the shares outstanding as of June 30, 2023. New shares have not yet been issued and the relevant adjustments have been made in KGI's financial statements.

REMUNERATION REPORT (AUDITED)

The board's policy for determining, or in relation to, the nature and amount of remuneration of the key management personnel for the Company was set out in the Company's Prospectus dated 21 January 2015 (Section 6.10), and remained unchanged during the year. Such policy states that the KGI directors will be entitled to receive a maximum total remuneration (including superannuation) of up to $75,000 per annum to be divided amongst them in such proportion as they agree. The company has accrued $6,000 as director and secretary fees for the year ending June 30, 2023.

The board's remuneration policy is designed to keep the Company's operating costs down, and there is no relationship between the policy, and each member of the key management personnel for the Company and the Company's performance.

None of KGI's key management personnel receive remuneration, which consists of KGI securities in satisfaction of performance of their duties. Nor is their remuneration related to performance.

The Company's last annual general meeting (AGM) was held on 30 November 2022 and there was no discussion or any questions asked about the remuneration report considered at that AGM. The resolution in relation to the remuneration report for the financial year ending 2023 was passed on a show of hands with the requisite number of votes.

Details of remuneration for year ended 30 June 2023

The Company has three directors and one company secretary. Details of the remuneration for each officer of the Company was as follows:

2023	**Salary & fees $**	**Superannuation contributions$**	**Other $**	**Total $**
Connor Grindlay	Nil	Nil	Nil	Nil
Simon Winfield	2,000	Nil	Nil	2,000
Andre Edmunds	2,000	Nil	Nil	2,000
Lisa Grindlay	2,000	Nil	Nil	2,000
Total	6,000	$ Nil	$ Nil	6,000

2022	**Salary & fees $**	**Superannuation contributions$**	**Other $**	**Total $**
Connor Grindlay	Nil	Nil	Nil	Nil
Simon Winfield	2,000	Nil	Nil	2,000
Andre Edmunds	2,000	Nil	Nil	2,000
Lisa Grindlay	2,000	Nil	Nil	2,000
Total	6,000	$ Nil	$ Nil	6,000

Securities holdings – ordinary shares

Number of shares personally held by directors and company secretary:

	Balance 30/06/22	Received as remuneration	Options exercised	Other changes	Balance 30/06/23
Connor Grindlay	76,088	Nil	Nil	20,000	96,088
Simon Winfield	175,856	Nil	Nil	27,272	203,128
Andre Edmunds	5,000	Nil	Nil	Nil	5,000
Lisa Grindlay	25,000	Nil	Nil	Nil	25,000
Total	281,944				329,216

Number of shares in which directors have a joint or beneficial interest;

	Balance 30/06/22	Received as remuneration	Options exercised	Other changes	Balance 30/06/23
Connor Grindlay	461,175	Nil	Nil	186,344	594,263
Simon Winfield	98,500	Nil	Nil	Nil	98,500
Andre Edmunds	244,313	Nil	Nil	50,000	294,313
Total	803,988				987,076

Securities holdings - options

The combined number of options held personally, jointly and/or beneficially by the directors and company secretary. There were no options held by the directors and company secretary in the financial year to 30 June 2023. No options were granted to the Directors as part of their remuneration. No shares or interests have been issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests. No shares or interests in shares were issued as a result of exercise of options.

Auditor

The auditor’s independence declaration for the year ended 30 June 2023 has been received and may be found on page 34 of this report.

Non-audit services and auditor independence

No amounts were paid or payable to the auditor for non-audit services provided, during the year, by the auditor (or by another person or firm on the auditor’s behalf).

