

# The Sustainable Nutrition Group Limited and Controlled Entities

## Appendix 4D

### Half-year report

#### 1. Company details

Name of entity:	The Sustainable Nutrition Group Limited
ABN:	43 071 666 334
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

#### 2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	15.9% to	1,857,394
Loss from ordinary activities after tax attributable to the Owners of The Sustainable Nutrition Group Limited	down	39.5% to	(1,684,044)
Loss for the half-year attributable to the Owners of The Sustainable Nutrition Group Limited	down	39.5% to	(1,684,044)

##### *Dividends*

There were no dividends paid, recommended or declared during the current financial period.

##### *Comments*

The loss for the Consolidated Entity after providing for income tax amounted to \$1,684,044 (31 December 2021: \$2,783,963).

#### 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	2.03	3.50

#### 4. Control gained over entities

Not applicable.

#### 5. Loss of control over entities

Not applicable.

#### 6. Dividends

##### *Current period*

There were no dividends paid, recommended or declared during the current financial period.

##### *Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

#### 7. Dividend reinvestment plans

Not applicable.

**The Sustainable Nutrition Group Limited and Controlled Entities**  
**Appendix 4D**  
**Half-year report**

**8. Details of associates and joint venture entities**

Not applicable.

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**9. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

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**10. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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**11. Attachments**

*Details of attachments (if any):*

The Interim Report of The Sustainable Nutrition Group Limited for the half-year ended 31 December 2022 is attached.

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**12. Signed**

Signed  \_\_\_\_\_

Date: 27 February 2023

# **The Sustainable Nutrition Group Limited and Controlled Entities**

**ABN 43 071 666 334**

**Interim Report - 31 December 2022**

## **The Sustainable Nutrition Group Limited and Controlled Entities**

### **Corporate directory**

**31 December 2022**

Directors	Ms. Pauline Gately, Non-Executive Chair, and Interim Executive Chair Mr. James Hood, Non-Executive Director Mr. Shane Gild, Independent Non-Executive Director Mr. Thomas Siebel, Independent Non-Executive Director
Company secretary	Ms. Melanie Leydin
Registered office	Level 4, 100 Albert Road South Melbourne VIC 3205 Ph: (03) 9692 7222 Fax: (03) 9077 9233
Principal place of business	53 Riversdale Road Newtown VIC 3220 Ph: (03) 5201 0398
Share register	Link Market Services Limited Tower 4, 727 Collins Street Docklands, VIC 3008 Ph: 1300 554 474
Auditor	William Buck Level 20 181 William Street Melbourne VIC 3000
Stock exchange listing	The Sustainable Nutrition Group Limited shares are listed on the Australian Securities Exchange (ASX code: TSN)
Website	<a href="https://www.sustainablenutrition.com.au/">https://www.sustainablenutrition.com.au/</a>
Corporate Governance Statement	Corporate governance statements are available in Group's website. Please refer to <a href="https://www.sustainablenutrition.com.au/investors/">https://www.sustainablenutrition.com.au/investors/</a>

**The Sustainable Nutrition Group Limited and Controlled Entities**  
**Directors' report**  
**31 December 2022**

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of The Sustainable Nutrition Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

**Directors**

The following persons were Directors of The Sustainable Nutrition Group Limited during the whole of the financial half-year and up to the date of this report:

Ms. Pauline Gately, Non-Executive Chair and Interim Executive Chair  
Mr. James Hood, Non-Executive Director  
Mr. Shane Gild, Independent Non-Executive Director  
Mr. Thomas Siebel, Independent Non-Executive Director

**Principal activities**

The Sustainable Nutrition Group Ltd ("TSN") is a vertically integrated business which produces, manufactures, and distributes a range of sustainable and plant-based nutrition brands, including hemp products under the Mt Elephant, Australian Primary Hemp, Australian Superfoods and Field Day brands to retail, wholesale, e-commerce, and white label customers in Australia. TSN engages across the value chain encompassing seed selection, farming, processing, packaging, distribution and sales of bulk, food service and retail products.

