

28 April 2023

Quarterly activities report and Quarterly cash flow report for the period ended 31 March 2023

The Directors of GoConnect Limited (NSX: GO8 (“GO8”)) provide the following report for the quarter ended 31 March 2023.

	March 23 quarter	March 22 quarter	change	%
Income from sale of investment	45,000	53,000	-8,000	-15%
Payment for Staff costs	-25,500	-16,000	-9,500	59%
Payment for operating expenses	-16,698	-9,760	-6,938	71%
Repayment of borrowings	-12,000	-5,500	-6,500	118%
Net cash flows	-9,198	21,740	-30,938	-142%
	March 23 quarter	December 22 quarter	change	%
Income from sale of investment	45,000	50,000	-5,000	-10%
Payment for Staff costs	-25,500	-18,500	-7,000	38%
Payment for operating expenses	-16,698	-30,251	13,554	-45%
Repayment of borrowings	-12,000	124	-12,124	-9777%
Net cash flows	-9,198	1,373	-10,570	-770%

GO8 continued to derive income from sale of investment. Go Green Holdings Ltd (“GGH”) co-founded by GO8 is expected to generate its own revenue and profits during the next 12 months and will then be in a position to distribute dividends to its shareholders including GO8. GO8 generated \$45,000 from GGH share sale income in the March quarter 2023, ending the quarter with a small negative cash flow of \$9,198. Since the end of the March 2023 quarter, GO8 has received commitments for additional GGH share sale.

GO8 continues to be supported, when required, by Sino Investment Services Pty Ltd with unused credit facility at the end of the March quarter. The unused credit facility together with the company’s ability to generate income from investment will be more than sufficient to cover GO8’s future expenses.

Quarterly Business Activities Report

GO8 Group investment and business portfolio

Together with its 43.6% owned associate GGH, which GO8 co-founded in late 2015 (“the Group”), the Group actively manages and operates a number of businesses and investments. These include: plant based meat sales and marketing (wholly owned by GGH); antiviral and anti-inflammatory drug development for treatment of Covid-19 via Covirix Medical Pty Ltd (“Covirix Medical”) about 24% owned by GGH; provision of diabetes and prediabetes management products via Global Diabetes Solutions Pty Ltd (“Global Diabetes Solutions”) 24.5% owned by GGH; GGH’s celebrity product endorsement and representation; crypto investment via GGH’s direct and indirect holdings in Zucos; and development of Augmented Reality Hologram Chat technology GoARChat 80% owned by GGH, a unique hologram communication platform being developed for mass consumer communication. All these businesses and investments have significant growth prospects and can be expected to generate substantial long term enterprise value for the Group. The Group continues to work actively with its investee companies and business partners to make progress on all businesses in its portfolio. The following report will focus on what the Group regards as top priority in the current financial year.

The state of Covid pandemic continues to underpin the critical importance of Covirix Medical

To appreciate the value of Covirix Medical, we need to understand the historical perspective of the Covid pandemic.

The pandemic was first reported in the Chinese city of Wuhan in late 2019. Australia and the rest of the world reported their first infections in early 2020. On 23 January 2020 the whole Chinese city of Wuhan was locked down. Many other cities around the world including Australia were also subjected to draconian lockdowns in 2020.

Australia only fully opened its borders to international visitors in February 2022. Throughout 2020 and 2021, different territories were implementing lockdowns and social restrictions to varying degrees in response to new incursions of the virus caused by incoming travellers and quarantine failures.

In late 2020, the US introduced its first vaccines from Pfizer and Moderna. The race was on from early 2021 to mass vaccinate the population in many countries including Australia.

Australia began vaccinating its citizens at a comparatively fast pace, overtaking the US in first dose coverage by 10 October 2021. Over 95% of the Australian population aged 12 and over are now fully or double vaccinated.

In early 2021, India first reported the Delta variant but by April 2021, India was facing a full blown Delta Tragedy.

In late 2021, the Omicron variant was first detected in South Africa. It was the most infectious variant detected at the time and within 3 months it had spread to most of the world. Since its first infections, there have been a number of Omicron mutations identified.

As most of the Western world focused on lockdowns and mass vaccinations, the concern about economic pains due to lockdowns began to grow. During 2022, concern about Covid had been

gradually replaced by concern about economic downturn when vaccination rate progressively rose above 80 and in some countries including Australia above 90%. Most governments faced with the massive budgetary outlays in managing their Covid response began to regard the pandemic as a thing of the past or in any case as becoming endemic.

