

Victory Offices Limited (ACN 616 150 022)
Appendix 4E - Preliminary Final Report

For the year ended 30 June 2022

2. Result for announcement to the market		2022	2021
		\$	\$
Revenue from ordinary activities	Down 16% to	14,811,871	17,701,903
Loss from ordinary activities after tax attributable to owners of Victory Offices Limited	Up 37% to	(50,109,664)	(36,570,956)
Comprehensive loss for the year attributable to owners of Victory Offices Limited	Up 37% to	(50,109,664)	(36,570,956)

Dividends

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

Commentary

Refer to Commentary and Review of Operations attached.

3. Statement of comprehensive income together with notes to the statement

Refer attached.

4. Statement of financial position together with notes to the statement

Refer attached.

5. Statement of cash flows together with notes to the statement

Refer attached.

6. Statement of changes in equity

Refer attached.

7. Dividends

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

8. Dividend reinvestment plans

There are no dividend reinvestment plans.

9. Net tangible assets

	2022	2021
	\$	\$
Net tangible assets per security (cents)	(0.10)	0.43

10. Control gained or loss of control over entities

Refer attached.

11. Details of associates and joint venture entities

Not applicable.

14. Commentary on the results for the period

Refer to Commentary and Review of Operations attached.

15. Audit

The Appendix 4E is based on the Annual Report which are in the process of being audited.

Victory Offices Limited
Appendix 4E - Preliminary Final Report

Commentary and Review of Operations

Victory Offices Limited ('the Company') welcomed the substantial easing of restrictions associated with the COVID-19 pandemic ('COVID-19' or 'the pandemic') aided by the national vaccination program and elevated business and consumer confidence sentiments in the latter half of the financial year.

With many businesses and organisations returning to work in the Central Business Districts and surrounding suburbs, the Company experienced a gradual increase in occupancy rates across many of its properties, particularly in the second half of the financial year. On average the Company recorded occupancy rates in the range of 15% – 89% during the financial year (2021: 6% – 80%). However, revenue and particularly occupancy rates are still below pre-pandemic levels which were in the range of 67% to 98%.

The Company continued to face the adverse impact of COVID-19 with some locations continuing to operate in a loss-making position. This required the Company to undertake a strategic review of its portfolio of office locations which resulted in the closure of 10 operating locations (in addition to 1 company office location) during the financial year.

The closed locations were likely to continue to operate at a loss for some time into the future and the decision to cease operating at these locations is expected to have a positive impact on the Company's remaining portfolio of 14 office and lounge locations. As a result;

- revenue from suite services (excluding other income) was \$14.06 million in the 2022 financial year (2021: \$14.7 million).
- underlying net loss before tax for the 2022 financial year was \$26.4 million (2021: \$33.8 million loss). Underlying net loss before tax excludes the impact of the reversal/impairment of receivables and assets, gain on termination of leases, surrender of bank guarantees, gain on disposal of subsidiaries as well as fixed assets written off relating to surrendered leases, job keeper subsidy, and rent concession income;
- the Company recorded an impairment charge of \$5.3 million (2021: impairment of \$10.9 million) after performing value-in-use calculations. The impairment charge is non-cash and is based on short term trading conditions and forecasts;
- the Company recorded a non-cash gain of \$32.1 million (inclusive of reversal of impairment) in respect of termination of leases for closed locations;
- surrendered bank guarantees of \$23.2 million pertaining to closed locations;
- disposed subsidiaries relating to closed locations for non-cash gain of \$4.7 million; and
- wrote off fixed assets relating to closed locations of \$22.0 million.

The Company is currently subject to legal proceedings of a winding up application brought on by a landlord of a closed location. The Company has engaged lawyers and is rigorously opposing the application.

The Board is pleased to advise that the Company has entered into an \$8 million loan facility agreement with Redmill Metals Limited, a company controlled by Mr Dan Baxter, Co-Chief Executive Officer and Chairman of the Board, to provide a financing facility to enable the Company to meet its debts as and when they fall due.