**Review of operations**

The loss for the Consolidated Entity after providing for income tax amounted to \$1,684,044 (31 December 2021: \$2,783,963).

Revenue of \$1,857,394 (31 December 2021: \$1,603,172) was primarily from the sale of bulk wholesale and retail hemp and plant-based products and was up 15.9% from the previous financial period.

During the period, the Company implemented changes and announced the following outcomes:

- As part of its Strategic Review during the period, the Company implemented a significantly leaner cost structure. Reductions in headcount, marketing costs and general operating costs had a significant impact on the Group's cost base with operating expenses down by more than \$1 million compared with the previous period;
- A \$230,000 revolving line of credit was secured from a non-bank financial institution during the period to bolster TSN's working capital while the Company negotiated a more substantial capital injection as part of its proposed merger with Elixinol Wellness Ltd (ASX:EXL) announced on 29 November 2022;
- An initial drawdown of \$1.148 million received on 20 December 2022 from the \$2 million Elixinol Loan Facility (ASX Announcement 29 November 2022) was utilised in accordance with the terms of the Agreement. Funds were used to satisfy working capital requirements, including beginning to clear outstanding farmer payments, completing payment of Stage One of TSN's hemp isolate project, and to close out the Company's \$230,000 revolving line of credit secured at the beginning of FY23.

The Company recorded its strongest revenue performance to date during the period expanding on its vision of becoming one of Australia's foremost suppliers of plant-based and hemp products in the Human Nutrition and Animal Nutrition space. As part of this vision, the proposed merger with Elixinol should enable the Company to realise operating synergies and further cost savings during the remainder of FY23 and beyond.

Cash and cash equivalents as at 31 December 2022 was \$513,522 (30 June 2022: \$378,420).

**Significant changes in the state of affairs**

On 2 October 2022, 10,354,284 options over fully paid ordinary shares in the Company, with an exercise price of \$0.26 (26 cents) per fully paid ordinary share, expired.

On 10 October 2022, the Company announced that 350,000 performance rights over fully paid ordinary shares had lapsed as they expired on 30 September 2022.

## **The Sustainable Nutrition Group Limited and Controlled Entities**

### **Directors' report**

**31 December 2022**

On 29 November 2022, the Company announced that it entered into a Scheme Implementation Deed ("SID") with Elixinol Wellness Limited ACN 621 479 794 ("EXL") under which EXL will acquire 100% of the TSN ordinary shares and 100% of TSN unlisted options under TSN Board-recommended Schemes of Arrangement ("Schemes"). Upon implementation of these Schemes, TSN shareholders are expected to hold 30% of the merged group's share while EXL shareholders will hold the remaining 70%. TSN shareholders will receive 1.1225 EXL shares for every TSN share held on the Schemes record date implying a price per share of \$0.0314, and TSN Scheme Option holders will receive 1.1225 EXL options per TSN option. The Scheme is subject to certain conditions precedent, including but not limited to shareholder and regulatory approval.

Furthermore, EXL agreed to extend loan funding of up to \$2 million to provide working capital to TSN during the period of the Schemes. The loan funding is secured by a security interest granted by TSN and its operating subsidiary over all present and after-acquired property, with some exceptions.

On 22 December 2022, the Company announced that 80,000 performance rights over fully paid ordinary shares had lapsed as they expired on 6 October 2022.

#### **Matters subsequent to the end of the financial half-year**

On 6 January 2023, the suspension of trading in the Company's securities was lifted .

#### ***Equity settled share-based payment arrangements***

As announced on 14 February 2023 in the notice of the Company's annual general meeting (AGM), a resolution has put to the shareholders for the approval of the issue of 12,796,109 shares to the Company's directors in-respect of the settlement of amounts outstanding for their services up to and including 31 December 2022, the quantity of shares to be issued being based on the VWAP for the 5 trading days preceding 2 February 2023.

