



OLIVEX HOLDINGS LIMITED

OLIVEX HOLDINGS LIMITED

ABN 631 675 986

APPENDIX 3 AND INTERIM FINANCIAL REPORT

FOR THE PERIOD ENED 31 DECEMBER 2020

Results

Reporting Periods

- Current period: Six-month period ended 31 December 2020
- Previous corresponding period: Six-month period ended 31 December 2019

| | Percentage Change | | 31 December 2020 | 31 December 2019 |
|--|-------------------|----|------------------|------------------|
| Revenue and net profit | | | | |
| ▪ Revenue from ordinary activities | (70%) | to | 117,265 | 395,919 |
| ▪ Profit/(loss) from ordinary activities after tax | 652% | to | (5,344,701) | (711,007) |
| ▪ Profit/(loss) for ordinary activities after tax attributable to owners | 652% | to | (5,344,701) | (711,007) |

| | | | Amount per security \$ | Franked amount \$ |
|--|-----|--|------------------------|-------------------|
| Dividends | | | | |
| Current period: | | | | |
| ▪ Interim Dividend in respect of the six months ended 31 December 2020 | Nil | | Nil | N/A |
| Previous corresponding period: | | | | |
| ▪ Interim Dividend in respect of the six months ended 31 December 2019 | Nil | | Nil | N/A |

| | Percentage Change | | 31 December 2020 ¢ | 31 December 2019 ¢ |
|---|-------------------|----|-----------------------|-----------------------|
| Net Tangible Assets (NTA) per Security Dividends | | | | |
| NTA backing per ordinary share | 99.8% | to | (0.22) | (122.2) |

Commentary on Results

Commentary of the half year financial results for the six months ended 31 December 2020 is contained on page 5 of the Interim Report included with this announcement.

Details of associates

The Company does not have any associates or joint ventures for the half year ended 31 December 2020.

Compliance Statement

The information provided in Appendix 3 and throughout OliveX Holdings Limited's Interim Financial Report is based on OliveX Holding Limited's Interim financial statements for the half year ended 31 December 2020.

OliveX Holding Limited's Interim financial statements for the half year ended 31 December 2020 have been subject to a review. A copy of the independent auditor's review report is set out on page 35 of the Interim Financial Report included with this announcement.



OLIVEX HOLDINGS LIMITED

ACN 631 675 986

INTERIM FINANCIAL REPORT

31 December 2020

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Corporate Directory**Current Directors**

| | |
|---------------|--|
| Keith Rumjahn | <i>Managing Director and Chief Executive Officer</i> |
| Sonny Vu | <i>Non-executive Chairman (appointed 1 October 2020)</i> |
| Xavier Kris | <i>Executive Director</i> |
| John Bell | <i>Non-executive Director</i> |
| Yat Siu | <i>Non-executive Director</i> |

Company Secretary

John Bell

Registered Office

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Postal: PO Box 1288
Subiaco WA 5904
Telephone: +61 (0)8 9426 0666
Email: investor@olivex.ai
Website: olivex.ai

Share Registry

Link Market Services
Street: Level 12, QV1 Building
250 St Georges Terrace
Perth WA 6000
Telephone: 1300 554 474 (investors within Australia)
+61 (0)8 9211 6670

Securities Exchange

National Securities Exchange
Street: 1 Bligh Street
Sydney NSW 2000
NSX Code: OLX

Auditor

Moore Australia Audit (WA)
Street: Level 15, Exchange Tower
2 The Esplanade
Perth WA 6000
Telephone: +61 0(8) 9225 5355

Legal Advisor and NSX Nominated Advisor

AGH Law
Postal: Level 2, 66 Kings Park Road
West Perth WA 6005
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Directors' report

Your directors present their report on the Consolidated entity, consisting of OliveX Holdings Limited (**Parent or the Company**) and its controlled entities (collectively **the Group**), for the half-year ended 31 December 2020.

OliveX listed on the National Securities Exchange (**NSX**).

1. Directors

The names of Directors in office at any time during or since the end of the period are:

- Mr Keith Rumjahn Managing Director and Chief Executive Officer
- Mr Sonny Vu Non-executive Chairman (*Appointed 1 October 2020*)
- Mr Xavier Kris Executive Director
- Mr Yat Siu Non-executive Director
- Mr John Bell Non-executive Director

Directors have been in office since the start of the period to the date of this report unless otherwise stated.

2. Company Secretary

The following person held the position of Company Secretary at the end of the financial period:

- **Mr John Bell** Mr Bell was appointed as Company Secretary on 1 May 2020.

3. Dividends paid or recommended

There were no dividends paid or recommended during the period to 31 December 2020.

4. Significant Changes in the state of affairs

On 2 July 2020, OliveX Holdings Limited lodged a replacement prospectus for an offer of 10,000,000 shares at an issue price of \$0.20 per share to raise \$2,000,000 before costs, with the ability to accept oversubscriptions for a further 5,000,000 shares to raise an addition \$1,000,000 before costs.

On 10 August 2020, OliveX Holdings Limited successfully raised \$2,181,987 before costs under the initial public offer (IPO) through the issue of 10,909,935 shares at an issue price of \$0.20 per share.

In preparation for the IPO, the Company proposed to acquire 100% of the issued capital of OliveX (HK) Ltd. In or about May 2020, to complete the acquisition, the Company entered into Security Purchase Letter Agreements (SPLAs) with each holder of fully paid ordinary shares in the capital of OliveX (HK) Ltd and each holder of the safe convertible notes (together the Security Holders), whereby a total of 23,559,996 shares and 20,000,000 performance rights were to be issued to the Security Holders on completion of the acquisition.

On 3 August 2020, the acquisition was completed, and the Company issued 23,559,996 shares and 20,000,000 performance rights and become the 100% owner of OliveX (HK) Limited.

In March 2020, the Company entered into Note Conversion Letter Agreements with the noteholders pursuant to which the convertible note term sheets will convert into 2,500,000 shares and 10,000,000 performance rights.

On 10 August 2020, the restructure completed, and all convertible notes converted into equity of the Company and the noteholders were issued 2,500,000 shares and 10,000,000 performance rights.

On 24 August 2020, OliveX Holdings Limited was admitted to the National Stock Exchange (NSX).

On 15 September 2020, OliveX (AU) Pty Ltd was incorporated as a 100% owned subsidiary of the Company to undertake the Australian operations of the group.

On 1 December 2020, OliveX (UK) Ltd was incorporated as a 100% owned subsidiary of the Company to purchase the business assets of Volution.Fit.

On 3 December 2020, OliveX (UK) Ltd acquired the business assets of Volution.Fit for a purchase price of GBP190,000.

There were no significant changes to the state of affairs of the Group.

Directors' report**5. Operating and financial review****5.1. Nature of Operations Principal Activities**

The principal activities of the Group during the period were that of a technology company which aims to improve the health and fitness of its users through gamification, coaching and artificial intelligence (AI) from its suite of technology products – all of which are developed in house. The focus in the health and fitness industry stems from the growing concerns about obesity and social impacts of obesity, including on health care, government spending and quality of life.

5.2. Operations Review

OliveX has made significant progress over the last six months in the execution of its strategic business plan, extending the technical capabilities and sales reach of its digital health and fitness solutions through both organic growth and strategic investment.