As COVID-19 becomes more manageable and better controlled, the Directors of Victory Offices Limited are of the view that flexible workspaces will become more strategically important to the way the world does business. Victory's service offering will become more attractive to businesses as they continue to establish a more efficient workplace environment as workers continue to return from working from home.

Victory Offices Limited
Appendix 4E – Preliminary Final Report
Preliminary Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2022

	Note	Consolidated 30 June 2022 \$	30 June 2021 \$
Suite services revenue	1	14,063,838	14,714,246
Other income	1	688,135	2,969,388
Interest revenue		59,898	18,269
Expenses			
Employee benefits expense		(6,261,255)	(6,216,346)
Depreciation and amortisation expense	2	(18,187,101)	(22,447,877)
Impairment of assets	2	(5,260,906)	(10,895,842)
Occupancy costs		(4,070,932)	(4,547,332)
Reversal/ (impairment) of receivables		195,339	(2,733,554)
Derecognition of financial assets		(23,324,625)	-
Write off of assets under construction and fixed assets related to surrendered leases		(22,009,676)	-
Other administration expenses		(3,171,415)	(4,436,702)
Gain on disposal of subsidiaries	16	4,675,679	-
Finance costs	2	(8,830,733)	(10,902,034)
Gain on termination of leases		32,138,114	-
Reversal of impairment of assets		-	966,445
Loss before income tax		(39,295,640)	(43,511,339)
Income tax (expense)/benefit	7	(10,814,024)	6,940,383
Loss after income tax for the year		(50,109,664)	(36,570,956)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners		(50,109,664)	(36,570,956)
		Cents	Cents
Basic loss per share	13	(31.7)	(46.3)
Diluted loss per share	13	(31.7)	(46.3)

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

Victory Offices Limited
Appendix 4E – Preliminary Final Report
Preliminary Consolidated Statement of Financial Position
As at 30 June 2022

	Note	Consolidated 30 June 2022 \$	30 June 2021 \$
Assets			
Current assets			
Cash and cash equivalents	3	74,972	15,116,337
Trade and other receivables	4	645,286	3,505,125
Other financial assets	5	732,804	940,988
Total current assets		<u>1,453,062</u>	<u>19,562,450</u>
Non-current assets			
Other financial assets	5	-	31,423,810
Property, plant and equipment	6	58,819,424	173,636,273
Deferred tax	7	6,430,187	17,244,213
Total non-current assets		<u>65,249,611</u>	<u>222,304,296</u>
Total assets		<u>66,702,673</u>	<u>241,866,746</u>
Liabilities			
Current liabilities			
Trade and other payables	8	2,380,615	6,125,317
Borrowings	10	1,758,537	603,325
Lease liabilities	14	3,686,810	20,124,572
Income tax		1,581,344	1,581,353
Provisions	9	4,224,753	469,007
Other liabilities	11	8,536,091	3,159,936
Total current liabilities		<u>22,168,150</u>	<u>32,063,510</u>
Non-current liabilities			
Trade and other payables	8	414,834	8,008,374
Borrowings	10	-	2,697,371
Lease liabilities	14	59,190,493	162,507,244
Provisions	9	1,258,382	2,548,712
Other liabilities	11	-	240,678
Total non-current liabilities		<u>60,863,709</u>	<u>176,002,379</u>
Total liabilities		<u>83,031,859</u>	<u>208,065,889</u>
Net assets		<u>(16,329,186)</u>	<u>33,800,857</u>
Equity			
Issued capital	12	61,902,621	61,922,519
Accumulated losses		<u>(78,231,807)</u>	<u>(28,121,662)</u>
Total equity		<u>(16,329,186)</u>	<u>33,800,857</u>

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

Victory Offices Limited
Appendix 4E – Preliminary Final Report
Preliminary Consolidated Statement of Changes in Equity
For the year ended 30 June 2022