Furthermore, it was announced on 14 February 2023 in the notice of the Company's AGM that 7,360,406 shares are proposed to be issued to Ms Gately, subject to approval at the AGM, in settlement of \$145,000 in entitlements, comprised of \$45,000 in remuneration entitlement for undertaking the Interim CEO role and \$100,000 as a bonus entitlement upon successful completion of the EXL transaction.

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

#### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

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

On behalf of the Directors



Pauline Gately  
Non-Executive Chair

27 February 2023

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF THE SUSTAINABLE NUTRITION GROUP LIMITED

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2022 there have been:

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

William Buck

**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136

N. S. Benbow

**N. S. Benbow**  
Director  
Melbourne, 27 February 2023

## **The Sustainable Nutrition Group Limited and Controlled Entities**

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**The Sustainable Nutrition Group Limited and Controlled Entities**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2022**

		<b>Consolidated</b>	
		<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>	4	1,857,394	1,603,172
Interest income		17	149
<b>Expenses</b>			
Raw materials, inventories and consumables used		(1,099,837)	(913,609)
Employee benefits expense		(1,080,903)	(1,563,936)
Professional and consulting		(356,241)	(377,203)
Other expenses	5	(734,488)	(1,396,858)
Depreciation and amortisation expense		(200,587)	(87,732)
Finance costs		(69,399)	(47,946)
<b>Loss before income tax expense</b>		(1,684,044)	(2,783,963)
Income tax expense		-	-
<b>Loss after income tax expense for the half-year attributable to the Owners of The Sustainable Nutrition Group Limited</b>		(1,684,044)	(2,783,963)
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year attributable to the Owners of The Sustainable Nutrition Group Limited</b>		<u>(1,684,044)</u>	<u>(2,783,963)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	12	(1.40)	(2.84)
Diluted earnings per share	12	(1.40)	(2.84)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**The Sustainable Nutrition Group Limited and Controlled Entities**  
**Statement of financial position**  
**As at 31 December 2022**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2022 \$</b>	<b>30 June 2022 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		513,522	378,420
Trade and other receivables		347,604	583,811
Inventories		3,278,651	3,256,000
Prepayments		141,681	183,371
Total current assets		<u>4,281,458</u>	<u>4,401,602</u>
<b>Non-current assets</b>			
Property, plant and equipment		802,229	883,744
Right-of-use assets		149,974	218,449
Intangibles		924,752	976,187
Prepayments		27,147	32,083
Security Deposits		920,000	920,000
Total non-current assets		<u>2,824,102</u>	<u>3,030,463</u>
<b>Total assets</b>		<u>7,105,560</u>	<u>7,432,065</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		1,332,179	1,122,803
Borrowings	6	1,196,214	103,445
Lease liabilities		126,308	142,799
Employee benefits		108,196	130,564
Total current liabilities		<u>2,762,897</u>	<u>1,499,611</u>
<b>Non-current liabilities</b>			
Borrowings	6	920,000	920,000
Lease liabilities		38,664	95,133
Employee benefits		24,818	21,198
Total non-current liabilities		<u>983,482</u>	<u>1,036,331</u>
<b>Total liabilities</b>		<u>3,746,379</u>	<u>2,535,942</u>
<b>Net assets</b>		<u>3,359,181</u>	<u>4,896,123</u>
<b>Equity</b>			
Issued capital	7	22,278,363	22,278,363
Share-based payments reserve		1,321,503	1,400,679
Accumulated losses		<u>(20,240,685)</u>	<u>(18,782,919)</u>
<b>Total equity</b>		<u>3,359,181</u>	<u>4,896,123</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**The Sustainable Nutrition Group Limited and Controlled Entities**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2022**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Share-based payments reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2021	17,635,363	1,218,200	(13,539,904)	5,313,659
Loss after income tax expense for the half-year	-	-	(2,783,963)	(2,783,963)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,783,963)	(2,783,963)
<i>Transactions with Owners in their capacity as Owners:</i>				
Contributions of equity, net of transaction costs	4,643,000	-	-	4,643,000
Vesting of share-based payment arrangements	-	150,006	-	150,006
Balance at 31 December 2021	<u>22,278,363</u>	<u>1,368,206</u>	<u>(16,323,867)</u>	<u>7,322,702</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Share-based payments reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2022	22,278,363	1,400,679	(18,782,919)	4,896,123
Loss after income tax expense for the half-year	-	-	(1,684,044)	(1,684,044)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,684,044)	(1,684,044)
<i>Transactions with Owners in their capacity as Owners:</i>				
Vesting of share-based payment arrangements	-	194,219	-	194,219
Share based payments forfeited	-	(47,117)	-	(47,117)
Transfer of lapsed share based payments	-	(226,268)	226,268	-
Balance at 31 December 2022	<u>22,278,363</u>	<u>1,321,513</u>	<u>(20,240,695)</u>	<u>3,359,181</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**The Sustainable Nutrition Group Limited and Controlled Entities**  
**Statement of cash flows**  
**For the half-year ended 31 December 2022**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		1,984,383	1,641,247
Payments to suppliers and employees (inclusive of GST)		<u>(2,804,125)</u>	<u>(4,535,720)</u>
		(819,742)	(2,894,473)
Interest received		<u>17</u>	<u>149</u>
Net cash used in operating activities		<u>(819,725)</u>	<u>(2,894,324)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		-	(67,014)
Proceeds from disposal of property, plant and equipment		<u>-</u>	<u>4,675</u>
Net cash used in investing activities		<u>-</u>	<u>(62,339)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	7	-	4,700,000
Share issue transaction costs	7	-	(235,000)
Interest and other finance costs paid		(64,469)	(48,770)
Repayment of borrowings		(392,414)	(129,206)
Repayment of lease liabilities		(73,474)	(38,404)
Proceeds from borrowings		<u>1,485,183</u>	<u>-</u>
Net cash from financing activities		<u>954,826</u>	<u>4,248,620</u>
Net increase in cash and cash equivalents		135,101	1,291,957
Cash and cash equivalents at the beginning of the financial half-year		<u>378,421</u>	<u>4,100,563</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>513,522</u></u>	<u><u>5,392,520</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**The Sustainable Nutrition Group Limited and Controlled Entities**  
**Notes to the financial statements**  
**31 December 2022**