The Company listed on the National Stock Exchange of Australia in August (NSX:OLX) through a well-supported initial public offering and raised A\$2.2 million through the issue of 10,909,935 shares at an issue price of A\$0.20 per share.

Since listing, OliveX has announced a number of key reseller agreements for the promotion and sale of its KARA Smart Fitness Mirror and associated products. Organic growth is also occurring through the growth in direct sales of the KARA Smart Fitness Mirror through the Company's own website, and through the soft launch of KARA in Australia. A more formal launch in the Australian market will occur later this month.

The Company has also announced a number of key business acquisitions that will strengthen the Company's underlying technology, its ability to monetise its products, and its market reach.

Sustained increases in the Company's share price since listing reflects positive market sentiment and support for the Company's strategic direction.

Key half year highlights include:

Reseller and partnership agreements:**a. Fortress**

OliveX entered into an agreement with Hong Kong retailer Fortress, a leading consumer electronics and home appliance retailer, in November. Fortress is part of the A.S. Watson Group, the world's largest international health and beauty retailer which has over 16,000 stores in 27 markets. Fortress itself has over 40 stores in Hong Kong and Macau, and a significant online presence.

The KARA Smart Fitness Mirror is now promoted and sold by Fortress through its online sales channels.

b. HKTV Mall

An agreement with HKTV Mall, a Hong-Kong based online shopping mall which is part of the wider Hong Kong Television Network Group, was also announced in November. HKTV Mall is Hong Kong's largest 24-hour online shopping mall which provides a shopping and delivery service for Hong Kong customers with a huge number of products including health and fitness products.

The KARA Smart Fitness Mirror is now promoted and sold through the HKTV platform.

c. Allied Ocean / Ascendent Capital

In January, OliveX announced a share placement of 3 million OliveX shares at A\$0.20 cents per share to Allied Ocean Ventures Limited, a company affiliated with the general partner of Ascendent Capital Partners. Ascendent is a significant private equity fund with investments in high-tech businesses and retailers in China.

OliveX and Allied Ocean announced their intention to form a Chinese joint venture with plans to enter the lucrative China market together – this is a significant opportunity for the Company to leverage from Allied Ocean's extensive China networks and to grow its business in a key market.

Directors' report**d. Gym Aesthetics**

In January, the Company raised A\$750,000 through a strategic placement to Gym Aesthetics GmbH of 1,666,667 shares at A\$0.45 per share. Gym Aesthetics is a German-based fitness and fashion retailer with a significant global online presence.

The Company entered into a term sheet with Gym Aesthetics for content, branding and sales and marketing collaboration through which smart mirrors incorporating OliveX technology will be sold in the German market. Gym Aesthetics apparel and products are planned to feature on the OliveX platform.

This collaboration will advance the Company's strategy in Europe and the Asia Pacific region, in particular in relation to opportunities for cross-promotion and monetisation of KARA Smart Fitness Mirrors. Funds raised through the share placement will be used to support the development of the Company's technology and platform, and to support strategic expansion activities which are continuing.

e. Hong Kong Broadband Network

In January 2021, OliveX announced a binding MoU with HKBN, one of Hong Kong's leading telecommunications network operators. Under the MoU, HKBN committed to an initial purchase of at least 1,000 KARA Smart Fitness Mirrors for its Hong-Kong based customers, which will be promoted by HKBN and sold to its customers who will receive bundled rates for on-demand access to OliveX's fitness content.

The agreement also includes the co-development of new celebrity-led fitness content for the KARA Smart Fitness Mirror.

Company and business acquisitions**a. Volution**

In December 2020 OliveX entered into a binding letter agreement to acquire the assets of a UK company trading as Volution for GBP191,000 (approximately A\$345,000).

Volution develops software and end-to-end CRMs for the fitness industry including a lead generation platform, analytics, software integration, and "Virtual Hub" products that allow trainers to create, upload and schedule classes. These assets can be leveraged as part of the KARA Smart Fitness platform development.

OliveX is now servicing Volution's contract with Anytime Fitness Philippines, which has around 140 gyms in the Philippines and which is part of the wider Anytime Fitness global network – a network of over 4,500 gyms.

b. Six to Start**Six to Start**

Subsequent to the end of the financial reporting period, OliveX announced the highly significant acquisition of Six to Start, a leading gamified fitness company. The acquisition was announced to the market in March.

The initial cash and share consideration for the Six to Start shares amounts to US\$6.65 million, with deferred performance-based cash and share consideration of up to US\$2.85 million payable. The initial consideration for the acquisition will be funded by an upcoming capital raise.



Six to Start is best known for its smartphone gaming experience and audio story Zombies, Run! which is the world's leading gamified health and fitness app with over 300,000 average active users per month and approximately 50,000 paid subscription users

Six to Start holds key assets including key technology and distribution channels that are valuable to OliveX as the Company continues its own innovation strategy. Adrian Hon, Six to Start's CEO, will become Chief Innovation Officer at OliveX (while continuing his role at Six to Start) and will bring valuable experience and skills to the Company.

This is a high profile acquisition, placing OliveX at the forefront of digital health and fitness innovation.

5.2. Financial Review**a. Operating results**

For the period ended 31 December 2020 the Group delivered a loss before tax of \$5,344,701 (31 December 2019: \$711,007).

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. Details of the Group's assessment in this regard can be found in Note 1a.ii Statement of significant accounting policies: Going Concern on page 12.

Directors' report**b. Financial position**

The net assets of the Group have increased from 30 June 2020 by \$2,769,892 to \$289,096 at 31 December 2020 (30 June 2020: \$(2,480,796)).

As at 31 December 2020, the Group's cash and cash equivalents increased from 30 June 2020 by \$131,451 to \$134,950 at 31 December 2020 (30 June 2020: \$3,499) and had a working capital deficit of \$142,678 (30 June 2020: \$(2,517,754) working capital deficit).

5.3. Events Subsequent to Reporting Date

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements at Note 23 Events subsequent to reporting date.

5.4. Future Developments, Prospects and Business Strategies

Likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

5.5. Environmental Regulations

The Group's operations are not subject to significant environmental regulations in the jurisdictions it operates in, namely Australia.

**KEITH RUMJAHN**

Chief Executive Officer

Dated this Tuesday, 16 March 2021



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**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION
307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS
OF OLIVEX HOLDINGS LIMITED**

I declare that, to the best of my knowledge and belief, for the half year ended 31 December 2020, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

NEIL PACE
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 16th day of March 2021.