Consolidated	Issued capital \$	Retained profits/ (accumulated losses) \$	Total equity \$
Balance at 1 July 2020	28,164,585	8,449,294	36,613,879
Loss after income tax benefit for the year		(36,570,956)	(36,570,956)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	-	(36,570,956)	(36,570,956)
<i>Transactions with owners in their capacity as owners</i>			
Contributions of equity, net of transaction costs	33,757,934	-	33,757,934
Balance at 30 June 2021	61,922,519	(28,121,662)	33,800,857
Consolidated	Issued capital \$	(Accumulated losses) \$	Total equity \$
Balance at 1 July 2021	61,922,519	(28,121,662)	33,800,857
Loss after income tax expense for the year	-	(50,109,664)	(50,109,664)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	-	(50,109,664)	(50,109,664)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs	(19,898)	(481)	(20,379)
Balance at 30 June 2022	61,902,621	(78,231,807)	(16,329,186)

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

Victory Offices Limited
Appendix 4E – Preliminary Final Report
Preliminary Consolidated Statement of Cash Flows
For the year ended 30 June 2022

	Note	Consolidated 30 June 2022 \$	30 June 2021 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		15,752,031	15,656,042
Payments to suppliers and employees (inclusive of GST)		<u>(16,488,893)</u>	<u>(15,121,053)</u>
		(736,862)	534,989
Interest and other income		101,559	18,629
Job keeper subsidy		-	1,848,800
Interest and other finance costs paid		<u>(8,692,914)</u>	<u>(10,770,748)</u>
Net used in operating activities	15	<u>(9,328,217)</u>	<u>(8,368,330)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(1,573,586)	(2,241,416)
Payments for bank guarantees		(23,324,625)	(1,418,675)
Payments for security deposits and member refunds		(653,685)	-
Proceeds from office fit-out contributions		626,027	-
Proceeds from release of term deposits		<u>24,187,946</u>	<u>-</u>
Net cash used in investing activities		<u>(737,923)</u>	<u>(3,660,091)</u>
Cash flows from financing activities			
Proceeds from share issues		-	30,337,400
Share issue transaction costs		-	(672,079)
Repayment of borrowings		(603,325)	-
Repayment of lease liabilities		<u>(4,371,900)</u>	<u>(3,794,590)</u>
Net cash used in financing activities		<u>(4,975,225)</u>	<u>25,870,731</u>
Net increase/(decrease) in cash and cash equivalents		(15,041,365)	13,842,310
Cash and cash equivalents at the beginning of the financial year		<u>15,116,337</u>	<u>670,702</u>
Cash and cash equivalents at the end of the financial year¹	3	<u>74,972</u>	<u>14,513,012</u>

¹ Cash on hand and at bank \$15,116,337 net of bank overdraft of \$603,325 for 30 June 2021

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

Victory Offices Limited
Appendix 4E - Preliminary Final Report
Preliminary Selected Notes to the Financial Statements
For the year ended 30 June 2022

a) Basis of Preparation

This preliminary financial report has been prepared in accordance with ASX Listing Rules as they relate to the Appendix 4E and in accordance with the recognition and measurement requirements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

As such, this preliminary financial report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the annual report for the year ended 30 June 2021 and any ASX announcements made by the Company during the period.

The principal accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year.

1. Suite services revenue

	Consolidated	Consolidated
	30 June 2022	30 June 2021
	\$	\$
Suite services	<u>14,063,838</u>	<u>14,714,246</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	Consolidated
	30 June 2022	30 June 2021
	\$	\$
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	2,689,897	1,705,868
Services transferred over time	<u>11,373,941</u>	<u>13,008,378</u>
	<u>14,063,838</u>	<u>14,714,246</u>

Other income

	Consolidated	Consolidated
	30 June 2022	30 June 2021
	\$	\$
Job keeper subsidy	-	1,632,800
Rent concession income	646,474	1,313,971
Other revenue	<u>41,661</u>	<u>22,617</u>
Other income	<u>688,135</u>	<u>2,969,388</u>