**Note 1. General information**

The financial statements cover The Sustainable Nutrition Group Limited as a Consolidated Entity consisting of The Sustainable Nutrition Group Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is The Sustainable Nutrition Group Limited's functional and presentation currency.

The Sustainable Nutrition Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

**Registered office**

Level 4, 100 Albert Road  
South Melbourne  
VIC 3205

**Principal place of business**

53 Riversdale Road  
Newtown  
VIC 3220

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 February 2023. The Directors have the power to amend and reissue the financial statements.

**Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

**New or amended Accounting Standards and Interpretations adopted**

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Going concern**

As at 31 December 2022, the Group had a net asset position of \$3,359,181 (30 June 2022: \$4,896,123). As at 31 December 2022 it had:

- Incurred a loss after income tax expense for the period of \$1,684,044 (31 December 2021: \$2,783,963);
- Net cash outflows from operations of \$819,725 (31 December 2021: \$2,894,324);
- Commitments for grain harvest purchases of \$575,222;
- Cash and cash equivalents of \$513,522 (30 June 2022: \$378,421); and
- Working capital at 31 December 2022, being current assets less current liabilities, is \$1,518,561 (30 June 2022: \$2,901,991).

These conditions give rise to a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern.

**The Sustainable Nutrition Group Limited and Controlled Entities**  
**Notes to the financial statements**  
**31 December 2022**

**Note 2. Significant accounting policies (continued)**

The Group's ability to continue as a going concern is dependent, amongst other factors, upon:

- cost management strategies implemented;
- revenue growth, gross margins attained and inventory management practices;
- as and when required, raising that capital necessary to further the implementation of the Group's strategy.