Consolidated Statement of profit or loss and other comprehensive income

for the half year ended 31 December 2020

| | Note | 31 Dec 2020 \$ | 31 Dec 2019 \$ |
|--|------|--------------------|-------------------|
| Revenue | 3 | 117,265 | 395,919 |
| Cost of sales | | (71,075) | (50,152) |
| Gross Profit | | 46,190 | 345,767 |
| Other income | | 84,697 | 245 |
| Consulting expenses | | (673,650) | (292,411) |
| Depreciation and amortisation expenses | | (6,068) | (903) |
| Employment expenses | | (684,785) | (354,722) |
| Exchange fluctuation (loss)/gain | | (232,466) | 7,140 |
| Finance expenses | | (43,724) | (141,295) |
| Marketing expenses | | (113,626) | (183,057) |
| Office expenses | | (99,494) | (32,854) |
| Research and development expenses | | (17,916) | (35,503) |
| Share based payment expenses | 18 | (3,495,566) | - |
| Travel and accommodation expenses | | (603) | (12,092) |
| Other expenses | | (107,690) | (11,322) |
| Loss before tax | | (5,344,701) | (711,007) |
| Income tax expense | | - | - |
| Net loss after tax for the period | | (5,344,701) | (711,007) |
| <i>Other comprehensive income, net of income tax</i> | | | |
| ■ Items that will not be reclassified subsequently to profit or loss | | - | - |
| ■ Items that may be reclassified subsequently to profit or loss | | - | - |
| □ Foreign currency movement gain/(loss) | | 298,444 | (48,193) |
| Other comprehensive income for the period, net of tax | | 298,444 | (48,193) |
| Total comprehensive income attributable to members of the parent entity | | (5,046,257) | (759,200) |
| <i>Earnings per share:</i> | | | |
| Basic loss per share (cents) | 4 | (16.76) | (5.21) |
| Diluted loss per share (cents) | 4 | (14.45) | (5.21) |

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated Statement of financial position

as at 31 December 2020

| | Note | 31 Dec 2020 \$ | 30 Jun 2020 \$ |
|--------------------------------------|------|-------------------|--------------------|
| <i>Current assets</i> | | | |
| Cash and cash equivalents | 5 | 134,950 | 3,499 |
| Trade and other receivables | 6 | 224,521 | 92,176 |
| Inventories | 7 | 39,672 | 11,310 |
| Other financial assets | 8 | - | - |
| Other current assets | 9 | 146,860 | 127,581 |
| Total current assets | | 546,003 | 234,566 |
| <i>Non-current assets</i> | | | |
| Plant and equipment | 10 | 61,495 | 36,958 |
| Goodwill | 11 | 370,279 | - |
| Total non-current assets | | 431,774 | 36,958 |
| Total assets | | 977,777 | 271,524 |
| <i>Current liabilities</i> | | | |
| Trade and other payables | 12 | 644,071 | 388,453 |
| Provisions | 14 | 44,610 | 8,222 |
| Other financial liabilities | 13 | - | 2,355,645 |
| Total current liabilities | | 688,681 | 2,752,320 |
| <i>Non-current liabilities</i> | | | |
| Total non-current liabilities | | - | - |
| Total liabilities | | 688,681 | 2,752,320 |
| Net assets | | 289,096 | (2,480,796) |
| <i>Equity</i> | | | |
| Issued equity | 15 | 7,510,798 | 271,599 |
| Other equity | 16 | - | 500,000 |
| Reserves | 17 | 1,363,348 | (12,046) |
| Accumulated losses | | (8,585,050) | (3,240,349) |
| Total equity | | 289,096 | (2,480,796) |

The consolidated statement of financial position is to be read in conjunction with the accompanying notes

Consolidated statement of changes in Equity
for the half year ended 31 December 2020

| Note | Issued Capital \$ | Other Equity \$ | Share Premium Reserve \$ | Common Control Reserve \$ | Option Reserve \$ | Performance Rights Reserve \$ | Foreign Currency Translation Reserve \$ | Accumulated Losses \$ | Total \$ |
|--|-------------------------|-----------------------|-----------------------------------|------------------------------------|-------------------------|--|---|-----------------------------|-------------|
| <i>Balance at 1 July 2019</i> | 271,599 | - | 67,650 | - | - | - | (22,166) | (1,465,409) | (1,148,326) |
| Loss for the year attributable owners of the parent | - | - | - | - | - | - | - | (711,007) | (711,007) |
| Other comprehensive income for the period attributable owners of the parent | - | - | - | - | - | - | (48,193) | - | (48,193) |
| Total comprehensive income for the year attributable owners | - | - | - | - | - | - | (48,193) | (711,007) | (759,200) |
| Balance at 31 December 2019 | 271,599 | - | 67,650 | - | - | - | (70,359) | (2,176,416) | (1,907,526) |
| <i>Balance at 1 July 2020</i> | 271,599 | 500,000 | 67,650 | - | - | - | (79,696) | (3,240,349) | (2,480,796) |
| Loss for the year attributable owners of the parent | - | - | - | - | - | - | - | (5,344,701) | (5,344,701) |
| Other comprehensive income for the period attributable to owners of the parent attributable owners of the parent | - | - | - | - | - | - | 298,444 | - | 298,444 |
| Total comprehensive income for the year attributable owners of the parent | - | - | - | - | - | - | 298,444 | (5,344,701) | (5,046,257) |
| <i>Transaction with owners, directly in equity</i> | | | | | | | | | |
| Shares issued during the year | 5,073,181 | (500,000) | - | - | - | - | - | - | 4,573,181 |
| Performance rights issued during the year | - | - | - | - | - | 2,952,579 | - | - | 2,952,579 |
| Options issued during the year | - | - | - | - | 583,572 | - | - | - | 583,572 |
| Shares issued under the Group Restructure | 2,459,201 | - | - | - | - | - | - | - | 2,459,201 |
| Common control reserve arising from Group Restructure | - | - | (67,650) | (2,391,551) | - | - | - | - | (2,459,201) |
| Transaction costs | (293,183) | - | - | - | - | - | - | - | (293,183) |
| Balance at 31 December 2020 | 7,510,798 | - | - | (2,391,551) | 583,572 | 2,952,579 | 218,748 | (8,585,050) | 289,096 |

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

OLIVEX HOLDINGS LIMITED

AND CONTROLLED ENTITIES
ACN 631 675 986

INTERIM REPORT

31 December 2020

Consolidated Statement of cash flows

for the half year ended 31 December 2020

| | Note | 31 Dec 2020 \$ | 31 Dec 2019 \$ |
|--|------|--------------------|-------------------|
| <i>Cash flows from operating activities</i> | | | |
| Receipts from customers | | 119,462 | 220,202 |
| Interest received | | 2,204 | 245 |
| Payments to suppliers and employees | | (1,572,580) | (772,604) |
| Research and development costs | | (17,916) | (35,503) |
| Government Subsidy | | 82,493 | - |
| Net cash used in operating activities | | (1,386,337) | (587,660) |
| <i>Cash flows from investing activities</i> | | | |
| Purchase of plant and equipment | | (36,561) | - |
| Purchase of Volution.Fit | | (335,867) | - |
| Other financial assets | | - | (146,062) |
| Short term advance (provided) repaid | | (129,961) | (36,252) |
| Net cash (used in)/provided by investing activities | | (502,389) | (182,314) |
| <i>Cash flows from financing activities</i> | | | |
| Proceeds from share issue | | 2,020,177 | - |
| Proceeds from other financial liabilities | | - | 21,909 |
| Net cash provided by financing activities | | 2,020,177 | 21,909 |
| Net decrease in cash held | | 131,451 | (748,065) |
| Cash and cash equivalents at the beginning of the period | | 3,499 | 1,206,070 |
| Changes in foreign currency held | | - | 90,240 |
| Cash and cash equivalents at the end of the period | 5 | 134,950 | 548,245 |

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 1. Statement of significant accounting policies

These are the consolidated financial statements and notes of OliveX Holdings Ltd (**OliveX or the Company**) and its controlled entities (collectively **the Group**). OliveX is a company limited by shares, domiciled and incorporated in Australia.