DIRECTORS’ DECLARATION

The above Directors’ Report dated 13 September 2023 has been made in accordance with a resolution of the board of directors made on 13 September 2023 and is signed by:

CONNOR GRINDLAY
Managing Director
13 September 2023

SIMON WINFIELD
Chairman
13 September 2023

FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR YEAR ENDED 30 JUNE 2023

	Note	2023	2022
Income/(loss) from deposits	4	(27,549)	(60,579)
Income from dividends	4	(696)	(122)
Net changes to net fair value of investments	5	(1,107,886)	(476,073)
Total income/(loss) from ordinary activities		**(1,136,131)**	**(536,774)**
Other Income		2,078	186,534
Total income/(loss) for the period		**(1,134,053)**	**(350,240)**
Administration expenses	6	(367,491)	(418,497)
Other Expenses		-	(62,981)
Operating profit/(loss) before income tax		**(1,501,543)**	**(831,718)**
Gain on sale of business	7	-	860,304
Share of loss of associate		651,811	(1,505)
Profit/(loss) before income tax		**(849,732)**	**27,081**
Income tax charge relating to ordinary activities	8	383,073	71,740
Profit/(loss) attributable to members of the company		**(466,660)**	**98,821**
Other comprehensive income for the financial year			
- Items that may be reclassified to profit and loss		-	-
- Items that will not be reclassified to profit and loss		-	-
- **Total comprehensive income/(loss) for the financial year**		**(466,660)**	**98,821**
Overall operations			
Basic earnings per share (cents per share)	15	(12.26)	3.12
Diluted earnings per share (cents per share)	15	(12.26)	3.12

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

ASSETS	Note	2023 $	2022 $
Cash and cash equivalents	9	(70,584)	1,005,342
Trade and other receivables	10	19,088	27,765
Financial assets	12	1,558,366	2,335,576
Total Current Assets		**1,506,870**	**3,368,683**
Investment in Associates	11	3,004,577	2,298,495
Property, Plant & Equipment		-	-
Deferred tax assets	13	323,210	60,818
Total Non-Current Assets		3,327,787	2,359,313
TOTAL ASSETS		**4,834,657**	**5,727,996**
LIABILITIES			
Trade and other payables	14	25,716	235,897
Financial liabilities	12	325,921	769,726
Total Current Liabilities		**351,638**	**1,005,623**
Deferred tax liabilities	13	150,000	270,681
Total Non-Current Liabilities		**150,000**	**270,681**
TOTAL LIABILITIES		**501,638**	**1,276,304**
NET ASSETS		**4,333,020**	**4,451,692**
EQUITY			
Issued capital	16	3,888,297	3,508,797
Accumulated profits		233,904	942,895
Share based payments reserve	17	210,818	-
TOTAL EQUITY		**4,333,020**	**4,451,692**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 30 JUNE 2023

	Issued capital	Accumulated profits	Share based payment reserve	Total
2023	**$**	**$**		**$**
Balance at 1.07.2022	3,508,797	942,895	-	4,451,692
Total comprehensive profit/(loss) for the year		(466,660)		(466,660)
New share issues (net of costs)	379,500			379,500
Performance based share issue			210,818	210,818
Dividends Paid		(242,331)		(242,331)
Balance at 30.06.2023	**3,888,297**	**233,904**	**210,818**	**4,333,020**

2022	**$**	**$**		**$**
Balance at 1.07.2021	3,029,837	844,074	-	3,873,911
Issued (net of costs)	578,527			578,527
Share buyback (net of costs)	(99,567)			(99,567)
Total comprehensive profit for the year		98,821		98,821
Balance at 30.06.2022	**3,508,797**	**942,895**	**-**	**4,451,692**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR YEAR ENDED 30 JUNE 2023

	Note	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest (paid)/received		(28,013)	(61,850)
Dividends Received		304,778	4,984
Payments to suppliers		(358,320)	(285,108)
Net cash (used in) operating activities	20	**(81,555)**	**(341,973)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases to acquire financial assets		(1,211,721)	(6,242,887)
Sales of Financial Assets		454,257	9,506,715
Investment in new Haircare business		(357,600)	(2,300,035)
Net cash provided by/(used in) investing activities		**(1,115,064)**	**963,793**
CASH FLOWS FROM FINANCING ACTIVITIES			
Share buyback	14	-	(55,620)
New equity issue		379,706	578,527
Dividends Paid		(242,331)	
Net cash provided/(used in) by financing activities		**137,375**	**522,907**
Net increase /(decrease) in cash held		**(1,059,244)**	**1,144,727**
Cash at beginning of year		1,005,342	(161,964)
Effect of Exchange Rate Changes		(16,683)	22,579
Cash at end of year	8	**(70,584)**	**1,005,342**

The accompanying notes form part of these financial statements.

