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Financial Report 2024

Nuchev Limited
Financial Report for year ended 30 June 2024

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DIRECTORS REPORT

The Directors present their report on Nuchev Limited and its controlled entities (collectively, the "consolidated group" or the "Group") for the financial year ended 30 June 2024.

In order to comply with the provisions of the Corporations Act 2001, the Directors Report as follows:

Directors

The names of the Group's Directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Current Directors		
Name	Date Appointed	Current Position
Ben Dingle	09/04/2013	Chair
Jeffrey Martin	05/09/2016	Independent Non-Executive Director
Craig Silbery	16/10/2023	Independent Non-Executive Director
Elizabeth Smith	29/07/2024	Independent Non-Executive Director

Former Directors			
Name	Date Appointed	Date Resigned	Position
Justin Breheny	05/09/2016	16/10/2023	Independent Non-Executive Director, Chair
Selina Lightfoot	05/09/2016	16/10/2023	Independent Non-Executive Director
Michelle Terry	19/12/2016	29/07/2024	Independent Non-Executive Director

The particulars of the Directors are as follows:

NAME	EXPERIENCE AND DIRECTORSHIPS
Ben Dingle	• Ben is the founder and held the position of Chief Executive Officer (CEO) from listing the Company until 14 October 2022. Ben remained an Executive Director until 30 November 2022, following which he became a Non-Executive Director. • Ben was appointed as Chair on 16 October 2023. • Ben brings significant commercial experience from the wider dairy nutritional sector as co-founder of New Zealand's Synlait Group, which was established 1999. Ben was jointly instrumental in guiding the successful IPO of Synlait Milk in 2013. Ben was also responsible for the construction and management of a portfolio of large-scale dairy operations on the Canterbury Plains that totalled approximately 15,000 cows. His role included establishment and implementation of innovative irrigation schemes, and adoption of world best farming practices. Prior to co-founding Synlait Milk, he owned and managed a portfolio of dairy operations in the Waikato region. • Ben is a highly connected, large-scale dairy innovator and leader. • Ben holds an MBA and Master of Marketing from The University of Melbourne and a Bachelor of Agriculture from Massey University. He is a graduate of the New Zealand Institute of Company Directors and is a member of the Australian Institute of Company Directors.

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NAME	EXPERIENCE AND DIRECTORSHIPS
Jeffrey (Jeff) Martin	• Jeff has been a non-executive director of Nuchev since September 2016. • Jeff is the principal of Martin & Co Legal, a boutique Melbourne based legal practice specialising in commercial, corporate, dispute resolution and commercial litigation, employment, family and estate law. Before his career in law, Jeff had a 25 year career in food and dairy senior management positions, including 15 years within Nestle, five years as General Manager of SPC and five years as Managing Director of Tatura Milk Industries. • Jeff has also held roles on commercial boards and government advisory bodies including the Australian Dairy Industry Council and the Latrobe University Regional Advisory Board. • Jeff holds a Bachelor of Economics and a Master of Business Administration (MBA) from Deakin University, a Juris Doctor from The University of Melbourne and a Graduate Diploma of Legal Practice from the Australian National University. • Jeff is also a director and Chair of Kyvalley Dairy Group Pty Ltd and The Remarkable Milk Company Pty Ltd, and a director and Chair of The Pastoral Pork Company Pty Ltd (Otway Pork). Jeff is Chair of the Group's People & Culture Committee and also a member of the Group's Audit & Risk Committee.
Craig Silbery	• Craig has been a Non-Executive Director of Nuchev since October 2023. • Craig is a respected entrepreneur who established and led Life-Space Group from start-up to a successful exit with the sale to Guangzhou based By-Health in 2018. He built Life-Space around a core foundation of innovative probiotic formulas for infants and pregnant women based on Human Microbiome science. He is also currently the founder and CEO of ilume™, a wearable pet health venture. • Craig is the Managing Director of Specialty Probiotics Australia Pty Ltd. • Craig studied at the of University of Otago and the Macquarie Graduate School of Business Management.
Elizabeth (Liz) Smith	• Elizabeth (Liz) Smith is an experienced Non-Executive Director and Chair of Audit & Risk. Liz's executive career includes Corporate Finance Partner roles at William Buck and Grant Thornton, as well as audit experience at Ernst & Young. • Liz is also on the Board of the Australian Red Cross Pureprofile (ASX:PPL). Other Board roles have included BikeExchange (formerly ASX: BEX) and Hub Australia. • Liz holds a Bachelor of Commerce from the University of Melbourne and a Master of Business Administration from La Trobe University. Liz is a Fellow of Chartered Accountants Australia & New Zealand, a Fellow of the Financial Services Institute of Australasia, a Fellow of the Governance Institute and is a graduate of the Australian Institute of Company Directors. • Liz has strong skills in finance and accounting, strategy, M&A, risk and governance and extensive experience advising businesses with strong growth aspirations. Liz has worked across a range of industries (including food and fast-moving consumer goods) and for businesses ranging from small privately owned companies to large ASX listed entities. • Liz is Chair of the Group's Audit & Risk Committee and also a member of the Group's People & Culture Committee.

Directors' Shareholding

The following table sets out each of the Directors' relevant interest in Fully Paid Ordinary Shares ("shares") and rights or options on shares of the Company or related body corporate as at the date of this report:

Directors	Fully Paid Ordinary shares (Number)	Share options (Number)
Ben Dingle	37,853,680	Nil
Jeff Martin	89,144	Nil
Craig Silbery	7,306,931	Nil
Liz Smith	Nil	Nil

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the remuneration report section of this Directors' Report. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

Company Secretary

Tamara Barr has acted as Company Secretary of Nuchev Group Limited since 28 February 2022.

Tamara brings over 20 years' experience as a Company Secretary and Corporate Governance Advisor to ASX listed, public and private companies and NFPs, providing Company Secretarial services to ASX listed companies across a variety of sectors. She has practised Corporate Governance throughout Australia, the UK and Europe.

Principal activities

Nuchev is an Australian based Nutritional and Wellness business. Nuchev's products include those branded under the Oli6® Bio Practica and Medicine Tree and a number of globally recognised European brands sold under exclusive licence in Australia and New Zealand by bWellness.

Oli6® is sold in the Australian Pharmacy and Grocery channels, China's Cross Border e-Commerce ("CBEC"), and other overseas markets, online and through general trade retail. The Group is pursuing expansion into other markets, including Vietnam and South-East Asia.

Nuchev is committed to sourcing world-class ingredients and manufacturing through industry leading Australian manufacturing facilities that ensure the best possible products for our consumers.

Operating and financial review

The loss of the consolidated group for the financial year ended 30 June 2024 after providing for income tax was $7,316,304 (2023: loss of $8,806,694). The Group's net cash position for the financial year ended 30 June 2024 was $7,610,495 (2023: $7,478,612).

The reduced operating loss reflects the strategic focus of the Board and management on improving operating performance and moving towards break-even, with an increase of 45% in branded sales across Australia, New Zealand and China, driven by growth in our Australian Pharmacy and Grocery business and the impact of the new distribution agreement with H&S Group[1]. The loss for the current year includes $953,852 of transaction costs

[1] H&S Group is comprised of H&S International (Aust) Pty Ltd ACN 621 762 285 (H&S International) and H&S Investments Australia Pty Ltd ACN 643 475 601 as trustee for the H&S Investment Unit Trust ABN 62 122 826 764 (H&S Investments) (collectively H&S Group)

related to the business combination involving the acquisition of bWellness Pty Ltd and its subsidiaries that was completed on 28 June 2024 (refer to **Note 30** for further details).

Total sales of Oli6® Nutritionals and raw material ingredients for the year ended 30 June 2024 were $11,344,716 (2023: $8,791,601), an increase of 29% pcp. Sales revenue from Oli6® Nutritionals[2] totalled $10,865,302 for the year ended 30 June 2024, up 45% pcp[3] (2023: $7,505,812). In highly competitive market conditions within Australia and China CBEC, the Oli6® brand continued to grow strongly, with sales of Oli6® Nutritionals in the Australian Pharmacy, Grocery, and Online channels of $4,735,511, up $628,889 or 15% (2023: $4,106,622). Sales of Oli6® Nutritionals in China CBEC were $6,129,790 up $2,730,600 or 80% pcp (2023: $3,399,190), reflecting the significant uplift delivered by the Group's strategic decision to enter into a new, exclusive distribution agreement with H&S Group in June 2023.

Based on the Group's customer location, total Australian sales during the year accounted for 46% (2023: 61%), and China 54% (2023: 39%) of total sales revenue.

Sales margins for Oli6® Nutritionals have improved, reflecting changes in product mix combined with the introduction of higher margin products. This demonstrates the strength of the Oli6® brand, our strong pricing discipline across all channels and our ability to source and manage our supply chain more efficiently. It also evidences our strategic approach to operating within China's highly competitive CBEC channel and the benefits of successfully executing the strategic change of our Chinese distributor to H&S Group in June 2023.

Balance sheet

The net assets of the Group increased from $12,818,210 at 30 June 2023 to a net asset position of $14,752,556 at 30 June 2024. At 30 June 2024 the Group has net working capital surplus of $10,282,354 (2023: $12,406,924), with current assets significantly exceeding current liabilities.

In May 2024 the Group announced that H&S Group had successful achieved their sales performance hurdle enabling H&S to convert Tranche 1 of the Performance Options to shares, resulting in the Group receiving $1,404,951 from the issue of shares to H&S International.

In June 2024 the Group raised $5,107,052 in capital from an Entitlement Offer made to existing shareholders, before transaction costs associated of $413,322. The capital raised was used to acquire bWellness, through a business combination, and to fund future working capital requirements.

Operating cash flows

The Group's net cash flows used in operating activities of $3,733,356, included $585,487 of business transaction costs. Once excluded, the operating activities cash flows of $3,147,870 were $109,059 less than for the previous financial year (2023: $3,256,929), reflecting the benefit of increased sales and continued discipline with cost control measures. Management have continued to maintain a strong focus on improving the ROI of marketing and advertising, whilst reducing general and administration costs (excluding transaction costs) during the period.

The closing cash position at 30 June 2024 was $7,610,495 (2023: $7,478,612). Net cash raised from the Entitlement Offer was $5,107,052 before current and prior period transaction costs paid prior to the end of the current financial year of $293,700.

[2] Oli6® Nutritionals sales are core business, and exclude sales of raw materials and adjustments for recognition of H&S contract incentives

[3] Previous corresponding period

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Significant events after the balance date

Other than the events disclosed in the report, the Group is not aware of any matter or circumstance that has occurred since the end of the reporting period that has significantly affected or may significantly affect the Group's operations.

Corporate Governance Statement

The Group and the Board is committed to implementing and demonstrating the best practice of Corporate Governance. The Group has reviewed its Corporate Governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council. The Corporate Governance Statement is dated as at 30 June 2024 and was approved by the Board on 28 August 2024. The Group's Corporate Governance practices are set out and can be viewed at http://investor.nuchev.com.au/policies/

Environmental regulation

During the financial year no material environmental regulation breaches were reported.

Dividends paid or recommended

No dividends were paid, declared, or recommended.

Share Options/Rights

As at the date of this report, there were 16,632,441 unquoted ordinary shares under options/rights. Refer to the Remuneration Report for further details of the options outstanding for Key Management Personnel ("KMP").

During the financial year, 5,619,659 shares were issued to H&S Group, following the satisfaction of the Year One performance targets as part of the Distribution Agreement. Under a Distribution Agreement between the Company and H&S Group, there remain 13,829,022 unquoted options in place in relation to the Year Two and Three performance targets.

Option/rights holders do not have any right, by virtue of the security, to participate in any share issue of the Group or any related body corporate.

Restricted Securities

As at the date of this report, there were 53,789,778 ordinary shares held under voluntary restriction.

During the financial year, 5,619,659 restricted shares were issued to H&S Group under voluntary escrow for a period of two years from the issue date, following the satisfaction of the Year One performance targets as part of the Distribution Agreement.

During the financial year, 22,435,898 restricted shares were issued to Brauer under voluntary escrow for a period of two years from the issue date, as part of the Acquisition Agreement.

Indemnification and insurance of officers

The Group indemnifies, to the extent permitted by law, each Officer of the Group against a liability incurred. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. No indemnity payment has been made during or since the end of the financial year.

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Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young Australia during or since the financial year.

Proceedings on behalf of consolidated group

No person has applied for leave of court to bring proceedings on behalf of the consolidated group or intervene in any proceedings to which the consolidated is a party for the purpose of taking responsibility on behalf of the consolidated group for all or any part of those proceedings. The consolidated group was not a party to any such proceedings during the year.