Victory Offices Limited
Appendix 4E - Preliminary Final Report
Preliminary Selected Notes to the Financial Statements

2. Expenses

Depreciation and amortisation

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Depreciation – right of use assets	11,728,580	16,170,990
Depreciation – plant and equipment	<u>6,458,521</u>	<u>6,276,887</u>
	<u><u>18,187,101</u></u>	<u><u>22,447,877</u></u>

Impairment of assets

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Right of use assets and plant and equipment	<u>5,260,906</u>	<u>10,895,842</u>

Finance costs

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Interest and finance charges paid	45,925	164,511
Unwinding of lease liability interest	8,673,229	10,606,237
Interest on related party loan	<u>111,579</u>	<u>131,286</u>
	<u><u>8,830,733</u></u>	<u><u>10,902,034</u></u>

3. Cash and cash equivalents

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Cash on hand	4,093	8,040
Cash at bank	<u>70,879</u>	<u>15,108,297</u>
	<u><u>74,972</u></u>	<u><u>15,116,337</u></u>

4. Trade and other receivables

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Trade receivables	388,739	782,229
Less: Allowance for expected credit losses	<u>(70,823)</u>	<u>(265,981)</u>
	<u>317,916</u>	<u>516,248</u>
Sundry debtors and prepayments	<u>327,370</u>	<u>2,988,877</u>
	<u><u>645,286</u></u>	<u><u>3,505,125</u></u>

Victory Offices Limited
Appendix 4E - Preliminary Final Report
Preliminary Selected Notes to the Financial Statements

5. Other financial assets

Current	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Term deposits	732,804	940,988
	<u>732,804</u>	<u>940,988</u>
	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Non-current		
Term deposits - restricted cash to support bank guarantees	-	30,167,857
Term deposits	-	1,255,953
	<u>-</u>	<u>1,255,953</u>
	<u>-</u>	<u>31,423,810</u>

6. Property, plant and equipment

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Leasehold improvements - at cost	18,345,835	41,294,847
Less: Accumulated depreciation	(6,423,676)	(9,644,817)
	<u>11,922,159</u>	<u>31,650,030</u>
Office furniture - at cost	2,763,650	7,755,925
Less: Accumulated depreciation	(953,500)	(1,944,989)
	<u>1,810,150</u>	<u>5,810,936</u>
Computer equipment - at cost	689,053	2,574,156
Less: Accumulated depreciation	(457,531)	(1,249,182)
	<u>231,522</u>	<u>1,324,974</u>
Office equipment - at cost	4,565,266	11,035,781
Less: Accumulated depreciation	(2,032,578)	(3,651,877)
	<u>2,532,688</u>	<u>7,383,904</u>
Computer software - at cost	9,573	202,722
Less: Accumulated depreciation	(8,203)	(141,061)
	<u>1,370</u>	<u>61,661</u>
Artwork - at cost	236,561	413,578
Less: Accumulated depreciation	(13,195)	(15,090)
	<u>223,366</u>	<u>398,488</u>
Right-of-use asset - at cost	67,786,709	192,272,629
Less: Accumulated depreciation	(16,185,973)	(46,811,699)
	<u>51,600,736</u>	<u>145,460,930</u>
Provision for impairment of assets	(9,502,567)	(18,454,650)
	<u>58,819,424</u>	<u>173,636,273</u>

Victory Offices Limited
Appendix 4E - Preliminary Final Report
Preliminary Selected Notes to the Financial Statements

7. Income tax expense/ (benefit)

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Income tax benefit</i>		
Current tax	-	(1,017,171)
Deferred tax	10,814,024	(5,923,212)
	<u>10,814,024</u>	<u>(6,940,383)</u>
Aggregate income tax expense/ (benefit)		
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	(39,295,640)	(43,511,339)
Tax at the statutory tax rate of 30%	(11,788,692)	(13,053,402)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	10,030,579	8,319,107
Deferred tax adjustments	12,572,137	(1,188,917)
Under provision	-	(1,017,171)
	<u>10,814,024</u>	<u>(6,940,383)</u>
Income tax expense/ (benefit)	<u>10,814,024</u>	<u>(6,940,383)</u>

