



LUMOS
DIAGNOSTICS

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2021

**Lumos Diagnostics Holdings Limited
Annual Report**



Innovation at the point-of-care

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**Clear.
Concise.
Confident.**

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From Our Leaders

Dear Shareholders,

It is truly an honour to write to you in our first annual report as a member of the Australian Securities Exchange (ASX). On 5 July 2021, we rang the bell with overwhelming gratitude for everyone who has been part of our IPO journey — customers, investors, directors, advisors, partners and team members. We joined ASX and welcomed new investors with a humble confidence in our team's ability to create exceptional value for our customers and shareholders as we pursue our mission — moving diagnostic innovation out of the lab and into patient care settings.

It was a historic year for Lumos Diagnostics with the world's pandemic response serving as a dynamic backdrop for the healthcare industry and our customers. The need for high-quality point-of-care (POC) diagnostics and the value of testing with actionable, real-time results evolved from industry jargon to global news to dinner table conversation.

Amid the ubiquitous COVID-19 response measures, the looming global threat of antibiotic resistance continues to grow. At Lumos, we are dedicated to advancing new and disruptive diagnostic technologies that directly address both global-scale healthcare problems.

Lumos is strategically focused on providing comprehensive POC technologies to healthcare providers across a variety of outpatient care settings and medical conditions. Our business model supports a diverse portfolio of POC diagnostics offerings under two business units, Commercial Services and Products, which allows us to optimise our performance as global market conditions ebb and flow. This strategy leverages our core capabilities and infrastructure to provide end-to-end diagnostics solutions for our established and growing Commercial Services client base, as well as for healthcare providers using our Lumos-branded products.

While FY20 was all about integration and transformation, this fiscal year represented strategic action and growth. During FY21, the Lumos team achieved major accomplishments across all aspects of our business — growing sales, expanding our research and development (R&D) programs and manufacturing capacity and establishing global distribution channels. Our increasingly diversified revenue mix reflects a combination of growth across development services, contract manufacturing and product sales. FebriDx®, our flagship product, is a POC diagnostic test for acute respiratory infections that uses a first-of-its-kind dual biomarker technology to rapidly determine if an infection is viral or bacterial. Notably, we achieved key milestones for FebriDx including the completion of the DISRUPT U.S. multicentre clinical trial, submission for U.S. Food and Drug Administration (FDA) 510(k) review, and real world clinical experience in the UK, Canada and Europe.

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We are well positioned as an emerging technology leader in the rapidly growing global POC diagnostics industry. Looking ahead, there are significant near and long-term growth opportunities in every segment of our business — POC diagnostic testing, readers and related technologies, contract R&D and manufacturing. During FY22 the Company will leverage its recent investment in expanded manufacturing capacity and capabilities through commercial contract manufacturing, while advancing a promising pipeline of Lumos-branded products including FebriDx, CoviDx™ and ViraDx™.

Leveraging a strong leadership team and an experienced Board has been and continues to be paramount to our success. At Lumos, we are passionate about the products and services we provide, but at the heart of Lumos is the deep understanding that our mission goes well beyond that. It's about placing advanced POC technologies in the hands of front-line healthcare providers so that they can make rapid medical decisions with confidence.

Thank you for joining us on this journey.



Sam Lanyon
EXECUTIVE CHAIR



Rob Sambursky, MD
CHIEF EXECUTIVE OFFICER
EXECUTIVE DIRECTOR



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Vision

Driving impactful health improvements as a global leader in innovative and cost-effective rapid, near patient diagnostic test solutions.

Mission

To develop, manufacture and provide access to rapid, accurate and actionable diagnostic solutions for a diverse range of unmet needs in order to improve outcomes, reduce unnecessary treatments, minimise disease spread and contribute to more effective clinical management and therapeutic decisions.