Directors' meetings

The number of meetings of Directors (including meetings of Committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Board meetings	Audit & Risk	People & Culture
# of meetings held	17	8	5
Number of meetings attended:			
Directors:			
Justin Breheny†	4	3	3
Ben Dingle	17	4	2
Selina Lightfoot	4†	3	3
Jeffrey Martin	17	8	1
Michelle Terry*	13	4	5
Craig Silbery#	10	N/A	1
Elizabeth Smith^	N/A	N/A	N/A

† Justin Breheny and Selina Lightfoot resigned as Directors on 16 October 2023.
# Craig Silbery was appointed as a Director on 16 October 2023.
^ Elizabeth Smith was appointed as a Director on 29 July 2024.
* Michelle Terry resigned as a Director on 29 July 2024.

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Committee membership

As at the date of this report, the Group had an Audit & Risk Committee and a People & Culture Committee. Members acting on the Committees of the Board during the year were:

Audit & Risk Committee	**People & Culture Committee**
L Smith (Chair)†	J Martin (Chair)#
J Martin	L Smith
B Dingle	B Dingle

† L Smith was appointed Chair of the Audit & Risk Committee on 29 July 2024

J Martin was appointed Chair of the People & Culture Committee on 29 July 2024

Non-audit services

There have been no non-audit services provided during the period by the entity's auditor, Ernst & Young Australia.

Rounding

The amounts contained in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($'000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

Auditors' independence declaration

The auditors' independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 30 June 2024 has been received and can be found on page 24.

Signed in accordance with a resolution of the Directors made pursuant to s298(2) of the Corporations Act 2001.

On behalf of the Directors

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Ben Dingle

Chair

Melbourne

Dated: 29 August 2024

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REMUNERATION REPORT (AUDITED)

Contents

1. Remuneration Report Overview

The Directors of Nuchev Limited present the Remuneration Report (the "Report") for the Group and its controlled entities for the year ended 30 June 2024. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001. The Report details the remuneration arrangements for Nuchev's key management personnel ("KMP"):

- Non-Executive Directors ("NEDs")
- Senior Executives (collectively "the Executives").

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing, and controlling the activities of the Group.

The table below outlines the KMP of the Group and their movements during FY24:

Name	*Position*	*Term as KMP*
Non-Executive Directors		
Justin Breheny	*Non-Executive Chair*	Period to 16 October 2023
Selina Lightfoot	*Non-Executive Director*	Period to 16 October 2023
Michelle Terry[3]	*Non-Executive Director*	Full financial year
Jeff Martin	*Non-Executive Director*	Full financial year
Ben Dingle[1]	*Non-Executive Chair*	Full financial year
Craig Silbery	*Non-Executive Director*	Period from 16 October 2023
Senior Executives		
Greg Kerr	*Chief Executive Officer (CEO)*	Period to 15 December 2023
Mick Myers[2]	*Interim Chief Executive Officer (CEO) and Chief Financial Officer (CFO)*	Full financial year
Eddie MacDonald	*Interim Chief Financial Officer (CFO)*	Period from 4 June 2024

[1] Ben Dingle was appointed the position as Non-Executive Chair on 16 October 2023, having previously held the position of Non-Executive Director.

[2] Mick Myers was appointed as Interim Chief Executive Officer (CEO) from 15th December 2023. In the period to 4th June 2024, he also held the position of Chief Financial Officer (CFO). On 20th May 2024 the Company announced Mick Myers' full time appointment as CEO, effective 1 July 2024.

[3] Michelle Terry resigned as a director on 29th July 2024. Elizabeth Smith was appointed as a director on the same date.

2. Overview of executive remuneration

2.1 Principles used in determining remuneration

The guiding principles for the Nuchev remuneration framework are:

- **Fit for purpose** — Simple to understand, implement and communicate
- **Maximise returns to shareholders** — Encourage executives to behave like owners to drive long term value
- **Balance short term and long-term needs** — 'Going faster safely' to deliver on business plans
- **Encourage teamwork and collaboration** — Foster a spirit of accountability
- **Keep the right people –** retain and recruit the right people for the role
- **Support behaviours** — Aligning with the interests of shareholders

2.2 Our Policies and Structure

The Group's remuneration policies and principles are guided by the People & Culture Committee (the "PCC"). The PCC is made up of only independent directors, with a minimum of three members. The PCC reviews and determines the Group's Remuneration Policy and structure annually to ensure that it remains aligned to business needs and meets the Group's remuneration principles.

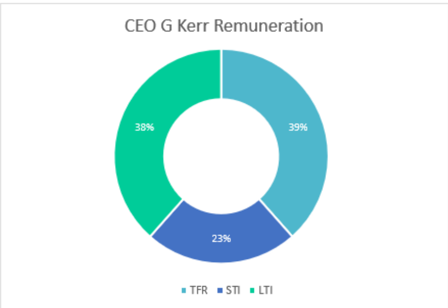
The PCC aims to ensure that Nuchev's remuneration policies:

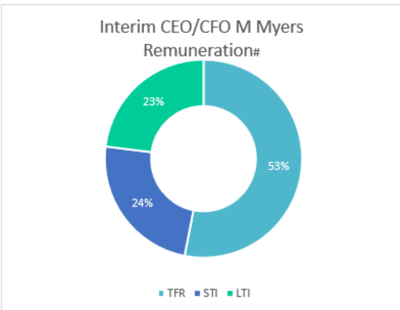
(i) Are aggregated towards short and long term incentivisation
(ii) Encourages and sustains a culture aligned with the Group's values
(iii) Supports the Group's strategic objectives and long-term financial soundness; and
(iv) Are aligned with the Group's risk management framework and risk appetite

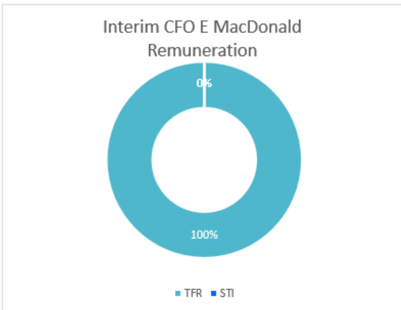
The Nuchev Remuneration Policy also seeks to attract and retain high quality KMP, whilst ensuring that this is aligned and value accretive for shareholders. The PCC charter is reviewed annually to ensure that it remains adequate for the needs of Nuchev.

2.3 Remuneration Mix

Remuneration mix refers to the proportion of total remuneration, as described in section **3** below, that is made up of each remuneration component. The following diagrams set out the remuneration mix for each Executive KMP at the maximum remuneration level, being the amount that would be paid for delivering stretch performance. Remuneration mix is presented based on contractual remuneration packages rather than actual remuneration received during the year.







The amounts reflected in the above illustration are based on Mick Myers' remuneration as CFO from 1 July 2023 and as Interim CEO from 15th December 2023.

3. Elements of remuneration

3.1 Total fixed remuneration ("TFR")

KMP may receive their TFR as cash and superannuation. TFR is reviewed annually, or on promotion and is benchmarked against market data for comparable roles in companies in a similar industry and with similar scale and complexity. The PCC aims to position executives at or near the median, with flexibility to take into account capability, experience, value to the organisation and performance of the individual.

3.2 Short-term incentives ("STI")

Executive KMP receive performance-based remuneration which rewards high performance over the financial year. STI objectives are approved by the Board and are calculated usually as a fixed percentage of TFR. Details of the STI incentives offered to the CEO and CFO are detailed in section 5.4 below.

The Board has discretion to adjust STI remuneration outcomes to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any STI award.

The STI performance measures chosen to reflect the core drivers of short-term performance and also provide a framework for delivering sustainable value to the Group, its shareholders and customers.

Nuchev measures key performance indicators ("KPIs") covering financial and non-financial measures of performance. For each KPI, an initial threshold, actual target and stretch objective is set. Maximum STI is achieved if the executive achieves all of their KPIs. In the case of objectives not being achieved, executives may be entitled to a pro-rata STI, subject to board approval for financial and non-financial measures achieved. Each objective can be assessed from 50% to 200% of target with the overall maximum STI outcome capped at 150% of Target. Both financial and personal objectives have a 50% weighting.

Financial metrics for FY24 were measured by comparing the actual result achieved to the threshold, target and stretch targets set for revenue and earnings before interest, tax, depreciation and amortisation ("EBITDA").

A summary of the measures and weightings are set out in the table below:

Executive KMP	Financial Measure (50% weighting)	Personal Measures (50% weighting)	Maximum
Greg Kerr (to 15 December 2023)	Revenue – 25% Cash - 25%	Strategic Milestones – 25% Operational Milestones – 25%	• 40% of TFR is target • up to maximum of 60% of TFR
Mick Myers CFO and Interim CEO	Revenue – 25% Cash - 25%	Strategic Milestones – 20% Financial Objectives – 25% Operational Objectives –5%	• 30% of TFR is target • up to maximum of 45% of TFR
Eddie MacDonald	No STI applicable		

The STI award is determined after the end of the financial year following a review of performance over the year against the STI performance measures by the CEO (and in the case of the CEO, by the Board).

The Board approves the final STI award based on this assessment of performance. The bonus payment is settled in cash and paid at the end of September, following the end of the performance period.

If an executive is terminated for cause before the end of the financial year, no STI is awarded for that year. If an executive ceases employment through resignation, no pro-rated STI element is paid for the period of employment for that year. If an executive ceases employment during the performance period by reason of redundancy, ill health, death, or other circumstances approved by the Board, the executive may be entitled to their STI in full or as a pro-rata cash payment based on assessment of performance up to the date of ceasing employment for that year subject to Board discretion.

3.3 Equity Incentive Plan (EIP) Rights

Retention awards were made to Mick Myers, Interim CEO & CFO on 22nd November 2023. The retention awards were in the form of Rights issued under the Company's Equity Incentive Plan ("EIP"). These retention awards comprised Rights to the value of $157,014, vesting over a three year period, subject to achieving revenue and EBITDA targets as approved each year by the Board for each of the years FY24, FY25 and FY26, personal performance targets, and the Board being satisfied with the performance of his duties and responsibilities from the grant date to the vesting dates and the key terms of the award being met, which includes the employee remains employed at the vesting date.

4. Performance and executive remuneration outcomes in FY24

4.1 Performance against STI measures

As per 3.2 above, G Kerr forfeited any payment in relation to the FY24 Performance STI on resignation.

Taking into account the Company's performance and delivery of objectives, for FY24 the Board's assessment of the performance of the Interim CEO & CFO against his STI objectives was as follows:

Interim CEO & CFO: Mick Myers

Performance area		**Total award available**	**% Award achieved (after weighting)**	**Achievements during the year**
Financial Measures	Revenue	25%	25%	Revenue target achieved
	Cash	25%	37.5%	Cost reduction and efficiencies achieved
Personal Measures	Strategic Objectives	20%	30%	Completion of an acquisition prior to 30 June 2024
	Financial Objectives	25%	32.5%	Closing cash position and capital management planning met requirements
	Operational Objectives	5%	0%	
Total		**100%**	**125%**	

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4.2 Performance against Long Term Incentive (LTI) measures

Award	Vesting condition	Expected vesting outcome
FY22 Award (applicable for Ben Dingle only) Exercise price $0.5217	Positive net operating cash flow. 3 year performance period ending 30 June 2024	Did not vest
FY24 LTI (applicable for M Myers only)	FY24 Revenue and EBITDA targets	First year targets met

4.3 Overview of Group performance

The table below sets out information about the Group's key financial performance measurements over the past five years up to and including the current financial year.

	2024	2023	2022	2021	2020
Profit/(Loss) for the year attributable to owners of the Group	(7,316,304)	(8,806,694)	(11,108,449)	(13,268,540)	(10,902,865)
Revenue[1]	11,344,716	8,791,601	9,723,809	10,899,342	17,763,252
Revenue growth[2]	29%	(10%)	(11%)	(39%)	88%
Adjusted EBITDA[3]	(5,929,767)	(7,364,434)	(10,248,795)	(10,771,846)	(9,805,439)
Share price	$0.130	$0.185	$0.19	$0.51	$2.26
Dividends	N/A	N/A	N/A	N/A	N/A

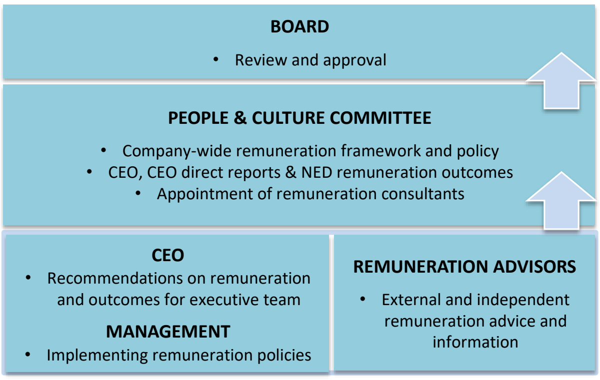
1. Total revenue includes revenue from the sale of Oli6® Nutritionals of $10,865,360 in FY24 and $7,505,812 for FY23 (excluding sale of raw ingredients and recognition of fair value for H&S contract incentives).

2. Revenue growth for Oli6® Nutritionals, excluding the sales of raw ingredients and recognition of fair value for H&S contract incentives, was 44.8% in FY24 and 3.4% in FY23.