1. INCORPORATION AND ACTIVITIES

Kaizen Global Investments Limited (**the Company**) is an NSX Listed Investment Company (**LIC**) incorporated under the *Corporations Act 2001*(**the Corporations Law**) on 26 September 2014. The principal activity of the Company is to generate long-term capital appreciation while preserving capital. The Company invests substantially in global listed equities. Kaizen Capital Pty Limited is the investment manager of the Company (**the Investment Manager**). The financial statements presented are for the year ended 30 June 2023. The comparatives stated are for the year to 30 June 2022.

2. BASIS OF PREPARATION

The Financial Statements are general purpose financial statements which have been prepared in accordance with the Corporations Law and Accounting Standards and Interpretations, and other laws that apply to Accounting Standards including 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 year ended 30 June 2023 were approved by the Directors on 13 September 2023.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The company has reviewed the new accounting standards and has assessed them to have no impact.

(a) Financial instruments

Financial instruments are classified as financial assets and financial liabilities at FVTPL in accordance with IAS 39" Financial Instruments: Recognition and Measurement". The category of financial assets and financial liabilities at fair value through profit or loss is sub-divided into:

- Financial instruments held-for-trading: Financial assets held-for-trading include equity securities and derivatives. These assets are acquired principally for the purpose of generating a profit from active trading and short-term fluctuation in price. All derivative instruments are classified as held-for-trading. Derivative financial instruments entered into by the Company do not meet the hedge accounting criteria. Consequently, hedge accounting is not applied by the Company.

- Financial instruments designated as at FVTPL upon initial recognition: These include equity securities and debt instruments that are not held-for-trading. These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company. The financial information about these financial instruments is provided internally on that basis to the Investment Manager and to the Board of Directors.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Loans and receivables in the financial statements comprise of balances with banks.

Recognition and Measurement

Financial assets and financial liabilities are initially recognised at cost, being the fair value of the consideration given. All transaction costs for such instruments are recognised in the statement of profit and loss and other comprehensive income. After initial recognition, these investments are remeasured at fair value with both realised and unrealised gains and losses recorded in the statement of profit and loss and other comprehensive income in "income from financial assets and financial liabilities at FVTPL".

Loans and receivables that are not quoted in an active market are stated at original invoice amount less an allowance for any impaired amounts. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the carrying amount of the financial asset or liability.

Trade Date

All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e. the date the Company commits to purchase or sell the asset.

Realised gains and losses on investments are calculated by reference to the net proceeds received on disposal and the average cost attributable to those investments. Unrealised gains and losses are calculated by reference to the fair value and average cost attributable to those investments.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

i. the rights to receive cash flows from the asset have expired;

ii. the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay the cash flows received in full without material delay to a third party under a 'pass through' arrangement;

iii. the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

    When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

    A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

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 of financial assets and liabilities at FVTPL is determined by reference to quoted market bid prices for financial assets and ask prices for financial liabilities at the close of business on the statement of financial position date.

Impairment

The Company assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the toss is recognised in profit or loss as a credit loss expense.

(a) Cash and cash equivalents

For the purposes of statement of cash flows, cash and cash equivalents comprise of balances with banks, which have original maturities of less than ninety days. Cash and cash equivalents are short-term highly liquid assets that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(b) Accrued expenses

Liabilities are recognised for amounts to be paid in the future for services received, whether billed or not. Accrued expenses are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method.

(c) Functional and presentation currency

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into $AUD at the rate of exchange prevailing at the statement of financial position date. Any gains or losses on translation of monetary assets and liabilities are taken to Recognition and Measurement.

Translation gains or losses on investments at FVTPL are included in the statement of comprehensive income under net charges on financial assets and financial liabilities at FVTPL.

(d) Interest income and expense

Interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

(e) Dividend income

Dividend is recognised when the right to receive the dividend is established.

(f) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are offset in the statement of profit and loss and other comprehensive income when it reflects the substance of the transaction or other event.