Board of Directors and Leadership Team



Sam Lanyon
EXECUTIVE CHAIR



Rob Sambursky, MD
CEO AND
EXECUTIVE DIRECTOR



Bronwyn Le Grice
NON-EXECUTIVE
DIRECTOR



Lawrence Mehren
NON-EXECUTIVE
DIRECTOR



Catherine Robson
NON-EXECUTIVE
DIRECTOR



Melanie Leydin
COMPANY SECRETARY
AND CHIEF FINANCIAL
OFFICER

Leadership Team

President and Chief Executive Officer
Chief Technology Officer
Senior Vice President Research & Development
Senior Vice President of Finance
Senior Vice President of Corporate Strategy and Development
Vice President of Operations
Vice President of Information Technology
Vice President of Corporate Marketing and Communications
Senior Director of Human Resources
Senior Director of Medical Affairs
Senior Director of Regulatory Affairs
Director of Quality Affairs

Rob Sambursky, MD
Sacha Dopheide, PhD
Jeffrey Bishop, PhD
Aaron Erlandson
Jill Thompson
Kurt Phinney
Jason Inman
Jennifer Christiansen
Sarah Glubka
Annie Bell
Sue Hibbeln
Huan Tran

Get to know our team at lumosdiagnostics.com/team

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FY21 was a transformational year for Lumos with growth across all segments of the business. Looking ahead, we are poised for significant expansion of our rapid diagnostics portfolio, which has the potential to fundamentally change point of care decision-making for clinicians and their patients.

Rob Sambursky, MD

**PRESIDENT AND CEO
LUMOS DIAGNOSTICS**



An Emerging Leader in Rapid Point-of-Care Diagnostic Technology

Lumos Diagnostics (Lumos) is committed to bringing innovation to healthcare providers and patients at the point of care (POC). The Company is a fully integrated developer and manufacturer of rapid POC diagnostic solutions that allow doctors and patients to make important medical decisions quickly and accurately.

Around the world, the healthcare industry’s need for timely and actionable diagnostic information has become a top priority, and Lumos is part of an active network of leaders in this field. The Company has assembled a global team with the right expertise and experience to navigate the healthcare ecosystem from regulators and payors, to providers to patients. In addition to its exceptional people, Lumos has built and is expanding on its world-class, end-to-end capabilities and facilities.

Lumos’ core technologies and operational capabilities allow it to take POC diagnostic tests from initial product concept, through development, clinical validation and verification, and then to ramp-up commercial scale manufacturing and global distribution. Lumos develops and manufactures proprietary and in-licensed POC diagnostic tests for commercial sale directly and through distributors under its Products business unit. Lumos also develops and manufactures POC diagnostic tests on behalf of its clients and partners via fee-based commercial contracts under its Commercial Services business unit. Lumos’ proprietary portfolio of single and multi-use digital readers offers a testing platform capable of supporting at home testing as well as a full menu of testing options including secure connectivity to the cloud and seamless integration with electronic medical records.



Financial Year Highlights



A **\$25.0M** total revenue in FY21
▶ 198% YoY increase



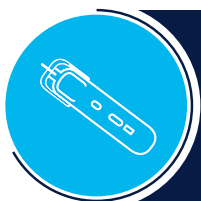
A **\$22.7M** Commercial Services business unit revenue in FY21 ▶ 188% YoY increase



Global manufacturing capacity expanded up to **10 million** rapid diagnostics tests per month



A **\$2.3M** Products business unit revenue in FY21 ▶ significant YoY increase



FebriDx[®] U.S. multicentre clinical trial (DISRUPT) complete and U.S. FDA 510(k) submitted