As detailed in the Directors' Report, the Company has entered into a Scheme Implementation Deed ("SID") with Elixinol Wellness Limited ACN 621 479 794 ("EXL") pursuant to which EXL will acquire 100% of the TSN ordinary shares and 100% of TSN unlisted options under TSN Board-recommended Schemes of Arrangement ("Schemes"). Upon implementation of the Schemes, TSN shareholders will hold 30% of the merged group and EXL shareholders will hold 70%. At 30 June 2022, EXL's net asset position was \$12,463,000 and working capital, being current assets less current liabilities, of \$9,229,000. EXL's cash and cash equivalents at 30 June 2022 was \$6,933,000. Subject to obtaining shareholder and regulatory approvals, the Directors believe that the Schemes will bring with them additional cost savings and synergies which will enhance the future financial position and performance of the entity post completion of the Schemes.

The financial statements have been prepared on the going concern basis and do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due

**Note 3. Operating segments**

*Identification of reportable operating segments*

The Consolidated Entity is currently organised into one operating segment – product division.

All operations are in Australia.

*Major customers*

During the half-year ended 31 December 2022, 34.1% (31 December 2021, 60.2%) of the Consolidated Entity's external revenue was derived from sales to Australian customers as follows:

	<b>Consolidated 31 December 2022 %</b>	<b>Consolidated 31 December 2021 %</b>
Customer A	11.1%	19.0%
Customer B	9.6%	15.7%
Customer C	8.0%	13.3%
Customer D	5.4%	12.2%
	<u>34.1%</u>	<u>60.2%</u>

**The Sustainable Nutrition Group Limited and Controlled Entities**  
**Notes to the financial statements**  
**31 December 2022**

**Note 4. Revenue**

	<b>Consolidated</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>\$</b>	<b>\$</b>
<i>Revenue from contracts with customers</i>		
Goods transferred at a point in time	1,843,281	1,551,377
<i>Other revenue</i>		
Other revenue	14,113	51,795
Revenue	<u>1,857,394</u>	<u>1,603,172</u>

The Consolidated entity recorded net sales of \$1,843,281 for the half-year period ended (31 December 2021: \$1,551,377). Other revenue comprises government funded parental leave benefits and interest income (for the half-year ended 31 December 2021, mainly sale of cultivation seeds).

**Note 5. Other expenses**

	<b>Consolidated</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>\$</b>	<b>\$</b>
Administrative expenses	260,985	279,733
Marketing	120,054	769,701
Freight, storage, and distribution	175,223	187,952
Impairment of inventory	88,179	53,211
Insurance	90,047	106,261
	<u>734,488</u>	<u>1,396,858</u>

**Note 6. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>31 December 2022</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
<b>Current borrowings</b>		
Commercial loans	<u>1,196,214</u>	<u>260,871</u>

	<b>Consolidated</b>	
	<b>31 December 2022</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
<b>Non-current borrowings</b>		
Commercial loans	<u>920,000</u>	<u>846,175</u>

**The Sustainable Nutrition Group Limited and Controlled Entities**  
**Notes to the financial statements**  
**31 December 2022**

**Note 6. Current liabilities - borrowings (continued)**

Borrowings include:

- (a) a commercial loan (non-current) for \$920,000. The commercial loan is secured by a term deposit for \$920,000 with the lender;
- (b) a finance lease facility (current); and
- (c) a commercial loan (current) with Elixinol Wellness Limited for \$1,148,475 pursuant to the Scheme of Arrangement Deed entered into on 29 November 2022. The loan facility is for \$2,000,000. It is secured by a security interest granted by The Sustainable Nutrition Group Limited and its operating subsidiary. The Sustainable Nutrition Group (Australia) Pty Ltd over its present and after acquired property, with some exceptions. The loan is for twelve months with an interest rate of 11.51% per annum.