The registered office and the principal office of the Company is 283 Rokeby Road, Subiaco Western Australia. The financial statements were authorised for issue on 16 March 2021 by the directors of the Company.

a. Basis of preparation

This consolidated interim financial report is intended to provide users with an update on the latest annual financial statements of OliveX Holdings Limited and its controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in combination with the annual financial statements of the OliveX and OliveX HK for the year ended 30 June 2020, together with any public announcements made during the half-year.

All amounts are presented in Australian Dollars, unless otherwise noted. For the purposes of preparing the report, the half year has been treated as a discrete reporting period.

i. Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

ii. Going Concern

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

The Group incurred a loss for the period of \$5,344,701 (31 December 2019: \$711,007 loss) and a net cash out-flow from operating activities of \$1,386,337 (31 December 2019: \$587,660 out-flow).

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Group has cash and cash equivalents of \$134,950 as at 31 December 2020.
- On 5 January 2021, the Company raised \$600,000 through the issue of 3,000,000 shares at an issue price of \$0.20 per share.
- On 15 February 2021, the Company raised \$750,000 through the issue of 1,666,667 shares at an issue price of \$0.45 per share.
- On 25 February 2021, the Company raised \$218,013 through the issue of 1,090,065 shares at an issue price of \$0.20 per share.
- On 2 March 2021, the Company entered into a share sale agreement with the shareholders of Six to Start Limited to acquire 100% of the shares. As part of this transaction the Company plans to do a capital raising to fund the acquisition and working capital. The Capital raisings is for a minimum of \$6 million and maximum of \$8 million. The initial cash consideration payable to the shareholder of Six to Start Limited is US\$4,332,500 (~A\$5,513,000).
- On 10 March 2021, the Company announced its plans to undertake a listing on the Canadian Stock Exchange in the coming months.

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Company to secure funds from capital raisings and manage its contractual and discretionary cash outflows in line with available funds to enable the Group to meet both its current obligations and its committed future expenditure.

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 1. Statement of significant accounting policies (continued)**iii. Use of estimates and judgments**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of AASBs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1y.

iv. Comparative figures

Where required by AASBs comparative figures have been adjusted to conform with changes in presentation for the current financial year. Comparative figures have been retrospectively adjusted as if the Restructure had taken place at the beginning of the earliest comparative period presented, refer to note 1c.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

b. Accounting Policies

The Group has consistently applied the following accounting policies to all periods presented in the financial statements. The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 July 2020 but determined that their application to the financial statements is either not relevant or not material.

c. Principles of consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

i. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed to variable returns from another entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 1. Statement of significant accounting policies (continued)**ii. Subsidiaries**

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

A list of controlled entities is contained in note 19 Controlled entities on page 31 of the financial statements.

iii. Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

iv. Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

v. Common Control

For acquisitions occurring while under the Common control of the Company and for consolidation purposes, the assets and liabilities continue to reflect the carrying values in the accounting records of the consolidated group prior to the business combination occurring.

Subsequent to the FY2020 year end, a group restructure occurred whereby the following transactions took place:

- On 2 July 2020, OliveX Holdings Limited lodged a replacement prospectus for an offer of 10,000,000 shares at an issue price of \$0.20 per share to raise \$2,000,000 before costs, with the ability to accept oversubscriptions for a further 5,000,000 shares to raise an addition \$1,000,000 before costs. On 10 August 2020, OliveX Holdings Limited successfully raised \$2,181,987 before costs under the initial public offer (IPO) through the issue of 10,909,935 shares at an issue price of \$0.20 per share.
- In preparation for the IPO, the Company proposed to acquire 100% of the issued capital of OliveX (HK) Ltd. In or about May 2020, to complete the acquisition, the Company entered into Security Purchase Letter Agreements (SPLAs) with each holder of fully paid ordinary shares in the capital of OliveX (HK) Ltd and each holder of the safe convertible notes (together the Security Holders), whereby a total of 23,559,996 shares and 20,000,000 performance rights were to be issued to the Security Holders on completion of the acquisition. On 3 August 2020, the acquisition was completed, and the Company issued 23,559,996 shares and 20,000,000 performance rights and become the 100% owner of OliveX (HK) Limited.

As the restructure was determined to occur under the control of the same shareholders, a common control reserve was created in the equity section of the balance sheet. A business combination involving entities or businesses under the common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that the control is not transitory.

The Group has the choice to either apply the acquisition method or to apply the pooling of interest method (predecessor value method). Management have determined that the pooling of interest method to be most appropriate. The pooling of interest method requires that the financial statements be prepared using the predecessor book value without any step up to fair value. The differences between any consideration given and aggregate book value of the assets and liabilities of the acquired entity are recorded as an adjustment to equity in the common control reserve. No additional goodwill is created by the Restructure. All transaction cost incurred in relation to the Restructure are expensed to the consolidated statement of profit or loss and other comprehensive income.

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 1. Statement of significant accounting policies (continued)**d. Current and 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
- A 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 normal operating cycle;
- 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.

e. Foreign currency transactions and balances**i. Functional and presentation currency**

The functional currency of the Group is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

ii. Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

iii. Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation purposes are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

f. Income tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items recognised outside profit or loss.

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 1. Statement of significant accounting policies (continued)

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

g. Plant and equipment**i. Recognition and measurement**

Items of plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 1o Impairment of non-financial assets).

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

ii. Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads.

Depreciation rates and methods are reviewed annually for appropriateness. The depreciation rates used for the current and comparative period are:

| | 2020 | 2019 |
|--------------------------|-------|-------|
| | % | % |
| ■ Software | 20.00 | 20.00 |
| ■ Computer | 20.00 | 20.00 |
| ■ Furniture and Fittings | 20.00 | - |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

h. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see Note 2) less accumulated impairment losses, if any.

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 1. Statement of significant accounting policies (continued)

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGU) (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the period of loss on disposal.

i. Intangible assets

Intangible assets acquired or developed internally are initially measured at cost.

The cost of an acquired intangible asset comprises its purchase price, import duties, and non-refundable purchase taxes, after deducting trade discounts and rebates, and any directly attributable cost of preparing the asset for its intended use.

Subsequent expenditure on intangible assets is capitalised only if it is probable that it will increase the future economic benefits associated with the specific asset. Other expenditure is recognised in profit or loss as incurred.

After initial recognition, intangible assets are measured at cost less accumulated amortisation and impairment losses, if any.

Intangible assets are amortised on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. The estimated useful lives, residual values, and amortisation methods are reviewed at each year end, and any changes in estimates are accounted for prospectively.

j. Employee benefits**i. Defined contribution superannuation funds**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions onto a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

ii. Short-term benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

iii. Other long-term benefits

The Group's obligation in respect of long-term employee benefits other than definite benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the Reserve Bank of Australia's cash rate at the report date that have maturity dates approximating the terms of the Group's obligations. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

k. Leases

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right of use asset and corresponding lease liability is recognised by the Group where the Group is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as operating expense on a straight-line basis over the term of the lease.

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 1. Statement of significant accounting policies (continued)

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determine, the Group uses the incremental borrowing rate.