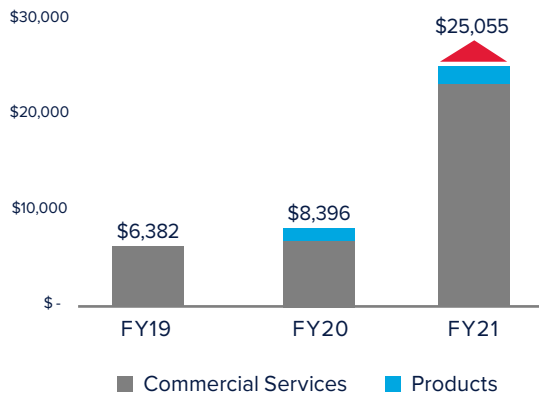
Developed two **Lumos-branded POC diagnostic products** for launch in FY22

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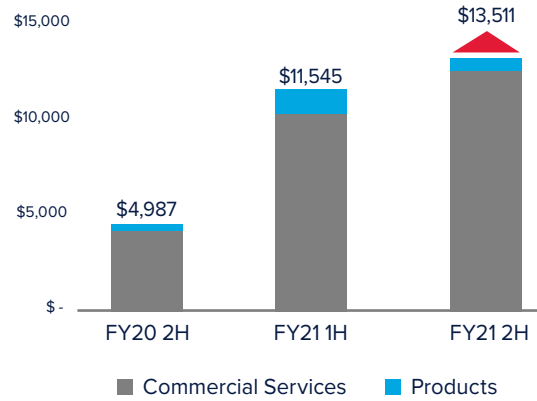
Financial Summary

(A\$ in thousands)

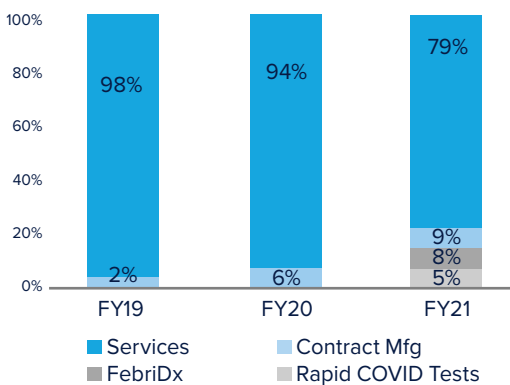
Group Revenue (Statutory)



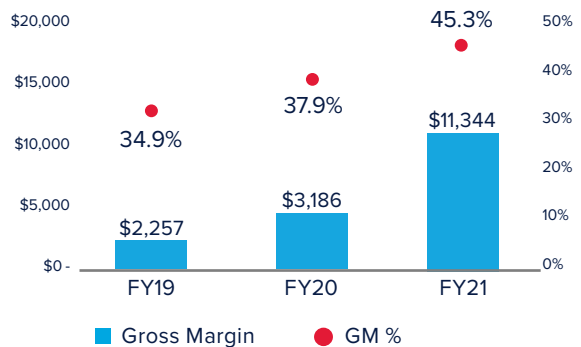
Group Revenue (Half Year)