**Note 7. Equity - issued capital**

	Consolidated			
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	120,606,385	120,606,385	22,278,363	22,278,363

**Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Share buy-back**

There is no current on-market share buy-back.

**Note 8. Contingent liabilities**

The Company has a contingent obligation to pay a bonus to Ms Gately in the amount of \$100,000 upon the successful completion of the EXL Transaction, which Ms Gately has elected to take as shares in the Company, subject to shareholder approval.

With the exception of the aforementioned contingent bonus obligation, deposits pledged for its rental agreements and for its commercial loans, as disclosed in the statement of financial position and also its directors and officers insurance arrangements, the consolidated entity had no contingent liabilities at 31 December 2022 and 30 June 2022.

**Note 9. Commitments**

The Consolidated Entity had contractual commitments for grain harvest purchases of \$575,222 (30 June 2022: \$1,228,568).



**The Sustainable Nutrition Group Limited and Controlled Entities**  
**Notes to the financial statements**  
**31 December 2022**

**Note 10. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2022 %	30 June 2022 %
Alchemia Oncology Pty Ltd	Australia	100.00%	100.00%
The Sustainable Nutrition Group (Australia) Pty Ltd (formerly Australian Primary Hemp Pty Ltd)	Australia	100.00%	100.00%
The Australian Superfood Co.	Australia	100.00%	-

**Note 11. Events after the reporting period**

On 6 January 2023, the suspension of trading in the Company's securities was lifted .

*Equity settled share-based payment arrangements*

As announced on 14 February 2023 in the notice of the Company's annual general meeting (AGM), a resolution has put to the shareholders for the approval of the issue of 12,796,109 shares to the Company's directors in-respect of the settlement of amounts outstanding for their services up to and including 31 December 2022, the quantity of shares to be issued being based on the VWAP for the 5 trading days preceding 2 February 2023.

Furthermore, it was announced on 14 February 2023 in the notice of the Company's AGM that 7,360,406 shares are proposed to be issued to Ms Gately, subject to approval at the AGM, in settlement of \$145,000 in entitlements, comprised of \$45,000 in remuneration entitlement for undertaking the Interim CEO role and \$100,000 as a bonus entitlement upon successful completion of the EXL transaction.

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

**Note 12. Loss per share**

	Consolidated	
	31 December 2022 \$	31 December 2021 \$
Loss after income tax attributable to the Owners of The Sustainable Nutrition Group Limited	(1,684,044)	(2,783,963)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic loss per share	120,606,385	97,913,977
Weighted average number of ordinary shares used in calculating diluted loss per share	120,606,385	97,913,977
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(1.40)	(2.84)
Diluted earnings per share	(1.40)	(2.84)

For financial half-year ended 31 December 2022, outstanding options and performance rights totalling to 15,900,438 (31 December 2021: 15,928,488) are anti-dilutive as the consolidated entity incurred a net loss after tax and are therefore excluded from the calculation of diluted loss per share.

**The Sustainable Nutrition Group Limited and Controlled Entities**

**Directors' declaration**

**31 December 2022**

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Pauline Gately  
Non-Executive Chair

27 February 2023

## The Sustainable Nutrition Group Limited Independent auditor's review report

### REPORT ON THE REVIEW OF THE HALF-YEAR FINANCIAL REPORT

#### Conclusion

We have reviewed the accompanying half-year financial report of The Sustainable Nutrition Group Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (together, the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of The Sustainable Nutrition Group Limited is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b. complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Material uncertainty related to Going Concern

We draw attention to Note 2 to the financial report, which describes that for the period ended 31 December 2022 the Group incurred a loss of \$1,654,044 and net cash outflows from operating activities of \$819,725. These conditions, along with other matters set out in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

## Responsibility of Management for the Financial Report

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

## Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136

N. S. Benbow

**N. S. Benbow**  
Director  
Melbourne, 27 February 2023