Right of use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before commencement date as well as any initial direct costs. The subsequent measurement of the right of use assets is at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

l. Value added taxes

Value-added tax (VAT) is the generic term for the broad-based consumption taxes that the Group is exposed to such as:

- Australia (Goods and Services Tax or GST);
- Hong Kong (Value-added tax or VAT); and
- United Kingdom (Value-added tax or VAT).

hereafter collectively referred to as VAT.

Revenues, expenses, and assets are recognised net of the amount VAT, except where the amount of VAT incurred is not recoverable from the taxation authority. In these circumstances the VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of VAT.

Cash flows are presented in the statement of cash flows on a gross basis, except for the VAT component of investing and financing activities, which are disclosed as operating cash flows.

m. Financial instruments – assets**a. Classification**

From 1 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 1. Statement of significant accounting policies (continued)**c. Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

i. Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVTPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

ii. Equity instruments

- The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.
- Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d. Impairment

From 1 July 2018, the Group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

n. Financial instruments - liabilities**a. Classification**

From 1 July 2018, the Group classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at FVTPL, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial liabilities and the contractual terms of the cash flows.

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 1. Statement of significant accounting policies (continued)

For financial liabilities measured at FVTPL, gains and losses, including any interest expenses will be recorded in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

For financial liabilities measured at amortised cost, the effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

b. Recognition and derecognition

Regular way purchases of financial liabilities are recognised on trade-date, the date on which the Group commits to purchase the financial liability. Financial liabilities are derecognised when the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

c. Measurement

At initial recognition, the Group measures financial liabilities at its fair value plus, in the case of financial liabilities not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial liabilities. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

o. Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset Group that generates cash flows that largely are independent from other assets and Groups. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

p. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 1. Statement of significant accounting policies (continued)**q. Share-based payments**

The Group proposes to secure shareholder approval for an employee share ownership scheme. On the issue of shares to employees, the share-based payments will be measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees will be measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options will be determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

r. Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transactions costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

s. Share-based payments

Share-based compensation relating to share options are recognised at fair value. The fair value of the options is recognised as an employee benefit expense in the statement of profit or loss and other comprehensive income, with a corresponding increase in equity. The total amount to be expenses is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are satisfied.

t. Government grants

Government grants are recognised when there is a 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 costs, 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.

u. Earnings per share**i. Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss after income tax attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

ii. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary share and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

v. Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled to in exchange for the goods or services.

The Group recognises revenue from the following major sources:

- Service revenues and fees; and
- Sale of electronic equipment.

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 1. Statement of significant accounting policies (continued)

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

w. Finance income and expenses

The Group's finance income and finance costs include interest income and interest expense.

Interest income or expense is recognised using the effective interest method.

All revenue is stated net of the amount of VAT or Sales taxes (note 1l).

x. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are regularly reviewed by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

y. Critical Accounting Estimates and Judgments

The Board discusses the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Key Judgements – Deferred expenditure

Research and development costs have been expensed through the Statement of Profit and Loss and Other Comprehensive Income. The board of directors exercised their judgement in determining that it was uncertain as to whether such expenditure met the criteria to capitalise the expenditure as set out in AASB 138 Intangible Assets.

ii. Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof.

No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions. The board of directors have considered it prudent not to raise any deferred tax assets at balance date as the board of directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this time.

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 1. Statement of significant accounting policies (continued)**iii. Key Estimate - Impairment**

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

iv. Key Estimate – Financial liabilities

The Group has entered into two SAFE instruments in the prior period (see **note 13 Other financial liabilities**). The SAFE instruments do not specify a coupon rate and therefore, suggest that the instruments do not have a financial cost. The Group believes there is a cost associated with the instrument. On the occurrence of a Liquidity Event, as defined in the instrument, the subscribers to the SAFE instruments are entitled to a discount to the listing share price of between 15%-20%. Accordingly, the Group has exercised its judgement and used the discount to the listing price as the basis for determining the amortised cost.

z. New, revised or amending Accounting Standards and Interpretations adopted by the Group.

A number of new standards, amendments to standards and interpretations issued by AASB which are not yet mandatorily applicable to the Company have not been applied in preparing these financial statements. The Company does not plan to adopt these standards early.

i. Other standards not yet applicable

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 2. Business Combinations**a. OliveX (HK) Limited**

On 3 August 2020, OliveX Holdings Limited acquired 100% of the ordinary share capital and voting rights in OliveX (HK) Limited. At the date of the acquisition OliveX Holdings Limited and OliveX (HK) Limited were controlled by common shareholders.

i. Business combination under common control

Business combinations are outside the scope of AASB 3 when the same group of individuals has, as a result of contractual arrangement, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The Company's acquisition of OliveX (HK) Limited is deemed a business combination under common control.

For such business combinations under common control, the pooling of interest method is used to include the assets, liabilities, results, equity change and cash flows of the combined entities in the consolidated financial statements.

In applying the pooling of interest method, the financial statement items of the combined entities or businesses for the year in which the common control transaction occurs are included in the consolidated financial statements of the Group as if the combination had occurred from the date when the combined entities or businesses first came under control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the Group. Therefore, the Group recognises the assets, liabilities and equity of the combined entities or businesses at the carrying amounts as if such consolidated financial statement had been prepared by the controlling party, including adjustments required for conforming to the Group's accounting policies and applying those policies to all periods presented.

There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost at the time of the common control transactions. The effect of all transactions, balances, and unrealised gains on transactions between the combined entities, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements of the Group. Unrealised losses are also eliminated but are considered an impairment indication of the assets transferred.

Refer to note 1c.v for the accounting policies.

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 2. Business Combinations (continued)

ii. Acquisition consideration

The consideration for the acquisition of OliveX (HK) Limited was the issue of 13,649,000 ordinary shares in the Company at a deemed issue price of \$0.20 per share.

b. **Volution.fit**

On 3 December 2020, OliveX (UK) Limited acquired the business of Volution.Fit under an asset sale agreement. This transaction constitutes a business combination under AASB 3.

iii. Acquisition consideration

The consideration for the acquisition of Volution.Fit consisted of the cash consideration of GBP190,000 (AU\$335,867).

iv. Goodwill

The identifiable net assets of the business acquired are remeasured at their fair value on the date of the acquisition (i.e. the date that control passes).

Goodwill is calculated as the difference between the fair value of consideration transferred less the fair value of the identified net assets of the business acquired.