Non-current assets - deferred tax

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Recognised deferred tax asset		
Employee benefits provision	190,805	198,536
Make good provision	743,181	706,780
Lease liabilities	18,838,576	52,600,568
Impairment of assets	2,020,369	5,536,458
Allowance for expected credit losses	21,247	79,849
Black hole expenditure	-	122,582
Other sundry differences in tax recognition	96,229	1,627,600
Capital raising costs	-	10,440
	<u>21,910,407</u>	<u>60,882,813</u>
Recognised deferred tax liabilities		
Right of use assets	(15,480,220)	(43,638,600)
	<u>6,430,187</u>	<u>17,244,213</u>

8. Trade and other payables

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Current		
Trade payables	956,809	4,716,948
GST and PAYG withholding payable	961,542	1,253,703
Accrued expenses and other payables	462,264	154,666
	<u>2,380,615</u>	<u>6,125,317</u>
Non-current		
Amounts due to related parties	<u>414,834</u>	<u>8,008,374</u>

Victory Offices Limited
Appendix 4E - Preliminary Final Report
Preliminary Selected Notes to the Financial Statements

9. Provisions

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Current		
Annual leave	385,746	469,007
Provision for make good on leased premises	1,469,162	-
Other – dispute provision with landlords	2,369,845	-
	<u>4,224,753</u>	<u>469,007</u>

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Non-current		
Long service leave	250,272	192,778
Provision for make good on leased premises	1,008,110	2,355,934
	<u>1,258,382</u>	<u>2,548,712</u>

10. Borrowings

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Current		
Bank overdraft	-	603,325
Loan payable to related party	1,758,537	-
	<u>1,758,537</u>	<u>-</u>

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Non-current		
Loan payable to related party	-	2,697,371
	<u>-</u>	<u>2,697,371</u>

11. Other liabilities

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Current		
Client deposits	1,726,900	2,891,427
Contractual liabilities	88,111	268,509
Payables – closed location	6,721,080	-
	<u>8,536,091</u>	<u>3,159,936</u>

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Non-current		
Client deposits	-	240,678
	<u>-</u>	<u>240,678</u>

Victory Offices Limited
Appendix 4E - Preliminary Final Report
Preliminary Selected Notes to the Financial Statements

12. Issued capital

	Consolidated			
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	157,848,016	157,848,016	61,902,621	61,922,519

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2021	157,848,016	61,922,519
Capital raising costs		-	(19,898)
Balance – 30 June 2022		<u>157,848,016</u>	<u>61,902,621</u>

13. Loss per share

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Loss after income tax	<u>(50,109,664)</u>	<u>(36,570,956)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	<u>157,848,016</u>	<u>78,910,326</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>157,848,016</u>	<u>78,910,326</u>
	Cents	Cents
Basic loss per share	(31.7)	(46.3)
Diluted loss per share	(31.7)	(46.3)

14. Lease liabilities

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Lease liabilities		
<i>Maturity analysis - contractual undiscounted cash flows</i>		
Less than one year	7,067,132	32,118,453
One to five years	29,163,428	72,181,897
More than five years	<u>52,005,752</u>	<u>145,425,110</u>
Total undiscounted lease liabilities	<u>88,236,312</u>	<u>249,725,460</u>

Victory Offices Limited
Appendix 4E - Preliminary Final Report
Preliminary Selected Notes to the Financial Statements