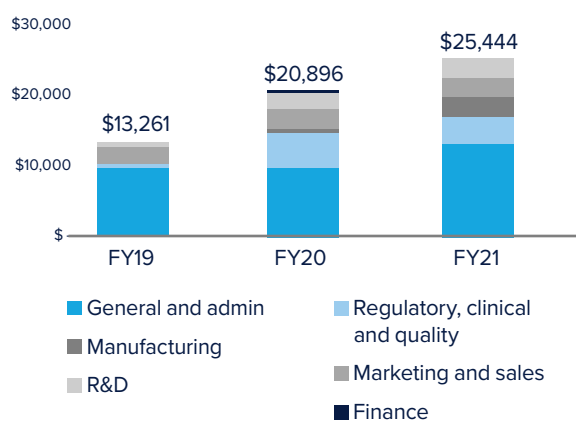
Revenue Mix by Business Segment



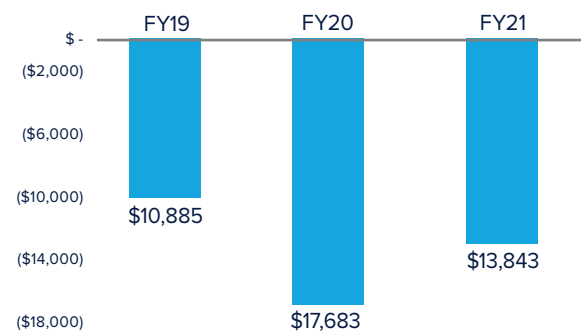
Gross Margin (Pro Forma)¹



Operating Expenses (Pro Forma)¹



EBITDA (Pro Forma)¹



¹To enable a consistent comparison with prospectus forecasts, we have applied pro forma treatment to FY21 statutory actuals as detailed in Section 4 of the Lumos Diagnostics Holdings Limited prospectus dated 7 June 2021.

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Strategic Focus Drives Growth

Strategic Innovation

Initial evaluation of a POC diagnostic test product concept and the development of new diagnostic test assay.



Development and Manufacturing Transfer

Development of new POC diagnostic test products, including use of Lumos' technology platform and the customisation and integration of Lumos' digital reader technology when requested by Lumos' clients.

Validation and Commercial Manufacturing

Clinical and product validation and commercial-scale manufacture of test strips and readers.



A Highly Integrated Approach

Lumos is a fully integrated developer and manufacturer of custom POC diagnostic tests, with a corporate office headquartered in Melbourne, Australia, and U.S.-based research and development (R&D), commercial operations and manufacturing facilities in California and Florida. Lumos commenced operations in a new 3,000 square metre (~32,000 square foot) facility in Sarasota, Florida in June 2021. This state-of-the-art facility serves as Lumos' main U.S. operating site and home to a modern R&D lab, business offices, high-throughput test strip manufacturing, assembly, kitting, packaging and warehousing to support global production and distribution for a full range of POC diagnostic tests. Lumos also has a facility in Carlsbad, California to conduct internal and contract-based R&D programs including pilot-scale manufacturing services. In FY21, Lumos identified a new 3,400 square metre (~36,000 square foot) facility for its Carlsbad operations, which is expected to be fully operational in the second half of FY22.

Lumos has expanded in a strategic, integrated manner that includes:



Growing from 28 to 128 full time team members



All operating sites are **ISO 13485 and Medical Device Single Audit Program** (MDSA) certified



Manufacturing automation increases product capacity up to 10 million tests per month



Strategic locations with bicoastal redundancy enable efficient, reliable global supply chain access and distribution

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Lumos' Infrastructure Creates Customer Value

Lumos' infrastructure for developing novel POC diagnostic tests includes a number of core technologies, competencies and capabilities that it has developed or acquired over several years, including:

- **Science and data:** medical and scientific expertise to explore and discover new, disruptive diagnostic technologies and data solutions
- **Product development:** in house expertise for the development and optimisation of new diagnostic test assays in a format that is ready for high-volume, commercial manufacturing
- **Advanced technology:** expanded its capabilities to include hardware, software and systems that leverage advanced algorithms, high precision optics, cloud-based data solutions and wireless technologies to enhance the functionality of diagnostic tests and connectivity across a range of different user settings



Lumos Business Model



Lumos leverages its capabilities and infrastructure to develop and manufacture its own branded products for commercial sale in its Products business unit, in addition to providing services to develop and manufacture products for third parties under commercial contracts in its Commercial Services business unit. This year the Lumos Products business unit launched its first POC diagnostic test called FebriDx[®], which helps healthcare providers determine if a patient with acute respiratory illness symptoms has a bacterial or viral infection within 10 minutes. In parallel, the Commercial Services business unit supported research, development and manufacturing for its global client base including several multinational healthcare companies.