Details of the transaction are as follows:

| | Fair Value \$ |
|--|------------------|
| Fair value of consideration transferred: | |
| Cash consideration | 335,867 |
| | 335,867 |
| Fair value of identifiable assets and liabilities at acquisition date | |
| Provision for annual leave | (34,412) |
| Fair value of identifiable assets and liabilities assumed | (34,412) |
| Goodwill | 370,279 |

Note 3 Revenue**Major Product Lines**

| | 31 December 2020 \$ | 31 December 2019 \$ |
|------------------------|---------------------------|---------------------------|
| Services | 15,120 | 330,702 |
| Apps and games revenue | 24,601 | 32,366 |
| Mirror sales | 77,544 | 32,851 |
| | 117,265 | 395,919 |

Timing of Revenue Recognition

| | 31 December 2020 \$ | 31 December 2019 \$ |
|--------------------------------------|---------------------------|---------------------------|
| Goods transferred at a point in time | 102,145 | 65,217 |
| Services transferred over time | 15,120 | 330,702 |
| | 117,265 | 395,919 |

OLIVEX HOLDINGS LIMITED

AND CONTROLLED ENTITIES

ACN 631 675 986

INTERIM REPORT

31 December 2020

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 4 Earnings per share (EPS)**a. Reconciliation of earnings to profit or loss**

Loss for the period

Loss used in the calculation of basic and diluted EPS

b. Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS**c. Weighted average number of ordinary shares outstanding during the period used in calculation of diluted EPS****d. Earnings per share**

Basic EPS (cents)

Diluted EPS (cents)

| Note | 31 Dec 2020 \$ | 31 Dec 2019 \$ |
|------|--------------------|--------------------|
| | (5,344,701) | (711,007) |
| | (5,344,701) | (711,007) |
| | 31 Dec 2020 No. | 31 Dec 2019 No. |
| | 31,884,159 | 13,650,000 |
| | 36,987,457 | 13,650,000 |
| | 31 Dec 2020 \$ | 31 Dec 2019 \$ |
| | (16.76) | (5.21) |
| | (14.45) | (5.21) |

Note 5 Cash and cash equivalents

Cash on hand

| | 31 Dec 2020 \$ | 30 Jun 2020 \$ |
|--|-------------------|-------------------|
| | 134,950 | 3,499 |
| | 134,950 | 3,499 |

Note 6 Trade and Other Receivables

Trade receivables

Loan – Miro

Loan – Volution Employees

| Note | 31 Dec 2020 \$ | 30 Jun 2020 \$ |
|------|-------------------|-------------------|
| | 53,234 | 92,176 |
| | 39,299 | - |
| | 131,988 | - |
| | 224,521 | 92,176 |

Note 7 Inventories

Mirrors

| | 31 Dec 2020 \$ | 30 Jun 2020 \$ |
|--|-------------------|-------------------|
| | 39,672 | 11,310 |
| | 39,672 | 11,310 |

OLIVEX HOLDINGS LIMITED

AND CONTROLLED ENTITIES
ACN 631 675 986

INTERIM REPORT

31 December 2020

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 8 Other financial assets

Convertible Security
Provision for Impairment

| 31 Dec 2020 | 30 Jun 2020 |
|-------------|-------------|
| \$ | \$ |
| 145,709 | 145,709 |
| (145,709) | (145,709) |
| - | - |

Note 9 Other current assets

Prepayments
Rental Deposit
Accrued Income

| 31 Dec 2020 | 30 June 2020 |
|-------------|--------------|
| \$ | \$ |
| 131,162 | 124,335 |
| 728 | 3,246 |
| 14,970 | - |
| 146,860 | 127,581 |

Note 10 Plant and equipment

Furniture and Fittings
Accumulated depreciation

Software
Accumulated depreciation

Computer equipment
Accumulated depreciation

Total plant and equipment

| 31 Dec 2020 | 30 Jun 2020 |
|-------------|-------------|
| \$ | \$ |
| 9,138 | - |
| (659) | - |
| 8,479 | - |
| 26,330 | 29,556 |
| (3,511) | (985) |
| 22,819 | 28,571 |
| 34,469 | 10,484 |
| (4,272) | (2,097) |
| 30,197 | 8,387 |
| 61,495 | 36,958 |

Note 11 Goodwill

Goodwill – Volution.Fit

| Note | 31 Dec 2020 | 30 Jun 2020 |
|------|-------------|-------------|
| | \$ | \$ |
| 2 | 370,279 | - |
| | 370,279 | - |

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 12 Trade and Other Payables

| | Note | 31 Dec 2020 \$ | 30 Jun 2020 \$ |
|---------------------------|------|-------------------|-------------------|
| Trade payables | (i) | 232,765 | 266,163 |
| Accrued expenses | | 302,040 | 122,290 |
| Insurance Premium Funding | | 22,103 | - |
| Other payables | | 87,163 | - |
| | | 644,071 | 388,453 |

(i) Trade payables are non-interest bearing and usually settled within the lower of terms of trade or 30 days.

Note 13 Other financial liabilities

| | 31 Dec 2020 \$ | 30 Jun 2020 \$ |
|--|-------------------|-------------------|
| a. SAFE Instruments conversion rights | | |
| Opening balance | 505,955 | 397,358 |
| Additions | - | 108,597 |
| Transfer to equity | (505,955) | - |
| | - | 505,955 |

The amount recorded as conversion rights represents conversion rights by applying the effective interest rate for the SAFE instruments with the residual value being applied to the conversion rights.

b. Other financial liabilities – SAFE Instruments amortised cost

| | | |
|------------------------|-------------|-----------|
| SAFE | | |
| Current portion | - | 1,849,690 |
| | - | 1,849,690 |
| Opening balance | 1,849,690 | 1,664,660 |
| SAFE issue | - | 21,856 |
| Finance costs | 43,724 | 271,770 |
| Fair value adjustments | - | (108,596) |
| Transfer to equity | (1,893,414) | - |
| Closing balance | - | 1,849,690 |
| Present value | - | 1,849,690 |
| Finance costs | - | 46,048 |
| | - | 1,895,738 |

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 13 Other financial liabilities (continued)

As at 30 June 2020, OliveX (HK) Limited had US\$1,301,045 SAFE Instruments. These instruments incorporate a principal term right to convert the SAFE into equity instruments on the occurrence of a Liquidity Event.

The Group has determined that the SAFE instruments are financial liabilities and accordingly, recorded these instruments on an amortised cost basis using the effective interest rate method of 21% (Tranche 1) and 16% (Tranche 2). The difference between proceeds from the SAFE instrument and the carrying value of the SAFE instrument at inception is recorded as the conversion rights.

As part of the acquisition of OliveX (HK) Limited these instruments were transferred to OliveX Holdings Limited and subsequently converted to equity prior to listing on 12 August 2020. The SAFE Instruments converted to 9,909,996 ordinary shares in the Company.

| | 31 Dec 2020 \$ | 30 Jun 2020 \$ |
|------------------------------------|-------------------|-------------------|
| Other financial liabilities | | |
| SAFE instruments amortised cost | - | 1,849,690 |
| SAFE instruments conversion rights | - | 505,955 |
| Closing balance | - | 2,355,645 |

Note 14 Provisions

| | 31 Dec 2020 \$ | 30 Jun 2020 \$ |
|----------------------------|-------------------|-------------------|
| Provision for annual leave | 44,610 | 8,222 |
| | 44,610 | 8,222 |

Note 15 Issued equity

| | 31 Dec 20 No. | 30 Jun 20 No. | 31 Dec 20 \$ | 30 Jun 20 \$ |
|---|------------------|------------------|-----------------|-----------------|
| Fully paid ordinary shares at no par value | 37,444,931 | 1,561,000 | 7,510,798 | 271,599 |
| a. Ordinary shares | | | | |
| At the beginning of the period | 1,561,000 | 1,561,000 | 271,599 | 271,599 |
| Shares issued during the year: | | | | |
| ■ Elimination of OliveX (HK) Limited shares | (1,560,000) | - | (270,599) | - |
| ■ Share issue to OliveX (HK) Limited shareholders | 13,649,000 | - | 2,729,800 | - |
| ■ Share issued on conversion of the SAFE Notes | 9,909,996 | - | 2,296,194 | - |
| ■ Share issued on conversion of Convertible Note | 2,500,000 | - | 500,000 | - |
| ■ Share issue to directors in lieu of fees | 475,000 | - | 95,000 | - |
| ■ Shares issued as part of Initial Public Offer | 10,909,935 | - | 2,181,987 | - |
| Transaction costs relating to share issues | - | - | (293,183) | - |
| At reporting date | 37,444,931 | 1,561,000 | 7,510,798 | 271,599 |