(g) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Unless included in the effective interest calculation, fees and commission expenses are recognised on an accrual basis. Legal and audit fees are included within 'general and administrative expenses'.

(h) Net assets attributable to holders of Participating Shares

AASB 9 *"Financial Instruments: Presentation" requires entities that issue financial instruments to classify such instruments as liabilities or equity in accord*ance with the substance of the contractual arrangement and the definitions contained within AASB 32 of a financial liability and equity instrument.

The issued by the Company provide the participating shareholders with the right to redeem their shares for cash equal to their proportionate share of the net asset value of the Company. Also, the private placement memorandum ("PPM") allows the Company to issue multiple classes of shares with varying terms on fees and redemption. As such, within the context of AASB 9, the Participating Shares issued by the Company are classified as financial liabilities.

(i) Fair value measurement

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.

Where the Company has financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, it has elected to use the measurement exception provided in AASB 13 to measure the fair value of its net risk exposure by applying the bid or ask price to the net open position as appropriate.

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.

(j) Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Functional currency

The primary objective of the Company is to generate returns in Australian Dollars ("AUD"), The operation of the Company is managed on a day-to-day basis in AUD. The Company's performance is evaluated in AUD. Therefore, the management considers the AUD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Estimates and assumptions

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below. The Company based its estimates and assumptions on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

The Company's investment in contract for difference requires inputs to the models in order to estimate the fair value of these financial instruments. The valuations of these instruments are provided by the broker considering liquidity and other inputs such as credit risk, correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position. The Directors and management believe that the estimates utilised in arriving at the fair value of these financial instruments are reasonable and prudent; however, actual results could differ from these estimates.

	2023	2022
	$	**$**
NOTE 4: OPERATING PROFIT BEFORE INCOME TAX EXPENSE		
Income from deposits		
Interest expenses	(27,549)	(60,579)
Total income from deposits	**(27,549)**	**(60,579)**
Income from Dividends		
Dividends income	(696)	(122)
Total Income from Dividends	**(696)**	**(122)**
Total revenue	**(28,245)**	**(60,701)**
Interest expenses includes the borrowing cost on short sales		
NOTE 5: NET CHANGES TO NET FAIR VALUE OF INVESTMENTS		
Realised gain/(loss)	(38,321)	(29,158)
Unrealised gain/(loss)	(1,069,564)	(446,555)
	(1,107,886)	**(476,073)**
NOTE 6: ADMINISTRATION EXPENSES		**2022**
Director fees	6,000	6,000
Accountancy fees	-	4,890
Annual Meeting Expense	750	750
Auditor's remuneration	14,076	14,076
License fee	2,500	2,500
Management fee	74,463	62,233
Performance Fee	-	146,483
Listing fees	12,400	13,611
Tax Preparation Fee Expense	2,400	2,400
Insurance	10,092	10,092
Compliance	2,500	2,500
Register Fee	5,860	5,885
Fixed assets depreciation	-	1,920
Trading costs and other expenses	25,631	10,600
Expenses related to private business	-	134,556

Share based payments	210,818	-
Total administration expenses	**367,491**	**418,496**

NOTE 7:

Kaizen Global Investments Limited (KGI) obtained the control of a privately held business on October 11, 2021. The financial statements for the year ending June 30, 2022 has been prepared on a consolidated basis. KGI sold 100% of its stake before the end of the financial year and the resulting capital gain of $860,304 has been identified in the Statement of Comprehensive Income.

NOTE 8: INCOME TAX EXPENSE

	2023	**2022**
The components of tax expense comprise	**$**	**$**
Increase in current tax liabilities – other		
Decrease in deferred tax liabilities	(120,681)	(95,591)
(Decrease)/Increase in deferred tax assets - other	(262,392)	23,851
	(383,073)	**(71,740)**

NOTE 9: CASH AND CASH EQUIVALENTS	**2023 $**	**2022 $**
Cash at bank	(70,584)	1,005,342
	(70,584)	**1,005,342**

All cash investments are invested with Authorised Deposit Taking Institutions. Only part of the deposits is guaranteed by the Commonwealth of Australia. The credit risk exposure of the company in relation to cash and cash equivalents is the carrying amount and any unpaid accrued interest.