Reports began to surface in 2022 that vaccinated individuals can still be infected and as a result can still spread the virus to other persons. Despite these reports, some health experts continue to promote vaccination boosters as the way to prevent infections even to this day.

The Biden Administration has now declared that the pandemic is no longer an emergency. Accordingly, in the US, free vaccination is no longer available to majority of the population. In Australia vaccination uptake has dropped off the cliff. Vaccine uptake has fallen significantly due invariably to the early vaccinated being resistant to receive further vaccine boosters.

In Australia, free PCR tests, unless prescribed by GP, have been dropped. Contact tracing is no longer conducted. Yet Covid has never left us except that with the lack of reliable PCR testing or failure to report on self-administered positive Rapid Antigen Test results, we now have totally unreliable numbers in infections and even deaths attributed to Covid. Nevertheless, significant statistics of “excess deaths” are reported in many countries including Australia.

China has pursued a Covid zero tolerance policy since the beginning of the pandemic with the country effectively shut off from the outside world until late 2022, when the zero tolerance policy was abandoned. Within 3 months of the abandonment of zero tolerance, over 80% or an estimated 1.1 billion people of the Chinese population were infected according to certain government report even though officially, the Chinese government maintained that the cases of infections were much less.

The recent surge of the Omicron variant Arcturus in many countries including Australia is a stark reminder that that the Covid pandemic is far from over and complacency is a recipe for a worse outcome.

With lack of reliable statistics to manage the pandemic, with international travels just about all opened up globally, including China, further and inevitable mutations of SARS CoV-2 will only make the next phase of the pandemic much worse and more difficult to manage when healthcare systems in many countries including Australia are already facing breakdown. Many healthcare workers are suffering from Covid stress and fatigue, thus reducing their participation in the healthcare workforce.

The world has gone from total panic towards the Covid pandemic in early 2020 to complacency by 2023. **It is therefore all the more important now particularly with so much resistance to current Covid vaccines, that effective targeted antivirals as the alternative treatments be introduced soonest so as to more effectively manage the next phase of the pandemic.** Failure to do so will not only lead to more Covid infections, more hospitalizations, more deaths, but will lead to significant negative economic consequences at a time when most Western economies may already be facing the prospect of a deep recession after the historically steepest rise in interest rates of the past 12 months.

Failure to manage the next phase of the pandemic will also exacerbate the problem with Long Covid as some 50% of the infected have already suffered Long Covid. As the number of Covid infections continue to grow, so too will the number of Long Covid cases. The healthcare and economic challenges ahead are becoming more serious by the month.

Even more worrying is the fact that current economic policies may be misguided by the reportedly low unemployment rate and the lack of workers. Millions of workers affected by Covid and Long Covid are not able to participate in the workforce. This has led economic policy makers to mistakenly believe that their economies are strong since there are more jobs available than healthy people looking for work while central banks continue to hike interest rates into a recession economy.

The global population is becoming much less interested in vaccination as a preventive treatment solution. While antiviral treatments for Covid have been introduced in the past 18 months, Paxlovid by Pfizer, and Molnupiravir by Merck, there is still an urgent need to expand the portfolio of targeted, economical, and more effective antiviral treatments with minimal side effects for the whole world.

We are starting to see a much stronger level of interest among healthcare experts and the community in accepting antivirals as effective treatments since vaccination has to date failed to stop infections or the spread of infections.

It is in this context and against the historical perspective of the Covid pandemic as outlined above, that it has become super urgent for Covirix Medical to progress to human clinical trials on the Indian subcontinent with its primary antiviral drug candidate CVX-20733. Upon successful human clinical trials of CVX-20733, it will be the first small molecule broad spectrum inhalable antiviral drug suitable to treat Covid. After successful phase 1 and phase 2 clinical trials, Covirix plans to apply for Emergency Use Authorization approval for CVX-20733. CVX-20733, being broad spectrum, may also have application for other respiratory diseases. Covirix Medical may also be able to contribute towards preventing the next respiratory disease pandemic with its portfolio of broad spectrum drug candidates. As CVX-20733 will be administered by oral inhalation, it may also be used as a prophylactic therapeutic for disease preventive purpose.

Covirix Medical has strengthened its intellectual property position. An Australian patent has been formally granted by IP Australia during the March 2023 quarter. Covirix Medical's invention is also now patent pending in the US, the EU, China and Japan.