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 15 Issued equity (continued)

| | 31 Dec 20 No. | 30 Jun 20 No. | 31 Dec 20 \$ | 30 Jun 20 \$ |
|---|------------------|------------------|-----------------|-----------------|
| b. Options | | | | |
| Options | 7,060,200 | - | 583,572 | - |
| At the beginning of the period | - | - | - | - |
| Options issued/(lapsed) during the year: | | | | |
| Options exercisable at \$0.20 each expiring 24.8.2023 | 3,210,000 | - | 199,589 | - |
| Options exercisable at \$0.20 each expiring 24.8.2023 | 3,800,000 | - | 374,039 | - |
| Options exercisable at \$0.20 each expiring 24.8.2023 | 50,200 | - | 9,944 | - |
| At reporting date | 7,060,200 | - | 583,572 | - |
| c. Performance Rights | | | | |
| Performance Rights | 30,000,000 | - | 2,952,579 | - |
| At the beginning of the period | - | - | - | - |
| Options issued/(lapsed) during the year: | | | | |
| Class A Performance Rights | 10,000,000 | - | 984,193 | - |
| Class B Performance Rights | 10,000,000 | - | 984,193 | - |
| Class C Performance Rights | 10,000,000 | - | 984,193 | - |
| At reporting date | 30,000,000 | - | 2,952,579 | - |

The Company has 30,000,000 Performance Rights on issue, being 10,000,000 Class A Performance Rights, 10,000,000 Class B Performance Rights and 10,000,000 Class C Performance Rights, with the following milestones:

Milestone**Class A Performance Rights:**

- The Company achieving a VWAP of at least \$0.40 over a period of 20 trading days.
- On achievement of the milestone a Class A Performance Right converts into one Ordinary Share.

Class B Performance Rights:

- The Company achieving a VWAP of at least \$0.50 over a period of 20 trading days.
- On achievement of the milestone a Class A Performance Right converts into one Ordinary Share.

Class C Performance Rights:

- The Company achieving a VWAP of at least \$0.60 over a period of 20 trading days.
- On achievement of the milestone a Class A Performance Right converts into one Ordinary Share.

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 16 Other equity

| | 31 Dec 20 No. | 30 Jun 20 No. | 31 Dec 20 \$ | 30 Jun 20 \$ |
|--|------------------|------------------|-----------------|-----------------|
| At the beginning of the period | - | - | 500,000 | 500,000 |
| ■ Conversion of convertible notes to ordinary shares | - | - | (500,000) | - |
| At reporting date | - | - | - | 500,000 |

During or around March 2019, the Company entered into convertible note terms sheets with various professional and sophisticated investors (Noteholders) pursuant to which the Company issued convertible notes with a face value \$1.00 each to raise an aggregate of \$500,000 (Convertible Notes).

The Convertible Notes are interest free. The Convertible Notes automatically convert into fully paid ordinary shares in the capital of the Company upon the Company issuing Shares to the public under an initial public offer on the National Stock Exchange before the Maturity Date (Conversion Event).

On 12 August 2020, the convertible notes converted to 2,500,000 ordinary shares as part of the restructure before the listing on the NSX on 24 August 2020.

Note 17 Reserves

| | 31 Dec 20 \$ | 30 June 20 \$ |
|--------------------------------------|-----------------|------------------|
| Foreign currency translation reserve | 218,748 | (79,696) |
| Common control reserve | (2,391,551) | - |
| Performance rights reserve | 2,952,579 | - |
| Option reserve | 583,572 | - |
| Share premium reserve | - | 67,650 |
| | 1,363,348 | (12,046) |

Note 18 Share-based payments**Share-based payment expense****Gross share-based payments**

| Note | |
|------|-----------|
| | 3,495,556 |
| | - |
| | 3,495,556 |
| | - |

a. Share-based payment arrangements in effect during the half-year**i. Director Options**

In consideration for acting as director of OliveX Holdings Limited, the Company issued 3,210,000 Options with terms and summaries below:

| Number of Options | Date of Expiry | Exercise Price | Vesting Terms |
|-------------------|----------------|----------------|---|
| 1,090,000 | 24 August 2023 | \$0.20 | The day the Company is admitted to the official list of the NSX (Listing Date). |
| 1,060,000 | 24 August 2024 | \$0.20 | The 12-month anniversary of the Listing Date. |
| 1,060,000 | 24 August 2025 | \$0.20 | The 24-month anniversary of the Listing Date. |

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 18 Shares-based payments (continued)**ii. Lead Manager Options**

In consideration for acting as the lead manager for the IPO, the Company issued 3,800,000 Options with terms and summaries below:

| Number of Options | Date of Expiry | Exercise Price | Vesting Terms |
|-------------------|----------------|----------------|------------------------|
| 3,800,000 | 24 August 2023 | \$0.20 | Immediately upon issue |

iii. MITP Agency Options

In consideration for website development services, the Company issued 50,200 Options with terms and summaries below:

| Number of Options | Date of Expiry | Exercise Price | Vesting Terms |
|-------------------|----------------|----------------|------------------------|
| 50,200 | 24 August 2023 | \$0.20 | Immediately upon issue |

iv. Performance Rights

In consideration for the conversion of the convertible notes and continued support from key personnel, the Company issued 30,000,000 Performance Rights with terms and summaries below:

| Number of Performance Rights | Date of Expiry | Milestone | Vesting Terms |
|------------------------------|----------------|---|------------------------|
| 10,000,000 | 24 August 2023 | The Company achieving a VWAP of at least \$0.40 over a period of 20 trading days. | Immediately upon issue |
| 10,000,000 | 24 August 2023 | The Company achieving a VWAP of at least \$0.50 over a period of 20 trading days. | Immediately upon issue |
| 10,000,000 | 24 August 2023 | The Company achieving a VWAP of at least \$0.60 over a period of 20 trading days. | Immediately upon issue |

Note 19. Controlled Entities

| Controlled Entities | Country of Incorporation | Class of Shares | Percentage Owned | |
|---------------------|--------------------------|-----------------|------------------|------------------|
| | | | 31 Dec 2020 % | 31 Dec 2019 % |
| OliveX (HK) Limited | Hong Kong | Ordinary | 100 | 0 |
| OliveX (UK) Limited | United Kingdom | Ordinary | 100 | 0 |
| OliveX (AU) Pty Ltd | Australia | Ordinary | 100 | 0 |

a. Investments in subsidiaries are accounted for at cost.

b. OliveX Holdings Limited is the ultimate parent of the Group.

Note 20 Commitments

The Group has no material commitments as at 31 December 2020 (30 June 2020: nil).

Note 21 Contingent liabilities

There are no contingent liabilities as at 31 December 2020 (30 June 2020: nil).