Lumos generates revenue from a portfolio of product, technology and service offerings including:

- **Point-of-care diagnostic products:** development, manufacturing and direct commercial sale of proprietary, Lumos-branded POC diagnostic tests
- **Point-of-care readers:** reader technologies, products and software applications that Lumos has developed or licensed
- **Commercial services:** research and development of POC diagnostic tests and related hardware, software and systems conducted for clients
- **Manufacturing services:** contract manufacturing of components, products and systems for clients

Historically, the majority of Lumos' revenues were generated from its Commercial Services business unit resulting from the R&D of POC diagnostic tests, as well as associated hardware and software for clients. In FY20, the Company started generating revenue from the sale of its first Lumos-branded POC diagnostic test, FebriDx[®], and saw initial revenue gain momentum during FY21. To support FY22 growth expectations in both Commercial Services and Products, the Company has expanded its regulatory, distribution and manufacturing capabilities.

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Review of Operations

Lumos experienced a record year in FY21 and benefitted from a material acceleration of its growth and commercial activities during the year. This was driven, in part, by the global COVID-19 pandemic, which resulted in an unprecedented demand for POC diagnostic test development services and products. Overall, Lumos revenues for FY21 were A\$25.0 million, up 198% from FY20.

Commercial Services business unit revenue of A\$22.7 million accounted for 91% of Lumos revenues, up 188% from the previous year. In addition to the anticipated organic growth resulting from a solid pipeline of R&D programs, Commercial Services experienced strong demand for POC diagnostic test development services from new and existing clients pursuing new COVID-19 related products. As a result, Commercial Services successfully won 30 proposals for phased work across 10 different programs, which grew FY21 revenue significantly.

Commercial-scale manufacturing is a key part of Lumos' long-term strategic plan — supporting growth in its proprietary Lumos-branded products as well as providing more comprehensive Commercial Services offerings for clients, which creates an attractive revenue stream for the Company. In FY21, Lumos invested in new manufacturing capacity that is capable of producing up to 10 million POC diagnostic tests per month. Commercial Services manufacturing contracts are typically of several years in duration and resilient due to the regulatory requirements involved with changing manufacturers. The addition of contract manufacturing provides Lumos with an ability to extend its client relationships while providing a reliable revenue base for the Company. The demand for manufacturing COVID-19 related rapid POC diagnostic tests allowed Lumos to accelerate its strategic plan to expand manufacturing, which it is now leveraging across a range of opportunities.

Lumos' Products business unit generated revenue of A\$2.3 million, representing a significant increase over FY20. This primarily came from the sale of Lumos' flagship product, FebriDx® in the UK, Germany and Canada. While FebriDx was primarily developed to distinguish between bacterial and viral infections, its high sensitivity for rapidly detecting COVID-19 viral infections allowed hospitals in these markets to use FebriDx as a triage tool to identify patients with a potential COVID-19 infection. Four hospitals in the UK conducted independent clinical efficacy studies on the use of FebriDx as a triage tool for managing patients presenting to emergency departments. These clinical studies were published in high impact peer-reviewed journals and showed that FebriDx was able to rapidly identify viral positive patients within 10 minutes. In addition, these clinical studies confirmed that FebriDx accurately and reliably detects the presence of bacterial infections, which require antibiotics.

During the year, Lumos completed the multicentre clinical study (DISRUPT) required to support a 510(k) submission to gain clearance to market FebriDx in the U.S. This submission is currently under active review. Lumos began building its North American commercial team to support new distribution relationships in Canada with sales of FebriDx gaining momentum throughout the year. With U.S. FDA clearance pending, the Product sales and marketing teams have been established to launch FebriDx.

Lumos continued to invest in the development of its own Lumos-branded products to expand its product pipeline. During the year, the Company secured CE Mark for CoviDx®, a rapid COVID-19 antigen test that it developed utilising licensed reagents and technology. Lumos continued developing its digital reader technology platform as well as other pipeline POC diagnostic test products including ViraDx™, a combined COVID/Influenza test for acute respiratory infections. As more of the Lumos-branded products achieve regulatory approvals and commercialisation, the Product business unit is expected to make greater contributions to Lumos' overall revenue.