On the corporate front, Covirix Medical is making steady progress in its capital raise and listing the company on a major stock exchange. Since the grant of the Australian patent, and with increasing level of interest among investors towards antiviral treatments for Covid, Covirix Medical has attracted institutional investor interest in the company. Significant institutional investment is targeted to be achieved before the end of this financial year.

Global Diabetes Solutions to help manage the silent pandemic of diabetes and prediabetes

In line with the strategy to emphasize health science investments, during the March 2023 quarter, GGH has devoted much time and management resources into Global Diabetes Solutions, a company that specializes in providing management solutions and related products for diabetes and prediabetes. GGH has a 24.5% equity interest in Global Diabetes Solutions after raising Tranche 1 capital and secured half the Tranche 2 raise of \$2 million. The balance of \$1 million of the Tranche 2 raise has been earmarked for an institutional investor.

Diabetes is a silent pandemic. Type 1 and 2 diabetes affect 1 in 10 adults in the world with a further 1 in 3 adults living with prediabetes. An estimated 12% or US\$673 billion of annual global health expenditure is spent on diabetes. The disease is continuing to steadily increase throughout the global population.

A number of revenue generating products including a prediabetes diagnostic product will be launched in the next 18 months by Global Diabetes Solutions firstly in Australia before a global launch. Samples of the first product to be launched “HypoGuard” are at the pre-production stage.

Crypto asset in Zucoins improves income and asset value

GGH has significant direct and indirect holdings in Zucoins: total of 61,700 Zucoins: consisting of 40,000 Zucoins owned directly by GGH, 80,000 Zucoins owned by Covirix Medical, 10,000 Zucoins owned by Global Diabetes Solutions. The Zucoins token is expected to be listed and trading on 6 major global crypto exchanges, as advised by Zucoins, by July 2023. The listing of Zucoins is expected to further improve the income and asset value of GGH in the next 12 months which improved value will flow through to GO8’s enterprise value through its significant interest in GGH.

GGH underpins GO8 asset value

GO8 currently holds 43.6% of the issued shares of GGH. The value of GGH shares will ultimately be dependent on the underlying fundamental value of its portfolio of businesses and investments. Recently, Covirix Medical and Global Diabetes Solutions have attracted significant institutional investor interest. The investment funds are expected to arrive before the end of this financial year. The funds will support the growth of the two businesses and help realize the substantial enterprise value expected by GGH to be achieved by both companies. Management of the Group has set the goal, with active management, to continue to improve the enterprise value of these businesses and investments. It is the objective of GGH management, once a dividend paying track record has been achieved by GGH, to commence work on a separate stock exchange listing of GGH.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Richard Li', with a stylized flourish at the end.

Richard Li
Chairman

Quarterly Report

Name of entity

GoConnect Ltd

ABN

14 089 240 353

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A	Year to date (9 months) \$A
1.1	Receipts from customers	45,000	190,000
1.2	Payments for		
	(a) staff costs	-25,500	-74,000
	(b) advertising and marketing		
	(c) research and development		
	(d) leased assets		
	(e) other working capital	-16,698	-94,672
1.3	Dividends received		
1.4	Interest and other items of a similar nature received		
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other – NSX listing expense		
	Net operating cash flows	2,802	21,328

	Current quarter \$A	Year to date (9 months) \$A
1.8 Net operating cash flows (carried forward)	2,802	21,328
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
Net investing cash flows		
1.14 Total operating and investing cash flows	2,802	21,328
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings	-12,000	-19,376
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	-12,000	-19,376
Net increase (decrease) in cash held	-9,198	1,952
1.21 Cash at beginning of quarter/year to date	14,506	3,356
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	5,308	5,308

Payments to directors of the entity and associates of the directors**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A
1.24	Aggregate amount of payments to the parties included in item 1.2	8,500
1.25	Aggregate amount of loans to the parties included in item 1.11	
1.26	Explanation necessary for an understanding of the transactions This amount was payment of directors' remuneration for the quarter ended 31 December 2022	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$A	Amount used \$A
3.1 Loan facilities	2,000,000	317,772
3.2 Credit standby arrangements		

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A	Previous quarter \$A
4.1	Cash on hand and at bank	5,308	14,506
4.2	Deposits at call		
4.3	Bank overdraft		
4.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		5,308	14,506


Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity		
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to NSX.
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:


 (Director)

Date: .28 April 2023

Print name: Richard Li.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** NSX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.