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 22 COVID-19

The outbreak of the coronavirus disease (COVID-19) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Group remains unknown. The Group's financial performance has not been adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Group's operations and are likely to be beyond the control of the Group.

The Directors are closely monitoring the impact of COVID-19 and are considering the effect on the Group's business and financial performance. However, the situation is evolving daily, and the consequences are uncertain. As a result, this may further impact the Group's financial performance, however the Directors believe this will not affect the Group's ability to continue as a going concern.

Note 23 Events subsequent to reporting date

On 29 December 2020, the Company announced that it has signed an agreement with Allied Ocean Ventures Limited for the placement of 3,000,000 OliveX shares at \$0.20 per share and the intention to form a Chinese joint venture.

On 5 January 2021, the Company issued 3,000,000 shares at \$0.20 per share to Allied Ocean Ventures Limited.

On 4 January 2020, the Company announced that it had entered into a non-binding term sheet for content, branding, sales and marketing collaboration with Gym Aesthetics GmbH which included a strategic placement to Gym Aesthetics GmbH of 1,666,667 shares at \$0.45 each to raise \$750,000. Under the term sheet, smart mirrors incorporating OliveX's advanced AI technology are proposed to be sold in the German market, to deliver immersive and customised fitness content using Gym Aesthetics GmbH trainers and coaches. Gym Aesthetics GmbH apparel and products would feature on OliveX's platform.

On 15 February 2020, the Company issued the following shares:

- 1,666,667 shares at \$0.45 per share to Gym Aesthetics GmbH;
- 629,723 shares at \$0.20 per share to Sonny Vu as approved in the AGM held on 26 November 2020;
- 372,625 shares at \$0.20 per share to service providers as approved in the AGM held on 26 November 2020;
- 5,769 shares at \$0.52 per share to service providers as approved in the AGM held on 26 November 2020;
- 50,000 options to service providers as approved in the AGM held on 26 November 2020.

On 2 March 2021, the Company entered into a share sale agreement with the shareholders of Six to Start Limited (Sellers) for the acquisition of 100% of the shares of Six to Start Limited (Six to Start). The consideration payable to the Sellers is comprised of the following:

- Initial cash consideration of US\$4,322,500 (~A\$5,513,000) payable to the Sellers on completion (Initial Cash Consideration);
- Issuing the Sellers (or their respective nominees) at completion such number of OliveX Shares equivalent to a value of US\$2,327,500 (~A\$2,972,000) based on an issue price equal to the lower of A\$0.80 per Share and the issue price of shares pursuant to the capital raisings (Issue Price) (Consideration Shares);
- Issuing the Sellers (or their respective nominees) such number of performance rights that would, if fully vested, be equivalent to a value of US\$1,140,000 (~A\$1,454,000) at an Issue Price (with vesting subject to the milestones set out below (Performance Rights);
- Deferred cash consideration of up to US\$1,710,000 (~A\$2,181,000) payable to the Sellers subject to the Milestones set out below (Deferred Cash Consideration).

The Acquisition is unconditional, with completion set for 31 May 2021 (unless extended). In the event that completion does not process for any reason, the Company will be released by the Seller from any liability in connection with the acquisition.

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 23 Events subsequent to reporting date (continued)

The Performance Rights and Deferred Consideration are divided into 6 tranches, vesting and becoming payable as follows:

| Performance Rights | Deferred Cash Consideration | Tranche | Milestones | Expiry |
|--|-----------------------------|-----------|--|------------------------------------|
| Such number of Performance Rights that would, if fully vested, be equivalent to a value of US\$128,000 at the Issue Price. | US\$192,000 | Tranche A | Six to Start achieves Audited Aggregate EBITDA of US\$600,000 after the Completion Date. | 42 months from the Agreement Date. |
| Such number of Performance Rights that would, if fully vested, be equivalent to a value of US\$192,000 at the Issue Price. | US\$288,000 | Tranche B | Six to Start achieves Audited Aggregate EBITDA of US\$750,000 after the Completion Date. | 42 months from the Agreement Date. |
| Such number of Performance Rights that would, if fully vested, be equivalent to a value of US\$144,000 at the Issue Price. | US\$216,000 | Tranche C | Six to Start achieves Audited Aggregate EBITDA of US\$1,250,000 after the Completion Date. | 42 months from the Agreement Date. |
| Such number of Performance Rights that would, if fully vested, be equivalent to a value of US\$216,000 at the Issue Price. | US\$324,000 | Tranche D | Six to Start achieves Audited Aggregate EBITDA of US\$1,500,000 after the Completion Date. | 42 months from the Agreement Date. |
| Such number of Performance Rights that would, if fully vested, be equivalent to a value of US\$184,000 at the Issue Price. | US\$276,000 | Tranche E | Six to Start achieves Audited Aggregate EBITDA of US\$2,000,000 after the Completion Date. | 42 months from the Agreement Date. |
| Such number of Performance Rights that would, if fully vested, be equivalent to a value of US\$276,000 at the Issue Price. | US\$414,000 | Tranche F | Six to Start achieves Audited Aggregate EBITDA of US\$2,500,000 after the Completion Date. | 42 months from the Agreement Date. |

The Performance Rights and Deferred Cash Consideration are subject to an acceleration provision whereby the Performance Rights will automatically vest, and the Deferred Cash Consideration will become immediately payable, in the event that Adrian Hon's position as Executive Director of STS is terminated without cause or should OliveX require Mr Hon to work on projects or matters for the existing OliveX Group for more than 10% of his working time over any 3-month rolling period.

OliveX is also required to operate Six to Start as an independent profit centre following completion, and not to undertake a material change in the business or operations of Six to Start until 42 months from the Agreement Date.

Note 24 Operating segments**Identification of reportable segments**

The Group has adopted AASB 8 Operating Segments which requires operating segments to be identified on the basis of internal reports and components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group currently operates in one operating segment being the development of technology for the health and fitness industry. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Company.

Directors' declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 33, are in accordance with the *Corporations Act 2001* (Cth) and:
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting;
 - (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 1 to the financial statements;
 - (c) give a true and fair view of the financial position as at 31 December 2020 and of the performance for the half-year ended on that date of the Group.
2. the Directors have been given the declarations required by s.295A of the *Corporations Act 2001* (Cth);
3. in the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, based on the factors outlined in Note 1a.ii Going concern.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

**KEITH RUMJAHN**

Chief Executive Officer

Dated this Tuesday, 16 March 2021

**Moore Australia Audit (WA)**

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF OLIVEX HOLDINGS LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of OliveX Holdings Limited (the company) and its controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter – Uncertainty Regarding Going Concern

Without qualifying our review conclusion expressed above, attention is drawn to the matters described in Note 1a(ii) Going Concern, which indicate some degree of uncertainty as to whether the Company will be able to continue as a going concern for at least the next 12 months. The financial report has been prepared on a going concern basis, the ability of which is dependent upon the Company achieving the critical outcomes described in Note 1a(ii). In the event that these outcomes cannot be achieved as expected the Company may not be able to meet its liabilities as they fall due and as a consequence may be unable to realise its assets in the normal course of business and at amounts stated in the financial report.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including:

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF OLIVEX HOLDINGS LIMITED (CONTINUED)****Auditor's Responsibility (continued)**

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if provided to the directors as at the time of this auditor's review report.

NEIL PACE
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 16th day of March 2021.