3. Adjusted EBITDA is earnings before finance costs, finance income, depreciation, amortisation and tax and excludes sale of raw ingredients, recognition of the fair value of H&S contract incentives, business combination costs, product obsolescence, and impairment of assets.

5. How remuneration is governed

The following diagram represents the Group's remuneration decision making framework:



5.1 Use of remuneration advisors

The People & Culture Committee ("PCC") engages and considers advice from independent remuneration consultants where appropriate in relation to remuneration matters including the setting and establishment of the STI, LTI and Equity plans and the remuneration mix and quantum for KMP and all employees. Any advice from external consultants is used as a guide and is not a substitute for thorough consideration of all the issues by the Committee.

During the financial year third-party consultants were engaged by the Group to provide remuneration advice and information on remuneration strategy and structure including market practice that includes KMP. The PCC was satisfied the advice received was free from undue influence from the KMP to whom the remuneration recommendations apply. No remuneration recommendations as defined by section 9B of the Corporations Act 2001 were provided.

5.2 Clawback of remuneration

In the event of serious misconduct or a material misstatement in the Group's financial statements, the Board has the discretion to reduce, cancel or clawback any unvested STI or LTI from the Executives.

5.3 Securities trading policy

The Group has implemented the Securities Dealing Policy which applies to all employees and nominated contractors, Directors and Officers (together "Employees"). The policy prohibits Employees from dealing in Nuchev Limited securities while in possession of material non-public information relevant to the Group. This also includes designated "black-out" periods during which Employees cannot trade in the Group's securities.

Employees are prohibited from entering into any hedging arrangements over unvested options under the Group's options plan. The Group considers any breaches of this policy as gross misconduct, which may lead to disciplinary action and potentially dismissal.

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5.4 Contractual arrangements with Executives

Details of the key terms within the contracts for the KMP Executives are outlined as below.

Component	Greg Kerr - CEO (up to 15 December 2023)
Total fixed remuneration	$523,920
Contract duration	Ongoing
Notice by the individual/Group	6 months'
Termination of employment (without cause)	• Entitlement to STI at the discretion of the board. • Unvested LTI will be cancelled on termination • The Board has discretion to award a greater or lower amount
Termination of employment (with cause) or by resignation of the individual	• STI is not awarded, and all unvested LTI will lapse • Vested and unexercised LTI can be exercised in accordance with the Securities Dealing Policy

Component	Mick Myers – Interim CEO & CFO (from 15 December 2023) [1]
Total fixed remuneration	$460,650 ($399,600 from 1 July 2023 to 14 December 2023)
Contract duration	Ongoing
Notice by the individual/Group	3 months'
Termination of employment (without cause)	• Entitlement to STI at the discretion of the board. • Unvested LTI will remain on foot subject to achievement of the performance hurdles set at the original date of testing • The Board has discretion to award a greater or lower amount
Termination of employment (with cause) or by resignation of the individual	• STI is not awarded, and all unvested LTI will lapse • Vested and unexercised LTI can be exercised in accordance with the Securities Dealing Policy

Component	Eddie MacDonald – Interim CFO (from 04 June 2024) [2]
Total fixed remuneration	$300,000
Contract duration	4 months to 30 September (made permanent on 5 August 2024)
Notice by the individual/Group	1 month

1. Mick Myers was appointed as CEO on 20 May 2024, with effect from 1 July 2024.
2. Eddie MacDonald was appointed as permanent CFO on 6 August 2024.

5.5 Overview of non-executive director remuneration

Non-Executive Directors receive a Board fee and fees for chairing or participating on Board Committees as per the table below. They do not receive performance-based pay or retirement allowances. The fees are inclusive of superannuation. The Chair does not receive additional fees for participating in or chairing Committees.

Fees are reviewed annually by the Board taking into account comparable roles and market data provided by the Board's independent remuneration adviser. The current base fees were reviewed and remain unchanged.

Under the Constitution, the Board may decide the total amount paid to each Director as remuneration for his or her services as a Director to the Group. However, under the ASX Listing Rules, the total amount paid to all Non-Executive Directors for their services as Directors must not exceed in aggregate in any financial year the amount fixed by the Group in general meeting. This amount has been fixed by the Group at $600,000 per annum.

The table below summarises Board and Committee Chair fees payable to NEDs for FY24 (inclusive of superannuation):

Board Fees (including Superannuation)	
Chair – Ben Dingle[1]	$122,100
Chair – Justin Breheny	$111,507
NED[1]	$60,548
Committee Fees (including Superannuation)	
Audit & Risk Committee Chair	$10,091
People & Culture Committee Chair	$10,091

[1] All Non-Executive Directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of Director.

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6. Statutory and share-based reporting

The following table shows details of the remuneration expense recognised for the Group's executive key management personnel for the current financial year measured in accordance with the requirements of the Australian Accounting Standards.

		Fixed Remuneration			Post Employment Benefits	Variable Remuneration		TOTAL REMUNERATION	% Performance related
		Salary & Fees	Leave Benefits	Non-Monetary [1]	Super	STI Bonus	Share-based Payments		
J Breheny	**2024**	**29,300**	**-**	**-**	**3,349**	**-**	**-**	**32,649**	**0%**
	2023	100,457	-	-	10,548	-	-	111,005	0%
B Dingle	**2024**	**110,000**	**(418)**	**1,478**	**12,192**	**-**	**-**	**123,252**	**0%**
[2]	2023	220,362	(28,395)	840	17,849	-	(76,598)	134,058	-57%
J Martin [3]	**2024**	**61,272**	**-**	**-**	**6,808**	**-**	**-**	**68,080**	**0%**
	2023	54,795	-	-	5,753	-	-	60,548	0%
S Lightfoot [3]	**2024**	**18,645**	**-**	**-**	**2,131**	**-**	**-**	**20,776**	**0%**
	2023	63,927	-	-	6,712	-	-	70,639	0%
M Terry	**2024**	**63,927**	**-**	**-**	**7,112**	**-**	**-**	**71,039**	**0%**
	2023	63,927	-	-	6,712	-	-	70,639	0%
O Chan	**2024**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0%**
[4]	2023	35,000	-	-	-	-	-	35,000	0%
C Silbery [5]	**2024**	**38,687**	**-**	**-**	**4,256**	**-**	**-**	**42,943**	**0%**
	2023	-	-	-	-	-	-	-	0%
G Kerr [6]	**2024**	**244,342**	**(8,783)**	**-**	**11,416**	**-**	**(72,581)**	**174,394**	**-42%**
	2023	298,162	8,783	-	16,862	171,493	72,581	567,880	43%
M Myers [7]	**2024**	**405,945**	**32,025**	**-**	**27,399**	**161,826**	**52,338**	**679,533**	**32%**
	2023	333,221	14,583	-	20,464	85,688	26,481	480,437	18%
E MacDonald [8]	**2024**	**21,720**	**-**	**-**	**2,383**	**-**	**-**	**24,103**	**0%**
	2023	-	-	-	-	-	-	-	0%
Total	**2024**	**993,838**	**22,824**	**1,478**	**77,046**	**161,826**	**(20,243)**	**1,236,769**	**11%**
	2023	1,169,851	(5,029)	840	84,900	257,181	22,464	1,530,206	18%

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Notes 1	Non-monetary benefits include mobile phone allowances.
2	B Dingle was Founder, CEO & Executive Director from listing until 14th October 2022 (Executive Director: 30th November 2022), and Founder & Non-Executive Director from 1st December 2022.
3	J Breheny & S Lightfood resigned 16 October 2023.
4	O Chan resigned 27 January 2023.
5	C Silbery joined 16 October 2023.
6	G Kerr remuneration as CEO is from the period 1 July 2023 to 15 December 2023.
7	M Myers remuneration as CFO is from the period 1 July 2023 to 15 December 2023, and as Interim CEO/CFO from 15 December 2023.
8	E MacDonald joined as Interim CFO 4 June 2024.

The following table outlines the proportion of maximum STI earned in relation to the FY24 financial year.

Executive	STI bonus		
	Total Opportunity	Awarded%	Forfeited %
Greg Kerr	$300,000	0%	150%
Mick Myers	$194,191	125%	25%

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6.1 Rights and/or options awarded, vested and lapsed during the year

The table below discloses the number of share options granted, vested or lapsed during the year. Share options do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met.

KMP	Scheme	Award date	Vesting date	Expiry date	Fair value per Rights at award date $	Exercise price per rights	No. Rights award during the year	No. vested during year	No. lapsed/forfeited during year	Value of rights granted during this year	Value of rights forfeited during this year	Value of rights exercised during the year
M Myers	EIP Rights	22/11/2023	30/06/2026	30/06/2026	$0.20	-	785,069	-	-	$157,014	-	-
G Kerr	EIP Rights	14/10/2022	14/10/2024	14/10/2024	$0.24	-	-	-	806,452	-	$193,548	-
B Dingle	FY22 LTI	18/11/2021	30/06/2024	18/11/2026	$0.35	-	-	-	1,646,090	-	$574,485	-

EIP Rights awarded to M Myers as outlined in section 3.3 above.

There were no alterations to the terms and conditions of Rights or Options awarded as remuneration since their award date.

6.2 Option and rights holdings of KMP

The number of Options and Rights over ordinary shares in the Group provided as remuneration to key management personnel is shown below. The Options and Rights carry no dividend or voting rights. Refer to section 3 above for the conditions that must be satisfied for the Options and Rights to vest.

KMP	Rights / Options	Balance as at 1 July 2023	Granted as Remuneration	Options exercised	Options Lapsed	Balance unvested as at 30 June 2024	Vested and exercisable	Vested but not exercisable
B Dingle	Options	2,056,977	-	-	(1,646,090)	-	410,887	-
M Myers	Rights	333,333	785,069	-	-	1,118,402	-	-
G Kerr	Rights	806,452	-	-	(806,452)	-	-	-
		3,196,762	**785,069**	**-**	**(2,452,542)**	**1,118,402**	**410,887**	**-**

6.3 Shareholdings of KMP*

Movement in shares of Nuchev Limited held directly, indirectly or beneficially, by each KMP, including their related parties:

KMP	Balance as at 1 July 2023	Recevied during year from share based payment awards	Purchase of shares	Sale of shares	Other	Balance as at 30 June 2024
B Dingle	32,084,449	-	5,769,231	-	-	37,853,680
J Martin	89,144	-	-	-	-	89,144
M Terry	44,572	-	-	-	-	44,572
C Silbery	3,692,604	-	3,614,327	-	-	7,306,931
M Myers	-	-	-	-	-	-
G Kerr	-	-	-	-	-	-
E MacDonald	-	-	-	-	-	-
	35,910,769	**-**	**9,383,558**	**-**	**-**	**45,294,327**

All equity transactions with KMP other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length

* Includes shares and options held directly, indirectly, and beneficially by KMP.

6.4 Other transactions and balances with KMP and their related parties

(i) Loans to KMP and their related parties

There have been no loans provided to directors during FY24 and there are no outstanding balances, whether assets or liabilities as at the 30 June 2024.

(ii) Details and terms and conditions of other transactions with KMP and their related parties

Fees and interest related to a prior loan facility of $68,994 payable to Mr Dingle at 30 June 2023 were paid during FY24.

All Non-Executive Directors are paid quarterly in arrears. As a result, an amount of $81,141 relating to Board, Committee and Chair fees and superannuation costs was outstanding as at 30 June 2024, and is included in Trade and other payables.

There have been no other transactions with KMP or directors during FY24, and there are no additional outstanding balances, whether assets or liabilities as at 30 June 2024.

REMUNERATION REPORT (END)

Signed in accordance with a resolution of the directors made pursuant to s298(2) of the Corporation Act 2001.

On behalf of the Directors.