NOTE 10: TRADE AND OTHER RECEIVABLES	**2023 $**	**2022 $**
Dividends receivable	113	-
Prepaid expenses	12,993	3,024
Interest receivable - bonds	-	-
Treasury Shares	-	-
Due from Brokers	-	-
Other receivables	-	-
Goods and services tax refund	5,983	24,741
	19,088	**27,765**

Receivables are non-interest bearing and unsecured. The credit risk exposure of the company in relation to receivables is the carrying amount. At the reporting date none of the trade and other receivables are past due.

NOTE 11: INVESTMENT IN ASSOCIATE

An investment was made by Kaizen Global Investments Limited (KGI) on the 20th June 2022 where it acquired 40% of a private hair care business.

Investment in associate as of June 30, 2022	$2,298,495
Additional investment during the financial year	$357,600
Profit share recognized	$651,811
Dividends paid	$(303,328)
Investment in associate as of June 30, 2023	$3,004,578

The summarized statement of financial position of the associate as of June 30, 2023 is as follows;

Total Assets	$9,611,684
Total Liabilities	$1,654,144
Total Net Assets	$7,957,540

<u>Total Equity</u>	
Share Capital	$6,644,000
Retained Earnings	$1,313,540
	$7,957,540

NOTE 12: FINANCIAL ASSETS	2023	2022
Financial assets held at fair value through the statement of profit or loss	1,558,366	2,335,576

Financial Assets are Exchange-traded securities (equities and options) and investments in non-listed securities (equities and bonds). The credit risk exposure of the company in relation to Financial Assets is the carrying amount.

Financial liabilities held at fair value through the statement of profit or loss		
Measured at fair value through profit or loss	325,921	769,726

NOTE 13: DEFERRED TAX ASSET AND LIABILITIES	2023	2022
The deferred tax asset is made up of the following estimated tax benefits		
- Tax losses	320,428	0
- Temporary differences	2,782	60,818
	323,210	**60,818**
Deferred tax liabilities attributable to:		
- Temporary differences	150,000	270,681
	150,000	**270,681**

	2023	2022
NOTE 14: TRADE AND OTHER PAYABLES		
Interest	2,792	3,562
Accrued Dividends – Short	657	947
Management fee payable	6,048	40,193
Director & Administration fees payable	6,000	6,000
Tax Preparation fees payable	-	2,400
Audit fee payable	5,390	9,844
Performance fees payable	-	167,883
Due to Broker		-
Other payables	4,829	5,068
	25,716	**235,897**

NOTE 15: EARNINGS PER SHARE	2023	2022
Weighted average number of ordinary shares used in the calculation of basic earnings per share	3,805,567	3,165,587
Weighted average number of options outstanding	-	-
Weighted average number of ordinary shares used in calculation of dilutive earnings per share	3,805,567	3,165,587
	$	**$**
Profit/(Loss)attributable to members of the company	(466,660)	98,821
	Cents	**Cents**
a. Basic earnings per share	(12.2626)	3.1217
b. Diluted earnings per share	(12.2626)	3.1217

NOTE 16: ISSUED CAPITAL

Shares				
Movements in issued capital of the company during the financial year were as follows:				
Date	**Details**	**Ordinary Shares**	**Price**	**Issued Capital**
2023		**No.**	**$**	**$**
01.07.22	Balance	3,503,067	-	3,508,797
	New issues	330,000	1.15	379,500
	Balance	**3,833,067**		**3,888,297**
30.06.23				
2022		**No.**	**$**	**$**
01.07.21	Balance	3,095,568		3,029,837
	New issues	503,067	1.15	578,527
	Share buyback	(95,568)	1.04	(99,567)
30.06.22	**Balance**	**3,503,067**	-	**3,508,797**

*The share buyback is ongoing.

All ordinary shares rank equally for all purposes of participation in profits or capital of the company. No Options have been exercised in the financial year. 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 17: Share based payments

KGI's shareholders approved a performance based share award scheme to its investment manager during 2022 AGM. There are two ways for Kaizen Capital Pty Ltd (KC), as the manager, to be awarded new shares. Either the 'First award' is triggered OR the 'Second Award' is triggered.