14. Lease liabilities (continued)

	Consolidated	
	30 June 2022	30 June 2021
Lease liabilities included in the statement of financial position		
Current	3,686,810	20,124,572
Non-current	59,190,493	162,507,244
	<u>62,877,303</u>	<u>182,631,816</u>
<i>Amounts recognised in profit or loss</i>		
Interest on lease liabilities	<u>8,673,229</u>	<u>10,606,237</u>
<i>Amounts recognised in the statement of cashflows</i>		
Total cash outflow for leases	<u>(13,045,130)</u>	<u>(14,023,423)</u>

15. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Loss after income tax for the year	(50,109,664)	(36,570,956)
Adjustments for:		
Depreciation and amortisation	18,187,101	22,447,877
Gain on termination of leases	(32,138,114)	-
Gain on loss of subsidiaries	(4,675,679)	-
Impairment of non-current assets	5,260,906	10,895,842
Rent concession income	(646,474)	(1,313,971)
(Reversal)/ impairment of receivables	(195,339)	2,733,554
Derecognition of financial assets	23,324,625	-
Write-off of fixed assets	22,009,676	-
Interest and other non-cash items	304,722	131,286
Reversal of impairment of assets	-	(966,445)
Change in operating assets and liabilities:		
Decrease/ (increase) in trade and other receivables	193,697	(372,434)
Decrease in accrued revenue	88,112	216,000
Decrease/ (increase) in prepayments and other assets	2,874,326	(1,096,216)
(Decrease)/increase in trade and other payables	(5,795,724)	2,138,187
Decrease in contract liabilities	(1,673,716)	(153,121)
Increase in other provisions	2,632,307	220,283
Increase in other liabilities	216,997	262,167
Decrease/ (increase) in tax assets	10,814,024	(6,940,383)
Net cash used in operating activities	<u>(9,328,217)</u>	<u>(8,368,330)</u>

Victory Offices Limited
Appendix 4E - Preliminary Final Report
Preliminary Selected Notes to the Financial Statements

16. Disposal of subsidiaries due to loss of control

During the year, the Company lost control of twelve entities and these entities were deconsolidated. This is in addition to two entities which did not commence operations due to the impacts of COVID-19 with the Company subsequently concluding not to proceed with opening of these locations.

The entities deconsolidated in general had performed poorly with many in a loss-making position. Following a strategic review, which included several attempts to remedy the operations did not eventuate as expected. The Company disposed these entities for a nominal value and recognised a total gain of \$4,675,679 for all the entities. The gain represents the carrying value of net liabilities included in the preliminary financial statements in respect of these entities at the date of deconsolidation.

	Consolidated 30 June 2022 \$
Total consideration	-
Carrying amount of net liabilities	4,675,679
Gain on loss of control (net of tax)	<u>4,675,679</u>

Net liabilities of the entities at the time of loss of control were as follows:

	Consolidated 30 June 2022 \$
Current assets	
Other current assets	4,874
Total current assets	4,874
Property, plant and equipment	1,960,308
Total non-current assets	1,960,308
Other current liabilities	(6,640,861)
Total current liabilities	(6,640,861)
Non-current liabilities	-
Net liabilities	(4,675,679)

17. Contingencies and commitments

Capital commitments

The Company had \$nil in commitments for future fit-out expenditure at 30 June 2022 (30 June 2021: \$1,695,000).

As at 30 June 2022, the Company has outstanding claims from landlords in relation to damages and costs for termination of leases during the year. It is not possible at this time to quantify what such damages which may be claimed by landlords in connection with any breaches or termination of leases. The Company will contest all such claims.

18. Events after the reporting period

On 9 August 2022, the Company entered into an \$8 million loan facility agreement with Redmill Metals Limited, a company controlled by Mr Dan Baxter, Co-Chief Executive Officer and Chairman of the Board, to provide a financing facility to enable the Company to meet its debts as and when they fall due.

The impact of the COVID-19 pandemic is ongoing and while it has not been financially positive for the Company up to 30 June 2022, it is not practicable, except where otherwise disclosed, to accurately estimate the potential impact, positive or negative, after the reporting date.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

For personal use