Jeff Martin

Chair of the People & Culture Committee

Melbourne

Dated: 29 August 2024

Building a better working world

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Auditor's independence declaration to the directors of Nuchev Limited and its controlled entities

As lead auditor for the audit of the financial report of Nuchev Limited for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Nuchev Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Katie Struthers
Partner
29 August 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June

	Notes	2024 $	2023 $
Revenue from contracts with customers	5	11,344,716	8,791,601
Cost of sales	8.3	(7,716,781)	(6,890,594)
Distribution, warehouse, and logistics expenses		(447,558)	(655,345)
Marketing and selling expenses		(2,962,818)	(2,409,590)
Employment expenses	8.4	(3,857,834)	(3,949,557)
General and administration expenses		(3,668,770)	(3,090,157)
Depreciation and amortisation		(106,778)	(194,608)
Impairment	8.3	(114,279)	(553,435)
Other income	8.1	149,485	213,262
Operating (loss)		**(7,380,617)**	**(8,738,423)**
Finance income	8.2	89,997	15,534
Finance costs	8.2	(25,684)	(83,805)
(Loss) before tax		**(7,316,304)**	**(8,806,694)**
Income tax benefit		-	-
(Loss) for the year		**(7,316,304)**	**(8,806,694)**
Other comprehensive income		-	-
Total comprehensive (loss) for the year		**(7,316,304)**	**(8,806,694)**
Loss per share			
Basic (loss) per share	10	(0.09)	(0.17)
Diluted (loss) per share	10	(0.09)	(0.17)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June

	Notes	2024 $	2023 $
Assets			
Current assets			
Cash and short-term deposits	13	7,610,495	7,478,612
Trade and other receivables	14	2,133,102	666,156
Prepayments	15	481,424	1,118,361
Inventories	16	4,983,076	5,309,835
Other assets	17	11,863	22,649
		15,219,960	**14,595,613**
Non-current assets			
Property, plant and equipment	18	73,465	62,729
Intangible assets	19	4,223,313	-
Right-of-use assets	24	291,736	284,849
Other financial assets	20	204,956	304,955
Other assets	17	79,527	76,454
		4,872,997	**728,987**
Total assets		**20,092,957**	**15,324,600**
Liabilities			
Current liabilities			
Trade and other payables	21	4,181,284	1,958,117
Provisions	23	300,592	170,313
Lease liabilities	24	85,548	47,543
Other liabilities	25	370,183	12,717
		4,937,607	**2,188,690**
Non-current liabilities			
Provisions	23	165,488	81,098
Lease liabilities	24	237,306	236,602
		402,794	**317,700**
Total liabilities		**5,340,401**	**2,506,390**
Net assets		**14,752,556**	**12,818,210**
Equity			
Issued capital	26	111,056,539	101,863,550
Other capital reserves	27	1,943,465	1,885,804
Accumulated (losses)		(98,247,448)	(90,931,144)
Total equity		**14,752,556**	**12,818,210**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June

	Note	Issued capital $	Other capital reserves $	Accumulated losses $	Total $
As at 1 July 2022		**96,036,786**	**1,915,457**	**(82,124,450)**	**15,827,793**
(Loss) for the year		-	-	(8,806,694)	(8,806,694)
Issue of share capital	26	6,529,307	-	-	6,529,307
Transaction costs on issue of share capital	26	(702,543)		-	(702,543)
Share based payments	27	-	(29,653)	-	(29,653)
At 30 June 2023		**101,863,550**	**1,885,804**	**(90,931,144)**	**12,818,210**
As at 1 July 2023		**101,863,550**	**1,885,804**	**(90,931,144)**	**12,818,210**
(Loss) for the year		-	-	(7,316,304)	(7,316,304)
Issue of share capital	26	9,606,311	-	-	9,606,311
Transaction costs on issue of share capital	26	(413,322)	-	-	(413,322)
Share based payments	27	-	57,661	-	57,661
At 30 June 2024		**111,056,539**	**1,943,465**	**(98,247,448)**	**14,752,556**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June

	Notes	2024 $	2023 $
Operating activities			
Receipts from customers		10,601,433	9,753,892
Payments to suppliers and employees		(14,436,614)	(13,092,179)
Interest received		89,997	15,534
Interest paid		(24,772)	(10,354)
Government grants received		36,600	36,600
R&D tax incentive received		-	39,578
Net cash flows (used in) operating activities	13	**(3,733,356)**	**(3,256,929)**
Investing activities			
Proceeds from sale of property, plant and equipment		1,185	-
Purchase of property, plant and equipment		(9,741)	(62,944)
Purchase of intangible assets		-	(63,890)
Payment to acquire subsidiary, net of cash acquired		(2,177,657)	-
Net cash flows (used in)/from investing activities		**(2,186,213)**	**(126,834)**
Financing activities			
Proceeds on issue of shares		6,511,967	6,529,307
Transaction costs paid on issue of shares		(293,700)	(599,293)
Transaction costs on loan facilities from related parties		(68,994)	-
Repayment of lease liabilities		(92,767)	(154,124)
Net cash flows from financing activities		**6,056,506**	**5,775,890**
Net increase/(decrease) in cash and cash equivalents		136,937	2,392,127
Cash and cash equivalents at 1 July		7,478,612	5,112,514
Net foreign exchange difference		(5,054)	(26,029)
Cash and cash equivalents at 30 June	13	**7,610,495**	**7,478,612**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2024

1. Corporate information

The consolidated financial statements of Nuchev Limited and its controlled entities (collectively, the "consolidated group" or "Group" or "parent") for the year ended 30 June 2024 were authorised for issue in accordance with a resolution of the Directors. Nuchev Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The principal activities of the consolidated group during the financial year were the development, marketing and selling of premium Australian made nutritional products. The Group's registered office and principal place of business is Level 12, 636 St Kilda Road, Melbourne Vic 3004.

Further information on the nature of the operations and principal activities of the Group is provided in the Directors' Report. Information on the Group's structure is provided in **Note 4.** Information on other related party relationships of the Group is provided in **Note 29.**

For the year ended 30 June 24 the Group made a loss after tax of $7,316,304 (2023: loss of $8,806,694) and had net cash outflows from operating activities of $3,733,356 (2023: $3,256,929). Notwithstanding the historic financial performance, the Board considers the Group to be a going concern based on the analysis as set out in **Note 2.2**.

2. Significant accounting policies

The consolidated financial statements and notes represent those of Nuchev Limited and its controlled entities.

2.1 Basis of preparation

The consolidated financial statements of the Group are general purpose financial statements prepared in accordance with Australian Accounting Standards and interpretations as issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements have been prepared on a going concern basis, using an accrual basis and historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The amounts presented in the financial statements have been rounded to the nearest dollar and are presented in Australian dollars.

2.2 Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

In determining whether there are indicators, events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, the Directors have considered all available information about the foreseeable future, which is at least, but not limited to, twelve months from the date of signing the financial report and note the following factors:

Net profit (loss): The Group recognised a net loss after tax of $7,316,304 for the 2024 financial year, a reduction or improvement of $1,490,390 or 17% on the previous year's result (2023: ($8,806,694)).

Demand for products: Consumer demand for products provided by the Group has grown significantly over the past 12 months, with revenue from the sale of Oli6® Nutritionals[4] totalling $10,865,302 for the year ended 30 June 2024, up 45% pcp[5] (2023: $7,505,812), and strong growth forecast for the foreseeable future.

Working capital liquidity: Following the conversion by H&S Group of their performance options resulting in the raising of $1,404,951 and completion of the capital raise to acquire bWellness in June 2024, the Group's closing cash position at 30 June 2024 was $7,610,495 (2023: $7,478,612), and as at the reporting date, the Group's current assets exceeded current liabilities by $10,282,353, indicating that the group has a positive working capital ratio and providing confidence that the Group will have sufficient resources to repay its debts falling due within the next twelve months. This includes consideration of the Group's existing cash holdings, amounts receivable from customers, as well as the saleable value of its current inventory holdings and the potential cash benefit from these sales.

Forecast cash flows: During the year, the Group successfully completed the acquisition of bWellness, a business that generates cashflow positive earnings and operates with moderate working capital requirements. In addition, the strategic distribution agreement entered into with H&S Group in 2023 has and will continue to provide a platform for accelerated sales growth in China and South-east Asia. In addition, management has implemented and will continue to execute various strategies to preserve cash, by optimising its liquidity position over the foreseeable future, whether by increasing revenue and/or decreasing costs. In addition, the Group has prepared detailed financial forecasts for the 12 months following the date of this report. These forecasts indicate that the Group will have sufficient funds to continue to pay its debts as and when they become due and payable.

As a result of the matters above, the Directors are of the view that there are no indicators, events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Directors are confident that there are currently no significant indicators of disruption to ongoing operations that may impact the Group's ability to settle its liabilities as and when they fall due such that the going concern basis of preparation is appropriate.

In concluding this, management and Directors have considered the Group's liquidity, any risks to the cash flows and funding, and the Company's outlook.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

[4] Oli6® Nutritionals sales are core business, and exclude sales of raw materials and adjustments for recognition of H&S contract incentives

[5] Previous corresponding period

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.4 Summary of significant accounting policies

a) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current / non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) 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 a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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 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
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

c) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables.

Financial assets at fair value through profit or loss

Initial Recognition

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire, or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group also assesses the impact of macro-economic indicators and their impact on the fair value of the Group's financial assets. These involve but are not limited to:

- GDP
- Interest rates
- Currency rates
- Employment
- Confidence

These are assessed from both domestic and international levels, given the various markets which the Group operate in.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings.

Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 60 days of recognition of the liability.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

d) Revenue from contracts with customers

Under AASB 15 *Revenue from Contracts with Customers*, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting requirements for the incremental costs directly related to fulfilling a contract with a customer. The Group recognises revenue from contracts with customers when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

The Group has identified two revenue streams by product type, (i) formula and nutritional products and (ii) raw material ingredients.

Sale of products

For all revenue streams, the Group's contracts with customers include one performance obligation. The Group has concluded that revenue from the sale of products should be recognised at the point in time when the products are transferred to the customer, generally on delivery of the products or when they are picked up from the Group's warehouse. The Group recognises the revenue from sale of goods measured at the fair value of the consideration received or receivable, net of returns and rebates.

Variable consideration

Under AASB 15 Revenue from Contracts with Customers, to estimate the variable consideration to which it is entitled, the Group applies the 'most likely amount method' for contracts with variable consideration. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue adjustment will no longer occur. The volume rebates and rights of return give rise to variable consideration.

Customer incentives satisfied via Performance Options are treated as a reduction in revenues. An amount equal to the proportion of the fair value of the current Option window is recognised if it more likely than not that the Performance target will be met.

Volume rebates

Certain contracts provide customers with a volume rebate once the quantity of products purchased during a period exceeds a threshold specified in the contract. Rebates provided to customers are recognised as a reduction of revenue and are offset against amounts payable by the customer or provided in the form of inventory as a cost of sale. To estimate the variable consideration for the expected future rebates, the Group applies the most likely method for the contracts with a single volume threshold and expected value method for contracts with more than one volume threshold. The Group then recognises a refund liability for the future expected rebates.

Rights of return

Certain contracts provide customers with a right of return. The Group uses the expected value method to estimate goods that will be returned to determine the variable consideration to which the Group is entitled to. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability (refund liability – right of return). A refund asset - right of return (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from the customer.

Assets and liabilities arising from Right of return

Right of return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

Refund liabilities
A refund liability is recognised for the obligation to refund some, or all of the consideration received (or receivable) from a customer. The Group's refund liabilities arise from customers' right of return and volume rebates. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Costs to obtain a contract
The Group capitalised any costs that are directly related to obtaining a contract such as bonuses, share issues and legal costs. The Group applies the optional practical expedient to immediately expense costs to obtain a contract if the amortisation period of the asset that would have been recognised is one year or less. Otherwise, these costs are amortised in accordance with the length of the contract obtained and included within general and administrative expenses.

e) Government grants
Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

f) Taxes
Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:
- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered

Research & development (R&D) tax incentives
R&D tax incentives received, or receivable are accounted for under AASB 120 Government Grants as other income.

Goods and services tax ("GST")
Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable,
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

g) Foreign currencies

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

h) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

i) Inventories

Inventories are valued at the lower of cost and net realisable value.
Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw material ingredients: purchase cost on an average cost basis
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

j) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

k) Property, plant and equipment

Property, plant and equipment are measured on the cost basis and are carried at cost less accumulated depreciation and any impairment losses. In the event the carrying amount is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation
The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Plant & equipment 3 to 10 years
- Leasehold improvements 3 to 5 years

l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs'. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

m) Intangibles

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

Goodwill is tested for impairment annually, or more frequently when there is an indication of impairment. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Research and development costs
Research costs are expensed as incurred.

Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- Technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses.

We deem that development costs relating to product formulation have an indefinite life, where we assess annually for any impairment or changes to the indefinite life classification.

Trademarks
The costs of acquiring trademarks are capitalised initially and may be renewed at little or no cost to the Group. As a result, those trademarks are assessed as having an indefinite useful life. We assess the carrying value of trademarks annually for any impairment or changes to the indefinite life classification.

Software
The cost of software acquired externally are capitalised and amortised in accordance with their useful lives which are assessed as two to five years.

Impairment testing of intangible assets with indefinite lives
The Group annually tests for impairment, and when circumstances indicate that the carrying value of intangible assets with indefinite lives may be impaired. These impairment tests are based on value-in-use calculations.

The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. This impairment assessment includes the entire operations of the company, which are considered one single cash-generating unit (CGU).

n) Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Property, plant and equipment **(Note 2.4 (k))**
- Intangible assets **(Note 2.4 (m))**
- Right-of-use-assets **(Note 2.4 (o))**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations. These budgets and forecast calculations generally cover a period of three to five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The Group also assesses the impact of macro-economic indicators and their impact on the fair value of the Group's financial assets. These involve but are not limited to:

- GDP
- Interest rates
- Currency rates
- Employment
- Confidence
- Market

These are assessed from both domestic and international levels, given the various markets which the Group operate in.

o) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortised on a straight-line basis over the shorter of the lease term, or the estimated useful lives of the assets up to a maximum of 5 years.