First Award: For every $1 per share the price increases an award is triggered corresponding to a percentage of the company. First, 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.

KGI has achieved EBITDA targets ("Second award") set as per the performance based share award scheme during the year. As per the assessment by board of directors, KGI has recognized an increase in the number of shares by 5% (191,653 shares) valued at $1.1 per share. KGI has not yet issued the new shares to the investment manager yet and the relevant value has been recognized under equity in a separate reserve account.

NOTE 18: AUDITOR'S REMUNERATION	**2023**	**2022**
Remuneration of the auditor of the company for:	**$**	**$**
- auditing and reviewing the financial reports	19,076	14,076
NOTE 19: SEGMENT REPORTING		
(a) 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.		
(b) 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.		
The Board considers the Company's net asset backing per share after tax to be a key measure of the Company's performance.		
	Cents	**Cents**
Net asset backing per share	113.04	127.08

NOTE: 20 CASH FLOW INFORMATION	**2023**	**2022**
a. Reconciliation of cash flow from operations with profit after income tax	**$**	$
(Loss)/Profit after income tax	(466,660)	98,821
Share based payments & Other Non-cash items	248,601	43,024
Changes to net fair value of investments	1,069,564	(384,231)
(Increase)/decrease in trade and other receivables	8,676	27,198
Increase/(decrease) in trade payables and accruals	(210,180)	(198,527)
(Increase)/decrease in taxes	(383,073)	71,740
Profit share of associates	(651,811)	-
Dividends from associate	303,328	-
Cash flow from operations	**(81,555)**	**(341,973)**

NOTE 21: RELATED PARTY TRANSACTIONS

Transactions with related parties.

Related Party	**Ordinary Shares**
Kaizen Capital Pty Ltd atf Kaizen Capital Recapitalization Fund I	281,381
Director: Connor Grindlay	96,088
CLG Investments Pty Ltd	473,175
Kaizen Capital Pty Ltd	174,344
Lisa Grindlay	25,000
Director: Simon Winfield	203,128
Jennifer Winfield	93,500
Georgia Winfield	5,000
Director: Andre Edmunds	5,000
Edmunds SMSF	294,313
Jenny Nissen	5,000

Kaizen Global Investments paid $114,057 in management fees and $134,712 of performance fees for year to June 30 2023 to Kaizen Capital Pty Ltd. Additionally, Kaizen Capital Pty Ltd became eligible to receive KGI shares amounting to 5% of number of shares currently outstanding as per KGI’s performance based share offer scheme. KGI had 3,833,067 shares outstanding and have accounted to offer 191,653 new shares (5%) to Kaizen Capital Pty Ltd. Kaizen Capital Pty Ltd is a related party of Connor Grindlay.

NOTE 22: CAPITAL AND RISK MANAGMENT

Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to market risk, credit risk and liquidity risk. The Board of Directors is responsible for overall management of these risks. The Investment Manager's objective is to assess, continuously measure and manage the risks of the portfolio, according to the investment objective; the investment policy and the overall risk profile of the Company. The nature and extent of the financial instruments outstanding at the statement of financial position date and the risk management policies employed by the Company are discussed below.

(a) Market risk

Market risk arises from fluctuations in equity prices, interest rates and foreign exchange rate.

(i) Price risk

All investments present a risk of loss of capital. The Investment Manager moderates this risk through a careful selection of securities and other financial instruments within specified limits. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Company's overall market positions are monitored on a regular basis by the Company's Investment Manager.

The Company’s financial assets and financial liabilities at FVTPL are susceptible to market price risk arising from uncertainties about future prices of the instruments.

Price risk sensitivity

The Manager’s best estimate of the impact on operating profit and shareholders’ equity due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the following table. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material. An equivalent decrease in each of the indices shown below would have resulted in an equivalent, but opposite, impact.