Right-of-use assets are also subject to annual impairment assessments. Refer to the accounting policies in section **(n) Impairment of non-financial assets.**

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade, other payables and provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

q) Share-based payments

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in **Note 28**.

The cost of share-based payments relating to employees is recognised in employee benefits expense **(Note 8.4)**, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

r) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to new share issues are shown in equity as a deduction from the proceeds.

2.5 New and amended standards and interpretations

Several amendments and interpretations apply for the first time for the financial year, but do not have an impact on the consolidated financial statements of the Group.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include:

- Capital management **(Note 7)**
- Financial instruments risk management **(Note 12)**
- Sensitivity analyses disclosures **(Note 12)**

Estimates and assumptions

The key assumptions 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, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Inventory

Estimation of net realisable value includes the assessment of expected future turnover of inventory held for sale and the expected future selling price of such inventory. Changes in trading and economic conditions, distribution channels and changes in country specific regulations, may impact these estimations in the future.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the infant nutrition sector, the historical default rates are adjusted.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The Group has also considered the forwarded looking impacts the effect of COVID-19 within the calculation and estimate of ECLs.

The information about the ECLs on the Group's trade receivables and contract assets is disclosed in **Note 14.**

Provision for expected credit losses of other financial assets

Other financial assets are reviewed on an annual basis for expected credit losses, which are identified when the estimated recoverable amount is lower than the carrying value. Management determines credit losses based on forward-looking estimates. The amount of ECLs is subject to the same changes in circumstances and sensitivities as the ECLs of trade receivables.

The information about the ECLs on the Groups other financial assets is disclosed in **Note 20**.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions at the grant date, the Group uses the Black-Scholes-Merton Model. This model is also used to value the AASB 15 *Revenue from Contracts with Customers* impact of Performance Options issued to H&S Group as part of the Distribution agreement.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in **Note 28.**

Revenue recognition - Estimating variable consideration for returns, volume rebates, and Performance Obligations

The Group estimates variable considerations to be included in the transaction price for the sale of nutritional formula and powders with rights of return and volume rebates.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date. To estimate the variable consideration for the expected future rebates, the Group applies the most likely method for the contracts with a single volume threshold and expected value method for contracts with more than one volume threshold. The Group exercised significant judgement in determining what is part of consideration from customers was impacted in applying the requirements of AASB 15 *Revenue from Contracts with Customers*.

The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly.

Customer incentives settled via Performance Obligation options are recorded if it is deemed likely that the Performance criteria will be met based on future sale projections and past performance. If this criteria is met, an estimate of the impact is calculated by recording an amount equal to the fair value of the options, pro-rated to reflect the stage of completion of the Performance Obligation window.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available.
The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Business Combinations

Judgements are made with respect to identifying and valuing intangible assets on acquisition of new businesses and the allocation of goodwill to the cash-generating unit.
The Group assesses whether goodwill and intangibles with indefinite useful lives are impaired at least annually. These calculations involve judgements to estimate the recoverable amount of the cash-generating unit to which the goodwill and intangibles with indefinite useful lives are allocated.

4. Group information

Information about subsidiaries

The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	% equity interest 2024	% equity interest 2023
Nuchev Food Pty Ltd	Production and sale of formula & nutritional products	Australia	100%	100%
Nanny Grove Pty Ltd	Nil activity	Australia	100%	100%
Nuchev Property Pty Ltd	Nil activity	Australia	100%	100%
Nuchev (Hong Kong) Ltd	Nil activity	Hong Kong	100%	100%
Nuchev (Shanghai) Trading Co. Ltd	Administration hub for China	People's Republic of China	100%	100%
bWellness Pty Ltd	bWellness parent company	Australia	100%	0%
Bio-Practica Pty Ltd	Nil activity	Australia	100%	0%
Brauer Professional Pty Ltd	Production and sale of wellness products	Australia	100%	0%
bWellscript Pty Limited	Administration hub for New Zealand	New Zealand	100%	0%

The subsidiaries listed above have share capital consisting solely of ordinary shares, which are held directly by the parent entity. The assets, liabilities, income and expenses of the subsidiaries have been consolidated on a line-by-line basis in the consolidated financial statements of the Group.

Subsidiary financial information used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

Significant restrictions
There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

5. Revenue from contracts with customers

5.1. Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	2024 $	2023 $
Type of good		
Formula and nutritional powders	10,865,302	7,505,812
Raw materials	479,414	1,285,789
Total revenue from contracts with customers	**11,344,716**	**8,791,601**
Geographical markets		
Australia	5,214,926	5,392,411
China	6,129,790	3,399,190
Total revenue from contracts with customers	**11,344,716**	**8,791,601**
Timing of revenue recognition		
Goods transferred at a point in time	**11,344,716**	**8,791,601**

The disclosure above is consistent with revenue from contracts with customers that is presented in segment information (**Note 6**).

5.2 Right of return assets and refund liabilities

	2024 $	2023 $
Right of return assets	11,863	7,566
Refund liabilities	(20,183)	(12,717)

5.3 Performance obligations

Information about the Group's performance obligations are summarised below:

Infant formula, nutritional powders, milk and raw material sales
The performance obligation is satisfied upon delivery of the product with payment generally due within 30 to 90 days from delivery

6. Operating Segments

Operating segments are identified on the basis of internal reports, about components of the Group that are regularly reviewed by the chief operating decision maker (the Board) in order to allocate resources to the segment and assess performance.

In 2024 and 2023 the Group had one operating segment being infant formula, nutritional powders and products. Accordingly, the financial information presented in the consolidated statement of profit or loss and other comprehensive income is the same as presented to the chief operating decision maker. The consolidated statement of financial position includes information from Nuchev and the newly acquired bWellness subsidiary, which are maintained separately. Details of the bWellness statement of financial position can be found at **Note 30**.

Segment performance is monitored at the adjusted EBITDA level with adjusted EBITDA reconciled as follows:

	2024 $	2023 $
Loss before interest, tax, amortisation and depreciation & impairment (Adjusted EBITDA)	5,929,767	7,364,433
Depreciation and amortisation	106,778	194,613
Impairment of intangible assets	-	508,875
Impairment of other financial assets	108,580	30,000
Product obsolescence and provision	286,454	684,824
Margin on raw material sales	(4,814)	(44,321)
Business combination costs incurred on acquisition	953,852	-
Finance costs	25,684	83,805
Finance income	(89,997)	(15,534)
Loss before tax	**7,316,304**	**8,806,694**

Geographical Information

Revenue	2024 $	2023 $
Australia	5,214,926	5,392,411
China	6,129,790	3,399,190
	11,344,716	**8,791,601**

The chief operating decision maker also monitors the location of customer sales. Revenue information in the table above is allocated based on the location of the Group's customers.

During the period the Group had four customers who each generated more than 10% of the Group's revenues (2023: four customers generated more than 10% of the Group's revenue). For the year ended 30 June 2024, the revenue for these customers amounted to $9,723,233 (2023: $5,184,181).

7. Capital Management

For the purpose of the Group's capital management, capital includes issued capital and other equity reserves. The primary objective of the Group's capital management is to maximise shareholder value, and to manage liquidity.

The Group manages its capital structure and makes adjustments in light of changes in the economic conditions and the availability of capital sources. To maintain or adjust the capital structure, the Group may issue new shares and / or increase debt.

	2024 $	2023 $
Lease liabilities	322,854	284,145
Less: Cash and short-term deposits	(7,610,495)	(7,478,612)
Net debt	**(7,287,641)**	**(7,194,466)**
Equity	14,752,556	12,818,210
Capital and net debt	**7,464,915**	**5,623,743**
Gearing ratio	**-98%**	**-128%**

No changes were made in the objectives, policies or processes for managing capital during the period.

8. Other income/expenses

8.1 Other income

	2024 $	2023 $
Government grants received	36,600	36,600
Sundry income	112,885	137,084
R&D grants received	-	39,578
Total other income	**149,485**	**213,262**

8.2 Finance income and costs

	2024 $	2023 $
Finance income		
Interest income	89,997	15,534
Total finance income	**89,997**	**15,534**
Finance costs		
Interest on lease liabilities	24,772	10,354
Fees and charges	912	73,451
Total finance costs	**25,684**	**83,805**

8.3 Loss for the year

		2024 $	2023 $
Included in cost of sales:			
Costs of inventories recognised as an expense		7,430,327	7,028,566
Inventory obsolescence & provision		286,454	(137,972)
Included in general and administration expenses:			
Net foreign exchange losses		5,053	26,029
(Gain)/Loss on disposal of property, plant and equipment		2,908	-
Research and development costs (manufacturing)		28,012	7,728
Costs expensed on distribution agreement		-	105,630
Business combination costs expensed on acquisition		953,852	-
Impairment expense:			
Impairment of intangible assets	Note 19	-	508,875
Impairment of other financial assets		108,580	30,000
Impairment of receivables		5,699	14,560
Total impairment expense		**114,279**	**553,435**

Research and development costs that are not eligible for capitalisation have been expensed in the period incurred and they are recognised in other expenses.

8.4 Employment expenses

	2024 $	2023 $
Included in employment expenses		
Wages and salaries	3,517,068	3,695,738
Post-employment benefits other than pensions	283,105	283,472
Share option payment expense	57,661	(29,653)
Total employee benefits expense	**3,857,834**	**3,949,557**

9. Income tax expense

The major components of income tax expense for the years ended 30 June 2024 and 2023 are:

Consolidated statement of profit or loss	2024 $	2023 $
Current income tax:		
Current income tax	-	-
Adjustments in respect of current income tax of previous year	-	-
	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	-	-
Income tax (benefit) reported in the statement of profit or loss	**-**	**-**

Reconciliation of tax expense and the accounting profit for 2024 and 2023:

	2024 $	2023 $
Accounting (loss) before income tax	(7,316,304)	(8,806,694)
At Australia's statutory income tax rate of 30% (2023: 25%)	(2,194,891)	(2,201,674)
Non-taxable/deductible income/expenses for tax purposes:		
Non-deductible expenses	353,235	588,929
Capital raising costs	(123,997)	-
Other deductible expenses	-	(457,465)
Current year movement in deferred tax not recognised	(71,226)	(288,145)
Current income tax losses not recognised at 30% (2023: 25%)	2,036,879	2,358,355
Income tax expense / (benefit) reported in the statement of profit or loss at the effective income tax rate of 0%	**-**	**-**

The Group has unrecognised carried forward tax losses which are subject to meeting the carry forward tax loss rules in the year of utilisation.

The Group has unconfirmed carried forward tax effected losses of $25,820,588 (2023: $19,797,916) at the tax rate of 30% (2023: 25%).

The deferred tax asset in respect of these losses has not been recognised until it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, and the carry forward tax loss rules have been met.

10. Loss per share ("LPS")

Basic LPS is calculated by dividing the loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted LPS is calculated by dividing the loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The Group has not included granted options and rights that could potentially dilute basic earnings per share in the future because they are anti-dilutive for the period presented.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	2024 $	2023 $
Loss used to calculate basic and diluted LPS	(7,316,304)	(8,806,694)
Weighted average number of ordinary shares for basic and diluted LPS	85,590,940	51,751,966
Basic LPS (dollars)	(0.09)	(0.17)
Diluted LPS (dollars)	(0.09)	(0.17)

11. Financial assets and financial liabilities

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

11.1. Financial assets

	2024 $	2023 $
Debt instruments at amortised cost		
Cash and short-term deposits **(Note 13)**	7,610,495	7,478,612
Trade and other receivables **(Note 14)**	2,133,102	666,156
Other assets **(Note 17)**	79,527	91,537
Other financial assets **(Note 20)**	204,956	304,955
Total financial assets	**10,028,080**	**8,541,260**
Total current	**9,743,597**	**8,159,851**
Total non-current	**284,483**	**381,409**

11.2. Financial liabilities

Financial liabilities		
Trade and other payables **(Note 21)**	3,901,641	1,869,748
Total financial liabilities	**3,901,641**	**1,869,748**
Total current	**3,901,641**	**1,869,748**
Total non-current	**-**	**-**

12. Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's Executive Leadership Team ("ELT") oversees the management of these risks. The Group's ELT is supported by the Audit & Risk Committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Group's financial risk activities are governed by appropriate policies and procedures and financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Counterparty risk

Counterparty risk is the risk of financial loss if a counterpart to a financial instrument fails to meet its contractual obligations and arises principally from the Group's bank accounts **(Note 13)**. As at the balance date the Group's bank accounts were held with the Australian New Zealand Bank, being a top tier Australian bank, Ping An Bank and China Merchants Bank, both Chinese banks.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and liquidity risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has minimal exposure to the risk of changes in market interest rates given the Group has no debt obligations at 30 June 2024.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). The table below indicates material exposure and sensitivity movements in exchange rates on the profit and loss of the Group based on the closing exchange rates as 30 June, applied to the Group's financial assets and liabilities at 30 June:

Foreign currency sensitivity

Assets/Liabilities at 30 June 2024	Currency	Exposure	AUD	+/-5% mvmt pre-tax P&L impact $
Cash and short-term deposits	RMB	308,359	64,050	(3,050)/3,371
Cash and short-term deposits	USD	334	505	(24)/27
Cash and short-term deposits	EUR	17,186	27,737	(1,321)/1,460
Trade and other receivables	RMB	120,538	25,038	(1,192)/1,318
Trade and other receivables	EUR	35,700	57,316	(2,729)/3,017
Other Assets	RMB	302,600	64,120	(4,259)/2,043
Other financial assets	RMB	938,753	204,956	(19,249)/299
Trade and other payables	RMB	(48,919)	(10,161)	484/(535)
Trade and other payables	USD	(13,250)	(20,003)	953/(1,053)
Trade and other payables	EUR	(387,285)	(622,110)	26,818/(35,844)
Trade and other payables	NZD	(4,594)	(4,194)	200/(221)

Assets/Liabilities at 30 June 2023	Currency	Exposure	AUD	+/-5% mvmt pre-tax P&L impact $
Cash and short-term deposits	RMB	312,943	65,098	(3,401)/3,094
Cash and short-term deposits	USD	332	500	(26)/24
Cash and short-term deposits	EUR	17,186	28,178	(1,399)/1,420
Trade and other receivables	RMB	197,975	41,177	(2,146)/1,963
Other assets	RMB	302,600	62,938	(3,280)/3,000
Other assets	USD	10,000	15,083	(792)/713
Other financial assets	RMB	1,466,194	304,955	(15,892)/14,535
Trade and other payables	RMB	(158,957)	(33,062)	1723/(1,576)
Trade and other payables	USD	(9,919)	(14,961)	785/(707)
Trade and other payables	EUR	(17,565)	(28,800)	1,430/(1,451)

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans, bank facilities and capital. The Group's expected liquidity at each reporting period is as follows:

	On demand $	< 3 months $	3 – 12 months $	1 – 5 years $	> 5 years $	Total $
At 30 June 2024						
Trade and other payables	-	3,901,640	-	-	-	3,901,640
Lease liabilities	-	24,297	72,892	264,134	-	361,323
	-	**3,925,937**	**72,892**	**264,134**	**-**	**4,262,963**

	On demand $	< 3 months $	3 – 12 months $	1 – 5 years $	> 5 years $	Total $
At 30 June 2023						
Trade and other payables	-	1,869,748	-	-	-	1,869,748
Lease liabilities	-	17,792	53,375	278,566	-	349,733
	-	**1,887,540**	**53,375**	**278,566**	**-**	**2,219,481**

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed through policies, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed based on past history and the customer onboarding process. Outstanding customer receivables and contract assets are regularly monitored for the risk of non-repayment.

An impairment analysis is performed at each reporting date using a provision matrix to measure potential and expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year outstanding. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in **Note 14.**

Other Financial Assets

Credit risk associated with other financial assets is managed through policies, procedures and controls relating to counterparty credit risk management. The credit quality of a counterparty is assessed based on past history and an evaluation of the counterparty's credit worthiness. Outstanding contract assets are regularly monitored for the risk of non-repayment.

An impairment analysis is performed at each reporting date using a provision matrix to measure potential and expected credit losses. A provision rate is based on a calculation of the probability-weighted outcome, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in **Note 14.**

30 June 2024

	Current	One month	Two months	Three months +	Total $
Expected credit loss rate	**0.32%**	**2.00%**	**5.00%**	**100%**	**3.28%**
Estimated total gross carrying amount at default	1,129,283	996,753	32,140	47,090	2,205,266
Expected credit loss	**3,531**	**19,935**	**1,607**	**47,090**	**72,163**

30 June 2023

	Current	One month	Two months	Three months +	Total $
Expected credit loss rate	**1.19%**	**2.00%**	**5.00%**	**100%**	**9.66%**
Estimated total gross carrying amount at default	472,823	131,413	27,581	56,853	688,670
Expected credit loss	**5,604**	**2,628**	**1,379**	**56,853**	**66,464**

13. Cash and short-term deposits

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earns interest at the respective short-term deposit rates.

The Group has pledged a part of its short-term deposits to fulfil collateral requirements. Collateral requirements are as follows:

- Bank guarantees $550,000

On 25 February 2022, the Group entered into a loan agreement (Loan Facility) with the Whiti Trust, a related party of Ben Dingle. Commencing 1 June 2022, this agreement provided a loan facility of up to $2,000,000, available to be drawdown in instalments from $250,000 with any drawdowns to be repaid by 31 December 2024. Under the terms of the Loan Facility, interest was payable quarterly in arrears at a rate of BBSW +12%, together with an additional 1% line fee. Unpaid interest and line fees were capitalised and added to the principal amount, accruing interest and repayable under the terms stated above. The terms of the loan were benchmarked to comparable products from independent third parties.

On 15 May 2023, the Group and Whiti Trust ('the parties') entered into a Deed of Termination and Release regarding the Loan Facility, whereby the parties proposed to terminate the Loan Facility on the satisfaction of two conditions precedent. Firstly, that the Whiti Trust and Ben Dingle participate in the Company's entitlement offer announced on 15 May 2023, and secondly, that the Whiti Trust and Ben Dingle transfer the relevant funds to be held on trust pending settlement of the entitlement offer. These conditions were satisfied and, on the date of settlement of the entitlement offer on 27 June 2023 the Loan Facility, was terminated.

For the purpose of the statement of cash flows, cash and short-term deposits comprise the following at 30 June:

	2024 $	2023 $
Cash at bank and on hand	7,060,495	7,148,612
Short-term deposits	550,000	330,000
	7,610,495	**7,478,612**

	2024 $	2023 $
Cash flow reconciliation		
Reconciliation of net (loss) after tax to net cash flows from operations:		
(Loss) before tax	(7,316,304)	(8,806,694)
Adjustments to reconcile (loss) before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	23,430	28,633
Depreciation of right of use asset	83,353	102,314
Amortisation of intangible assets	-	63,661
Impairment of intangible assets	-	508,875
Impairment of other financial assets	108,580	30,000
(Gain) / Loss on disposal of property, plant and equipment	2,908	-
Share based payment expense	57,661	(29,653)
Finance costs	25,684	10,354
Net foreign exchange differences	5,053	26,029
Provision for expected credit losses	5,699	14,560
Transaction Costs on distribution agreement	-	105,630
Working capital adjustments:		
(Increase)/decrease in trade receivables and other assets	(261,757)	332,520
Decrease/(increase) in inventories	2,319,537	4,047,515
Increase/(decrease) in trade and other payables	1,201,127	305,128
Movements in provisions	11,673	4,198
Net cash flows used in operating activities	**(3,733,356)**	**(3,256,929)**

14. Trade and other receivables

		2024 $	2023 $
Trade receivables		1,322,986	546,761
Allowance for expected credit losses		(72,163)	(66,464)
		1,250,822	480,297
Amounts receivable from related parties	Note 29	882,280	141,909
Other receivables		-	43,950
		2,133,102	**666,156**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2024 $	2023 $
At 1 July	(66,464)	(51,904)
Provision for expected credit losses	(5,699)	(14,560)
Utilised	-	-
At 30 June	**(72,163)**	**(66,464)**

Information about the credit exposures are disclosed in **Note 12.**

15. Prepayments

	2024 $	2023 $
Inventory prepayments	196,527	889,331
Other	284,897	229,030
	481,424	**1,118,361**

16. Inventories

	2024 $	2023 $
Raw material ingredients (at cost)	282,280	2,024,980
Work in progress (at cost)	1,797,889	2,812,795
Finished goods (at cost)	3,674,967	1,104,117
Less: Provision	(772,060)	(632,057)
	4,983,076	**5,309,835**

Provision has been recognised for aged and/or expired raw materials and base stock on hand and for finished goods which has less than one half of its shelf life remaining. For stock that can still be sold, a provision is recognised for the difference between the cost and net realisable value.

17. Other assets

	2024 $	2023 $
Current		
Deposits	-	15,083
Right of return asset	11,863	7,566
Total Current	**11,863**	**22,649**
Non-current		
Rental bond	15,858	14,056
Deposits	63,669	62,398
Total non-current assets	**79,527**	**76,454**

18. Property, plant and equipment

	2024 $	2023 $
Leasehold improvements:		
At cost	1,720	-
Accumulated depreciation	-	-
	1,720	-
Plant and equipment:		
At cost	393,749	150,574
Accumulated depreciation and impairment	(322,004)	(87,845)
	71,745	62,729
Total property, plant and equipment	**73,465**	**62,729**

	Leasehold improvement $	Plant and equipment $	Total $
Cost			
At 1 July 2023	-	62,729	62,729
Additions	1,720	8,021	9,741
Acquisitions from Business Combination	-	28,519	28,519
Disposals	-	(4,094)	(4,094)
Depreciation	-	(23,430)	(23,430)
At 30 June 2024	**1,720**	**71,745**	**73,465**

	Leasehold improvement $	Plant and equipment $	Total $
Cost			
At 1 July 2022	4,613	23,805	28,418
Additions	-	62,944	62,944
Depreciation	(4,613)	(24,020)	(28,633)
At 30 June 2023	**-**	**62,729**	**62,729**

19. Intangible assets

	2024 $	2023 $
Development costs		
At cost	579,070	579,070
Less accumulated impairment	(451,336)	(451,336)
Less accumulated amortisation	(127,734)	(127,734)
	-	-
Trademarks:		
At cost	246,644	246,644
Accumulated impairment	(246,644)	(246,644)
	-	-
Software:		
At cost	202,126	202,126
Accumulated amortisation	(202,126)	(202,126)
	-	-
Goodwill from business combinations		
At cost	4,223,313	-
	4,223,313	-
Total intangible assets	**4,223,313**	**-**

Development Costs
Development costs capitalised have been assigned a useful life of 3-5 years. This represents the expected period after which further innovation will be carried out to maintain our position as a leader in in the infant formula market.

Goodwill
Goodwill acquired through business combinations will be reviewed for impairment on an annual basis using the impairment assessment criteria below. Goodwill will be assigned to the wellness CGU in future assessments.

Impairment Assessment
The Group performs its annual impairment test in June and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for intangible assets with indefinite lives is based on value-in-use calculations.

The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As a result, an impairment assessment was performed at 31 December 2022 for the entire operations of the company, which was considered as one single cash-generating unit (CGU) at the date of assessment. An impairment charge of $508,875 was recognised within the Impairment expenses in the statement of profit or loss in the prior year.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions
The recoverable amount of assets has been determined based on a value in use calculation using a discounted cash flow projection for a five-year period.

The calculation of value in use is most sensitive to the following assumptions:
- Gross margins
- Discount rate
- Terminal growth rate

Discount rates – Discount rates represent the current market assessment of the risks specific to the CGU taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (“WACC”) which is derived from the expected return on investment by the Group’s investors. Adjustments to the discount rate are made to factor in the specific amount and timing of future tax flows in order to reflect a post-tax discount rate.

Terminal growth rate estimates – rates are based on industry research with consideration given to the maturity of the business.

As at 30 June 2024 the Group’s recoverable amount of assets exceeds their carrying amounts.

Movements in carrying amounts of intangible assets

	Development Costs	Trademarks	Software	Goodwill from acquisitions	Total
	$	$	$	$	$
Carrying value					
At 1 July 2023	-	-	-	-	-
Additions	-	-	-	4,223,313	4,223,313
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Amortisation	-	-	-	-	-
At 30 June 2024	**-**	**-**	**-**	**4,223,313**	**4,223,313**

	Development Costs	Trademarks	Software	Goodwill from acquisitions	Total
	$	$	$	$	$
At 1 July 2022	259,804	246,644	2,198	-	508,646
Additions	9,000	42,890	12,000	-	63,890
Disposals	-	-	-	-	-
Impairment	(223,506)	(285,369)	-	-	(508,875)
Amortisation	(45,298)	(4,165)	(14,198)	-	(63,661)
At 30 June 2023	**-**	**-**	**-**	**-**	**-**

20. Other financial assets

	2024	2023
	$	$
Deposits held with third parties	1,048,536	1,039,955
Provision for impairment	(843,580)	(735,000)
	204,956	304,955

Other financial assets relate to deposits held with third parties for business development. The deposit is repayable at the end of the agreement which is in a period greater than 12 months. Management has assessed their recoverability and recognised a provision for impairment for potential credit exposure.

Information about the Group’s credit exposures are disclosed in **Note 12.**

21. Trade and other payables

	2024 $	2023 $
Trade payables	1,604,320	697,846
Amounts payable to related parties	350,653	68,994
Other payables and accrued expenses	1,946,668	1,102,908
GST and PAYG tax payable	279,643	88,369
	4,181,284	**1,958,117**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms
- Other payables are non-interest payable and have an average term of three months
- Deposits are held from customers as security. These are recognised as liabilities given their right to refund

22. Government grants

	2024 $	2023 $
At 1 July	-	-
Received during the year	36,600	36,600
Released to the statement of profit or loss	(36,600)	(36,600)
At 30 June	**-**	**-**

Government grants have been received for assistance in exporting Australian made products to overseas markets, and investment in research and development.

There are no unfulfilled conditions or contingencies attached to these grants.

23. Provisions

	Annual Leave $	Long service leave $	Total $
At 1 July 2023	170,313	81,098	251,411
Arising during the year	214,667	4,827	219,494
Acquisitions arising from business combinations	61,717	79,563	141,280
Utilised	(146,105)	-	(146,105)
At 30 June 2024	**300,592**	**165,488**	**466,080**
At 1 July 2022	164,484	82,729	247,213
Arising during the year	197,166	(1,631)	195,535
Utilised	(191,337)	-	(191,337)
At 30 June 2023	**170,313**	**81,098**	**251,411**

	2024 $	2023 $
Total current	**300,592**	**170,313**
Total non-current	**165,488**	**81,098**

Provision for employee benefits

The current portion for this provision includes the total amount accrued for annual leave entitlements. Based on past experience, the Group does not expect the full amount of the annual leave balance classified as current liabilities to be settled within the next 12 months. However, these amounts are classified as current liabilities as the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

24. Leases

Group as a lessee

The Group has lease contracts for the rental of office spaces for its operations, which has a term of 4.5 years from commencement. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of office equipment which are less than 12 months and considered to be of low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Office spaces $	
	2024 $	**2023 $**
As at 1 July	284,145	102,314
Additions and modifications	90,944	284,145
Depreciation expense	(83,353)	(102,314)
As at 30 June	**291,736**	**284,145**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2024 $	**2023 $**
As at 1 July	284,145	154,124
Additions and modifications	106,704	284,145
Interest	24,772	10,354
Payments	(92,767)	(164,478)
As at 30 June	**322,854**	**284,145**
Current	85,548	47,543
Non-current	237,306	236,602

The following are the amounts recognised in profit or loss:

	2024 $	**2023 $**
Amortisation of right-of-use assets	83,353	102,314
Interest expense on lease liabilities	24,772	10,354
Expense relating to short-term leases	8,867	7,087
Expense relating to leases of low-value assets	-	-
Total amount recognised in profit or loss	**116,992**	**119,755**

The Group had total cash outflows for leases of $92,767 in 2024 (2023: $164,478). The lease contracts for office spaces contain fixed rental increases and no variable payments, termination options or extensions. Total weighted average lease term is 3.5 years (2023:4.5 year).

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25. Other Liabilities

		2024 $	2023 $
Current			
Contract liability – right of return		20,183	12,717
Deferred consideration for business combination	See Note 30	350,000	-
Total other liabilities		**370,183**	**12,717**

26. Issued capital

	2024 $	2023 $
Fully paid ordinary shares	**111,056,539**	**101,863,550**

Ordinary shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote.

Movement in issued share capital:

	Number of shares	$
Ordinary shares issued and fully paid		
At 30 June 2022	**51,744,398**	**96,036,786**
Shares issued	32,662,882	6,529,307
Equity related transaction costs	-	(702,543)
At 30 June 2023	**84,407,280**	**101,863,550**
Shares issued	61,932,023	9,606,310
Equity related transaction costs	-	(413,322)
At 30 June 2024	**146,339,303**	**111,056,539**

In December 2022, the FY20 Employee Rights scheme vested, with 16,345 shares being issued.

In June 2023, the Company completed a capital raise by way of a 1 for 2.59 pro-rata non-renounceable entitlement offer ("Entitlement Offer") and share placement ("Placement") at $0.20 per new share. The purpose of the capital raise was to fund working capital, including as required for group activities associated with a strategic partnership entered into with H&S Group to grow sales in China and Vietnam.

- 11,281,935 new shares were issued as part of the Entitlement Offer (including Shortfall Shares under the Top Up Facility) at $0.20 per share for $2,256,387 in proceeds
- 4,135,957 new shares were issued to H&S Investments under the Shortfall Offer under the Entitlement Offer at $0.20 per share for $827,191 proceeds
- 4,567,553 new shares were issued to institutional investors under the Shortfall Offer within the Entitlement Offer at $0.20 per share for $913,511 in proceeds
- 12,661,092 new shares were issued to H&S Investments under the Placement Agreement at $0.20 per share for $2,532,218 in proceeds
- $808,173 of transaction costs were incurred through the capital raise including negotiation of the distribution agreement and placement to H&S Group, of which $105,630 has been expensed in the profit and loss and the remaining amount of $702,543 recognised against the share capital raised.

In May 2024, 5,619,659 options were converted to new shares and issued to H&S under Tranche A of the 2023 Distribution Agreement, as detailed in **Note 28**, for $1,404,915 in proceeds.

In June 2024, the Company completed a capital raise by way of a share placement at $0.156 per new share. The purpose of the capital raise was to acquire bWellness, and to fund working capital.

- 32,737,515 new shares were issued as part of the Entitlement Offer (including Shortfall Shares under the Top Up Facility) at $0.156 per share for $5,107,052 in proceeds
- 22,435,898 new shares were issued as scrip funding to Brauer Natural Medicine (an entity 100% owned by entities or parties associated with the H&S Group), fair valued at $0.130 per share for $2,916,667 in relation to the acquisition of bWellness
- 1,138,951 new shares were issued at $0.156 per share for $177,676 in proceeds in lieu of consideration for consultancy work related to the bWellness acquisition and associated equity raise
- $1,367,174 of transaction costs were incurred through acquisition, including due diligence of bWellness, and the capital raise to provide funds to acquire bWellness, of which $953,852 has been expensed in the profit and loss and the remaining amount of $413,322 recognised against the share capital raised. Of the total transaction costs of $1,367,174 the costs payable in cash amounted to $1,189,498 and the cost of share-based payments amounted to $177,676.

27. Other capital reserves

	2024 $	2023 $
Balance at the beginning of the period	1,885,804	1,915,457
Share based payments - employee	57,661	(29,653)
Balance at the end of the period	**1,943,465**	**1,885,804**

Share-based payments

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, Directors and strategic partners. These plans are detailed in **Note 28**:

28. Share-based payments

FY24 Employee Rights

In November 2023, 1,144,892 rights were provided to senior executives (including 785,069 to the Interim CEO), and in April 2024 294,401 rights were provided for no cost as part of the Equity Incentive Plan (EIP) to senior management. The share rights convert to an equal number of shares on vesting which occurs with continuous employment three years from the date of issue. The vesting conditions require the meeting of continuous service conditions and meeting internal revenue, EBITDA, and personal performance targets. The rights lapse on cessation of employment, subject to Board discretion. The fair value of the rights at grant date has been estimated to be $0.20 and $0.155, refer to the table for inputs used.

FY23 Employee Rights

In June 2022, 333,333 rights were provided to M Myers, in September 2022, 164,532 were provided to other employees and in October 2022, 806,452 rights were provided to G Kerr for no cost as part of the Equity Incentive Plan (EIP). The share rights convert to an equal number of shares on vesting which occurs with continuous employment three and two years from the date of issue. The vesting conditions require the employee meeting continuous service conditions. The rights lapse on cessation of employment, subject to Board discretion. The fair value of the rights at grant date has been estimated to be $0.22, $0.26 and $0.24, respectively, refer to **Note 1** below for inputs used.

Share based payments – Employee (Long-term Incentive ("LTI") Plan FY22)

In August 2021, a total of 3,076,131 options were provided to senior executives as part of the 2022 Financial Year Equity Incentive Plan (EIP). The share options were issued for no cost, however, have an exercise price of $0.5217 per option and convert to an equal number of shares on vesting which occurs on meeting both the continuous employment and performance conditions (non-market) to 30 June 2024. The options expire five years after grant and do not carry dividend or voting rights prior to exercise. The options lapse on cessation of employment, subject to Board discretion. The fair value of the options at grant date ranged between $0.320 and $0.349 per option determined using a Black Scholes Merton Model which included amongst other factors the following values in the table below. As at 30 June 2024, the performance conditions were not met, and these options expired.

FY20 Long Term Incentive Plan

In December 2019 as part of the IPO 1,509,560 options for senior executives (including the CEO) were granted for no cost. The options have an exercise price of $2.60 per option and vest after three years across three equal tranches subject to meeting both performance conditions (tranche 1 and 2) and continuous employment (all tranches) to 30 June 2022. Options expire five years after grant and do not carry dividend or voting rights prior to exercise. Options lapse on cessation of employment, subject to Board discretion. The fair value of the options at grant date was $0.649 per option determined using a Black Scholes Merton Model, refer to table for inputs used.

Assumption	FY20 LTI Plan	FY22 LTI Plan	FY23 Employee Rights	FY24 Employee Rights 1	FY24 Employee Rights 2
Exercise price	$2.600	$0.5217	See *Note 1* below	N/A	N/A
Rights Issued	N/A	N/A	See *Note 1* below	1,144,892	294,401
Grant date	19/12/2019	02/12/2021	See *Note 1* below	22/11/2023	15/04/2024
Term of option/right (expiry)	5 years	4 years	See *Note 1* below	3 years	3 years
Fair value at grant date	$0.649	$0.320-$0.349	See *Note 1* below	$0.20	$0.155
Expected dividend yield	0%	0%	See *Note 1* below	0%	0%
Expected volatility	35%	75%	See *Note 1* below	87.14%	91.05%
Risk-free rate	1%	1%	See *Note 1* below	4.089%	3.844%

Note 1

FY23 Rights	CEO	CFO	Other Employees
Rights Issued	806,452	333,333	164,532
Grant date	14/10/2022	17/06/2022	31/08/2022
Exercise price	$Nil	$Nil	$Nil
Term of option/right (expiry)	2 Years	3 Years	3 Years
Fair value at grant date	$0.24	$0.22	$0.26
Expected dividend yield	0%	0%	0%
Expected volatility	82.78%	69.92%	74.94%
Risk-free rate	3.405%	3.732%	3.295%

Non-employee share-based payments

Performance Options

In June 2023 the Group entered into a Distribution Agreement with H&S Group as the exclusive distributor in China CBEC and Vietnam. In addition, a share placement was made to H&S Group, which when combined with new shares subscribed to by H&S under the Entitlement Offer, enabled H&S Group to acquire up to 19.9% of the shares on issue.

In order to incentivise H&S Group under the Distribution Agreement, Performance Options were granted to H&S Group to subscribe for ordinary Shares in three tranches (one per year), subject to the satisfaction of annual sales performance targets for the three years ending 30 June 2026.

19,448,681 Performance Options were issued to H&S Group on 28 June 2023 in three tranches:

TRANCHE	No. of Options	Exercise Price
• Tranche A (FY 2024)	5,619,659	$0.25
• Tranche B (FY 2025)	6,421,322	$0.30
• Tranche C (FY 2026)	7,407,700	$0.36

In the event that the performance conditions are met, the value of the options at that time will be recognised as an offset against revenue in accordance with AASB 15 Revenue from Contracts with Customers as described in the Group's significant accounting policies – refer **2.4 (d)**

In May 2024, the performance targets associated with Tranche A were met, and the options under this Tranche became exercisable by H&S. At the time of issue, the options were valued at $Nil over the Exercise Price.

Reconciliation of employee share options/rights

Plan	Exercise price per option $	1 July 2023	Granted	Lapsed	Vested	Unvested at 30 June 2024	Vested but Unexercised
FY20 LTI	2.600	**866,259**				-	**866,259**
FY22 LTI	0.522	**2,355,967**		(2,355,967)		-	-
FY23 Rights		**1,304,317**		(806,452)		**497,865**	-
FY24 Rights		-	1,439,293			**1,439,293**	-
Total		**4,526,543**	**1,439,293**	**(3,162,419)**	**-**	**1,937,158**	**866,259**
VWAP$		0.52				0.52	

Plan	Exercise price per option $	1 July 2022	Granted	Lapsed	Vested	Unvested at 30 June 2023	Vested but Unexercised
FY16/17 LTI	2.500	**78,142**		(78,142)		-	-
FY20 Rights		**16,345**			(16,345)	-	-
FY20 LTI	2.600	**866,259**		-	(866,259)	-	**866,259**
FY21 Rights		-				-	-
FY21 LTI	2.553	**663,411**		(663,411)		-	-
FY22 Rights		**191,700**		(191,700)		-	-
FY22 LTI	0.522	**2,355,967**				**2,355,967**	-
FY23 Rights		-	1,304,317			**1,304,317**	-
Total		**4,171,824**	**1,304,317**	**(933,253)**	**(882,604)**	**3,660,284**	**866,259**
VWAP$		1.29				0.52	

The weighted average remaining contractual life of the outstanding options as at 30 June 2024 was 0.47 years (2023: 1.4 years).

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefits expense were $57,661 (2023: ($29,653)).