Financial assets at FVTPL	% Change in market price	Impact on operating profits/Shareholders equity AUD	Impact in % on operating profits/Shareholders equity
Market indices			
S&P/ASX 200	5	25,880.80	2.01%
FTSE 100 Index	5	5,357.97	0.42%
Hang Seng Index	5	19,333.69	1.50%
S&P 500	5	8,927.28	0.69%
Euro	5	(3,637.06)	-0.28%
Total change if all indices moved	5%	**55,862.68**	**4.34%**

(ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of the financial instruments. The Company is exposed to interest rate risk only on its balances with banks.

The sensitivity of the Company's profit or loss for the year and the net assets attributable to holders of Participating Shares to a reasonably possible increase in interest rates by 25 basis points, with all other variables held constant would have resulted in a decrease of interest income by AUD 176.
A decrease by 25 basis points would result in an equal but opposite effect on interest income to the figure shown above, on the basis that all other variables remain constant.

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument denominated in foreign currencies may be affected favourably or unfavourably by fluctuations in currency rates.

The table below indicates the currencies to which the Company had significant exposure at 30 June 2023. The analysis discloses the Investment Manager's best estimate of the effect of a reasonably possible movement of 5% weakening of the Australian dollar against the listed currencies held, with all other variables held constant on the operating profits/Shareholders equity.

Net currency holding	% change in Australian dollar	Impact on operating profits/AUD
EUR	5%	(3,240)
GBP	5%	4,854
HKD	5%	18,332
USD	5%	4,990

A strengthening of the Australian dollar by 5% would be expected to have an equal but opposite effect to the table.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company invests its assets in investments that are traded in an active market and can be readily disposed of. The Company's quoted securities are considered readily realisable. The Investment Manager monitors the Company's liquidity position on a daily basis. Credit and liquidity risks are measured prior to making an investment and during the holding period, and is reviewed whenever risk parameters might change or be impacted by internal or external events.

(i) Maturities of non-derivative financial liabilities

	Less than 1 MONTH	**1-6 MONTHS**	**6-12 MONTHS**	**Over 12 MONTHS**	**TOTAL**
30-Jun-22	**$**	**$**	**$**	**$**	**$**
Payables	-	-	25,716	-	25,716
Contractual cash flows (excluding derivatives)	-	-	25,716	-	25,716

(ii) Fair value Tier 1-3 asset profile

$	**Tier 1**	**Tier 2**	**Tier 3**	**Total**
Assets	1,405,185	153,180	3,004,577	4,562,943

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a financial obligation and cause the other party to incur a financial loss. The main concentration of credit risk, to which the Company is exposed, arises from cash and cash equivalents and amounts due from brokers balances. None of these assets are impaired or past their due date. The maximum exposure to credit risk at the reporting date is the carrying amount disclosed in the Statement of Financial position.

The Company has a policy to maintain balances with reputed banks and brokers to minimise the counterparty risk. Credit risk is measured by the Investment Manager prior to making an investment and during the holding period, and is reviewed whenever risk parameters might change or be impacted by internal or external events.

Substantially all of the assets of the Company are held by the custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed or limited. The Company monitors its risk by monitoring the credit quality and financial positions of the custodian the Company uses.

The Standard and Poor's credit rating on the company's counterparties as 30 June 2023 are:

- Interactive Brokers LLC: A- Outlook Stable: Standard and Poor's
- St. George bank Ltd (Westpac Group): A+ Outlook Stable: Fitch Ratings

(d) Capital Management

The Company's objective in managing capital and investment is to maximize compound after-tax returns for shareholders by investing in a predominantly global equity portfolio. The Company recognises that its capital position and market price will fluctuate with market conditions, and in order to adjust the capital structure it may vary the amount of dividends paid, issue new shares or options from time to time or buy back its own shares.

A breakdown of the Company's equity and changes in equity during the current year is provided in note 14: Issued capital.

NOTE 23: DIRECTORS AND EXECUTIVES' DISCLOSURE

In accordance with the *Corporations Amendments Regulation 2005* (No. 4) the Company has transferred the disclosure required by AASB 1046 from the notes to the Financial Statements to the Directors' Report under the heading 'Remuneration Report. The company accrued a total of $6,000 as Directors Fees for the year ended 30 June 2023. (30 June 2022 – $6,000)

NOTE 24: SUBSEQUENT EVENTS

There were no material subsequent events during the period.