29. Related party disclosures

Note 4 provides information about the Group's structure, including details of the subsidiaries and the holding company.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Sales to related parties $	Purchases from related parties $	Amounts owed by related parties $	Amounts owed (to) related parties $
Significant shareholders of the Group					
H&S Group	2024	5,465,765	1,716,100	882,280	(350,653)
	2023	350,517	87,586	141,909	-
Key management personnel of the Group					
Other Directors' interests	2024	-	-		-
	2023	-	-		(68,994)

Transactions with significant shareholders
The above transactions were considered to be at arm's length.

As detailed in Note 26, 16,797,049 shares were issued to H&S Group as part of the capital raise in the year to 30 June 2023. In addition, 19,448,681 Performance Options were issued on 28th June 2023 in three tranches (see Note 28). During the year to 30 June 2024, Tranche A Performance Options of 5,619,659 were exercised.

In June 2024, 22,435.898 shares were issued to Brauer Natural Medicine (an entity 100% owned by entities related or parties associated with H&S Group) as part of the Equity Raise in relation to the purchase of bWellness (see Note 26). At the time of purchase, Brauer Natural Medicine owned 50% of bWellness.

Transactions with key management personnel
No such transactions with key management personnel took place in the current or comparative year.

Other Directors' interests
On 25 February 2022, the Group entered into a loan agreement ("Loan Facility") with the Whiti Trust, a related party of Ben Dingle. Commencing 1 June 2022, this agreement provided a Loan Facility of up to $2,000,000, available to be drawn down in instalments from $250,000 with any drawdowns repaid by 31 December 2024. Under the terms of the Loan Facility, interest was payable quarterly in arrears at a rate of BBSW +12%, together with an additional 1%-line fee. Unpaid interest and line fees were capitalised and added to the principal amount, accruing interest and repayable under the terms stated above. The terms of the loan were benchmarked to comparable products from independent third parties.

On 15 May 2023, the Group and Whiti Trust ('the parties') entered into a Deed of Termination and Release regarding the Loan Facility, whereby the parties proposed to terminate the Loan Facility on the satisfaction of two conditions precedent. Firstly, that the Whiti Trust and Ben Dingle participate in the Company's entitlement offer announced on 15 May 2023, and secondly, that the Whiti Trust and Ben Dingle transfer the relevant funds to be held on trust pending settlement of the entitlement offer. These conditions were satisfied and, on the date of settlement of the entitlement offer on 27 June 2023, the Loan Facility was terminated.

Fees and interest related to the facility of $68,994 payable to Ben Dingle at 30 June 2023 were paid in the year to 30 June 2024.

Compensation of key management personnel of the Group

	2023 $	2023 $
Short-term employee benefits	1,179,966	1,422,842
Post-employment benefits	77,046	84,900
Share-based payments	(20,243)	22,464
	1,236,769	**1,530,206**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

30. Business combinations

On 28 June 2024, the Group acquired 100% of the shares in bWellness Pty Ltd, and its subsidiary entities (see below). The Group acquired bWellness Pty Ltd to build scale and increase diversification by gaining access to the health and wellness sector.

Subsidiary	**Principal Activity**
bWellness Pty Ltd	bWellness parent company
Bio-Practica Pty Ltd	Nil activity
Brauer Professional Pty Ltd	Manufacture and sale of wellness products
bWellScript Pty Ltd	Administration hub for New Zealand

Total consideration transferred for the acquisition was:

	Consideration fair value $
Cash	2,800,000
Share capital	2,916,667
Contingent consideration	350,000
Total consideration	**6,066,667**

The following assets and liabilities (at provisional fair value) were assumed at the date of acquisition:

Analysis of cash flows on acquisition:	$
Cash paid on acquisition (included in cash flows from investing activities)	(2,800,000)
Cash acquired with the subsidiary (included in cash flows from investing activities)	622,343
Total cash included in cash flows from investing activities	*(2,177,657)*
Transaction costs of the acquisition (included in cash flows from operating activities)	(585,487)
Total Net cash flows on acquisition	**(2,763,144)**

	$
Cash	622,343
Trade receivables	547,191
Prepayments and other current assets	78,124
Inventories	1,992,776
Plant & equipment	28,519
Total assets	**3,268,953**
Trade payables and provisions	1,425,599
Total liabilities	**1,425,599**
Net assets	**1,843,354**
Total consideration paid	**6,066,667**
Goodwill	**4,223,313**

The acquisition date fair value of trade receivables amounts to $547,191. The gross amount of trade receivables is $552,567 and it is expected that the full contractual amounts can be collected.

From the date of acquisition, bWellness Pty Ltd contributed $NIL of revenue and $NIL to the loss before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been $21,077,141 and loss before tax from continuing operations would have been $7,211,118.

As part of the purchase agreement with the previous owners of bWellness Pty Ltd, a contingent consideration has been agreed. There will be an additional cash payment to the previous owners of $350,000 in the 12-month period after the acquisition date if earnings before interest, tax, depreciation and amortisation ("EBITDA") from bWellness exceed $1,700,000. In addition, a further post-acquisition remuneration payment of $350,000 is payable in the 12-month period after the acquisition date subject to certain performance hurdles being met including a smooth transition of ownership, and subject to the Board's discretion.

As at the acquisition date, the fair value of contingent consideration was estimated to be $350,000. This is the only liability measured at fair value, and this has been valued using the Significant Unobservable Inputs Hierarchy (Level 3) methodology as per IFRS13 *"Fair Value Measurements".*

As detailed in **Note 26**, 22,435,898 shares were issued as scrip funding to Brauer Natural medicine in relation to the acquisition. These have been fair valued at $2,916,667.

31. Standards issued but not yet effective

In June 2024, AASB issued AASB 18 "*Presentation and Disclosure in Financial Statements*". AASB 18 significantly updates the requirements for presentation and disclosures in the financial statements, with a particular focus on improving the reporting of financial performance, as it requires classification of income and expenses into particular categories. AASB 18 is effective for Nuchev from 1 July 2027, with early adoption permitted, and requires a restatement of the comparative reporting period. We are yet to assess the expected impact from AASB 18 on our financial statements.

In May 2024, IASB issued amendments to IFRS 9 "*Financial Instruments*" and IFRS 7 "*Financial Instruments: Disclosures*" regarding the classification and measurement of financial instruments. The amendments are effective for Nuchev from 1 July 2026, with early adoption permitted, and do not require a restatement of the comparative reporting period. We are yet to assess the expected impact from the amendments on our financial reporting.

We have not early adopted any standard, interpretation or amendment that has been issued but is not yet effective and, with the exception of AASB 18 described above, we do not expect any of them to have a material impact on our financial results upon adoption.

32. Events after the reporting period

The Directors of the Group are not aware of any other matter or circumstance not provided for in the financial report that significantly affected or may significantly affect the operations of the Group, the results of those operations of the state of affairs in the year ended 30 June 2024.

33. Information relating to Nuchev Ltd (the Parent)

	2024 $	2023 $
Current assets	6,373,806	6,468,459
Total assets	58,927,444	55,161,684
Current liabilities	2,191,484	1,630,805
Total liabilities	2,244,278	1,711,903
Issued capital	111,056,539	101,863,770
Accumulated losses	(56,316,838)	(50,299,793)
Other capital reserves	1,943,465	1,885,804
(Loss) of the Parent entity	(6,017,045)	(6,028,800)
Total comprehensive (loss) of the Parent entity	(6,017,045)	(6,028,800)

Refer to **Note 4** for information on the Parent's subsidiaries.

Contingent assets and contingent liabilities
There are no known contingent assets or contingent liabilities for the Parent.

34. Auditor's remuneration

During the financial year the following fees were paid or payable for services provided by the auditor of the Group:

	2024 $	2023 $
Audit fees – Ernst & Young	243,370	227,220
Non-Audit fees – Ernst & Young	-	-
	243,370	**227,220**

Consolidated entity disclosure statement as at 30 June 2024

Name	Entity type	Body corporate country of incorporation	Body corporate % of share capital held	Country of tax residence
Nuchev Food Pty Ltd	Body corporate	Australia	100%	Australia
Nanny Grove Pty Ltd	Body corporate	Australia	100%	Australia
Nuchev Property Pty Ltd	Body corporate	Australia	100%	Australia
Nuchev (Hong Kong) Ltd	Body corporate	Hong Kong	100%	Hong Kong
Nuchev (Shanghai) Trading Co. Ltd	Body corporate	People's Republic of China	100%	People's Republic of China
bWellness Pty Ltd	Body corporate	Australia	100%	Australia
Bio-Practica Pty Ltd	Body corporate	Australia	100%	Australia
Brauer Professional Pty Ltd	Body corporate	Australia	100%	Australia
bWellscript Pty Limited	Body corporate	New Zealand	100%	New Zealand

Directors' Declaration

In accordance with a resolution of the Directors of Nuchev Limited, I state that:

1. In the opinion of the Directors:

   a. the financial statements and notes of Nuchev Limited for the financial year ended 30 June 2024 are in accordance with the Corporations Act 2001, including:

      i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the year ended on that date; and

      ii. complying with Australian Accounting Standards and the Corporations Regulations 2001;

   b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

   c. the consolidated entity disclosure statement required by section 295(3A) of the *Corporations Act* is true and correct.

2. A statement of compliance with International Financial Reporting Standards is included in the Basis of Preparation and Accounting Policies in the Notes to the consolidated financial statements

3. This declaration has been made after receiving the declarations required to be made to the Directors by the chief executive officer and chief financial officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2024.

Signed in accordance with a resolution of the Directors.

Ben Dingle
Chair

Date: 29 August 2024

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Independent auditor's report to the members of Nuchev Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Nuchev Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, 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 year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and

b. 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 (including Independence Standards)* (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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Revenue recognition

Why significant	How our audit addressed the key audit matter
At 30 June 2024, the Group recorded revenue of $11.3 million. Revenue from the sale of goods is recognised when control of the goods is transferred to the customer. The Group recognises the revenue from sale of goods measured at the fair value of the consideration received or receivable, net of returns and rebates . Due to the diverse range of contractual agreements and commercial terms across the Group's customers and distributors, there is complexity and judgement in determining sales revenues. Revenue is also an important element in how the Group measures its performance. Accordingly, we consider revenue recognition to be a key audit matter.	The procedures we performed with respect to revenue recognition were: ▶ Performed process walkthroughs to understand the adequacy of the design of the revenue process for all significant types of customer contracts. ▶ Tested the effectiveness of key controls over the revenue process. ▶ Performed revenue to trade receivables and cash data correlation testing. ▶ Inspected a sample of contracts to assess that revenue recognition was in accordance with the contract terms and in compliance with Australian Accounting Standards. ▶ Assessed the accounting for sales returns and tested the accuracy of sales return and rebate accrual calculations with reference to historical trends and transactions subsequent to year end. ▶ Assessed the accounting for discount and marketing arrangements and the appropriate classification in the financial report. ▶ Selected a sample of transactions just before and after year end to assess whether they were recorded in the correct period with reference to delivery dockets. ▶ Tested journal entries recording revenue focusing on unusual or irregular transactions. ▶ Reviewed the disclosures in the financial report for consistency with the Group's policies and Australian Accounting Standards.

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Inventory existence and valuation

Why significant	How our audit addressed the key audit matter
As at 30 June 2024, the carrying amount of inventory was $4.98 million, net of a provision for inventory obsolescence of $0.77 million, representing 25% of total assets of the Group. Inventory is valued at the lower of cost and net-realisable value (NRV). Senior management closely monitor the quality and shelf life of inventory on a regular basis and assess the potential for inventory obsolescence, taking into account sales expectations. Under Nuchev's inventory valuation policy a provision is raised against finished goods inventory with less than 50% of its shelf life remaining and other inventory as specifically identified. We considered the existence and valuation of inventory a key audit matter given the relative size of the balance in the Consolidated Statement of Financial Position and the judgements involved in estimating the inventory obsolescence provision. Disclosures relating to inventory can be found in Note 16 of Financial Statements.	The procedures we performed with respect to inventory existence and valuation were: ▶ Performed a walkthrough to understand the adequacy of the design of the inventory existence and valuation control processes. ▶ Attended inventory counts at a sample of warehouse locations and agreed a sample of inventory items counted into the inventory records. ▶ Tested inventory costing to invoices from suppliers of goods and suppliers of contract manufacturing services. ▶ Tested the validity of expiry dates used in the stock aging analysis by inspecting a sample of products. ▶ Assessed whether adequate provision was made for aged product taking into account the value of stock on hand at year end and expected future sales. ▶ Assessed the net realisable value of inventory by comparing recent sales price to recorded cost and considering expected costs to sell. ▶ Assessed the adequacy of the Group's disclosures concerning significant accounting estimates and judgements relating to inventory in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's 2024 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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 on the other information obtained prior to the date of this auditor's report, 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.

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Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001;* and

for such internal control as the directors determine is necessary to enable the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- 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 Group'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 Group to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group 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.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the 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.

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Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 23 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Nuchev Limited for the year ended 30 June 2024, 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.

Ernst & Young

Ernst & Young

Katie Struthers
Partner
Melbourne
29 August 2024