NOTE 25: CONTROLLED ENTITIES

Entity	Acquired	Disposed	Country of Incorporation	Ownership interest 31 December 2022	Ownership interest 30 June 2023
Incrementum Health Pty Ltd	14 June 2017	-	Australia	100%	100%
ASC Mandurah Pty Ltd	23 June 2017	-	Australia	100%	100%

DIRECTORS' DECLARATION

In accordance with the resolution of directors of Kaizen Global Investments Limited, the directors of the Company declare that:

1. the financial statements and notes, as set out on pages 26-44, are in accordance with the *Corporations Act 2001* and:
    a. comply with Accounting Standards, which, as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
    b. give a true and fair view of the financial position as at 30 June 2023 and of the performance for the period ended on that date of the Company;
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.
3. the directors have been given the declarations required by s295A of the *Corporations Act 2001* that:
    a. the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;
    b. the financial statements and notes for the financial year comply with Accounting Standards; and
    c. the financial statements and notes for the financial year give a true and fair view; and

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

Signed on behalf of the directors by

CONNOR GRINDLAY
Director

13 September 2023

Stantons

PO Box 1908
West Perth WA 6872
Australia

Level 2, 40 Kings Park Road
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

13 September 2023

Board of Directors
Kaizen Global Investments Limited
Suite 115
377 Kent Street
Sydney NSW 2000

Dear Directors

RE: KAIZEN GLOBAL INVESTMENTS 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 Kaizen Global Investments Limited.

As Audit Director for the audit of the financial statements of Kaizen Global Investments Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Samir Tirodkar
Director

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Stantons

PO Box 1908
West Perth WA 6872
Australia

Level 2, 40 Kings Park Road,
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
KAIZEN GLOBAL INVESTMENTS LIMITED**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kaizen Global Investments Limited ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, consolidated the statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group 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 (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Stantons

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
Valuation of Financial Assets and Financial Liabilities Financial assets and financial liabilities represent 32% of total assets and 65% of total liabilities respectively. Given the afore mentioned relativity of balances with respect to the total assets and liabilities, the valuation of these financial assets and financial liabilities is considered to be a key audit matter. The valuation of financial investments held at fair value is based on a range of inputs. All of the inputs required can be obtained from readily available liquid market prices and rates.	Inter alia, our audit procedures included the following: i. We audited the entity's valuation of individual investment holdings. We corroborated the pricing inputs used in the valuation of both financial assets and financial liabilities to independent data sources; and ii. We have audited the change in values of both financial assets and financial liabilities to ensure that these changes are reflected correctly on the statement of financial performance.
Existence of Financial Assets and Financial Liabilities Financial assets and financial liabilities represent 32% of total assets (excluding cash and cash equivalents) and 65% of total liabilities respectively. Given the afore mentioned relativity of balances with respect to the total assets and liabilities, the existence of these financial assets and financial liabilities at balance date is considered to be a key audit matter.	Inter alia, our audit procedures included the following: i. Verification of listed holding balances of financial assets and financial liabilities held at balance date to third party broker statements and; ii. Discussion with management the nature of financial assets and financial liabilities held at balance date to ensure no omissions.

Stantons

Equity accounting for interest in associate

The Group's carrying value of its investment in International Hair Cosmetics Group Pty Limited represents a significant asset to the Group, as disclosed in Note 11.The Australian Accounting Standards require the Group to account for the investment as an Investment in Associate and assess whether there are any indicators of impairment in accordance with AASB 128 Investment in Associates and Joint Ventures ("AASB 128") As the carrying value of the Interest in Associate represents a significant asset of the Group,this was considered to be a key audit matter.	Inter alia, our audit procedures included the following: i. Assessing the accounting methodology used by the Group for the investment against the requirements of AASB 128; and ii. Reviewing the profit or loss of the associate recognised in the Group's profit or loss for compliance with AASB 128.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

Stantons

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Stantons

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 15 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Kaizen Global Investments Limited for the year ended 30 June 2023 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd

Samir Tirodkar
Director
West Perth, Western Australia
13 September 2023