As with companies around the world, the COVID-19 pandemic presented both opportunities and challenges for Lumos in FY21. While the pandemic provided opportunities to expand the business across the Commercial Services and Products business units, it also created challenges for our customers, suppliers, partners, regulators and employees. While navigating the pandemic has been difficult, Lumos delivered strong operating results for FY21 and optimised many opportunities to position itself for future growth across all aspects of its portfolio.



Outlook for FY22

During FY22, Lumos remains focused on executing the expansion of its integrated operations, which will accelerate growth across multiple segments and markets, and drive a more diverse revenue mix compared to FY21. Several of the Commercial Services development programs that Lumos completed in FY21 resulted from our clients adding COVID-19 diagnostic products to their portfolios. Lumos does not believe this COVID-related demand is likely to continue and is expecting the number of development programs conducted by Commercial Services during FY22 will return to its pre-COVID growth trajectory. In anticipation of this shift, the Company built a state-of-the-art, automated manufacturing facility to support new contract manufacturing opportunities in-hand. This new capability positions Lumos as an end-to-end provider of product development services that seamlessly transition to long-term contract manufacturing agreements — creating exceptional value for its clients and attractive revenue streams for the Company.

This year will also be a pivotal year for Lumos' Products business. FebriDx®, Lumos' flagship product for differentiating between bacterial and viral infections, is expected to receive U.S. regulatory clearance during the year. In anticipation, Lumos is well advanced in its preparations for launching FebriDx into the U.S. market. The Company will

leverage its recent clinical experience in the UK, Germany and Canada and build on the market awareness that was generated as a result of FebriDx being used as an effective triage tool during the COVID-19 pandemic. In addition to its value during the COVID-19 pandemic, FebriDx can provide significant value in managing the global threat of antimicrobial resistance, which is even more problematic over the long-term. Although COVID-19 is likely to remain a concern for many years to come, the general reduction in public health measures and increased travel is expected to lead to the rapid spread of other infections, which could trigger increased demand for FebriDx.

In all markets where FebriDx is approved, Lumos' focus will be promoting its intended use for distinguishing between bacterial and viral infections

in patients with acute respiratory infections. In addition, the

Company expects to launch two new POC diagnostic tests, CoviDx™ and ViraDx™, during FY22. These products are synergistic with FebriDx and designed to serve healthcare providers through the same global distribution channels.



Product Pipeline & Technology Platform







The Lumos' Products business unit focuses on POC diagnostic testing for bacterial versus viral infections, COVID-19 and influenza. These types of tests are used in a variety of healthcare settings including:

- Primary and general care
- Urgent care
- Emergency/hospital care
- Community health
- Worksite-based employee health programs
- Aged care/nursing homes



A Promising POC Diagnostics Product Roadmap

Lumos has two rapid POC diagnostic products that are currently being manufactured and approved for commercial sale: FebriDx® and CoviDx™. In addition, the Company has a pipeline of promising new diagnostic products in development.

CURRENT PRODUCTS ¹			
 <p>FebriDx</p>	 <p>CoviDx</p>	 <p>Lumos Readers</p>	
Differentiate viral from bacterial acute respiratory infection	COVID-19 antigen	A suite of proprietary digital reader formats including connectivity options	
PIPELINE			
 <p>ViraDx™</p>	 <p>FebriDx® Digital</p>	 <p>FebriDx® Multi-Use</p>	<p>UriDx™</p> <p>SepsiDx™</p>
Influenza A/B and COVID-19 antigen	A connected, multi-use reusable platform to include FebriDx	Reusable, digitally read FebriDx results	UriDx™ Urinary tract infection SepsiDx™ Blood stream infections

1. In various global markets based on required regulatory clearances.

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FebriDx

Lumos' flagship product is FebriDx, a POC diagnostic test for acute respiratory infections that uses a first-of-its-kind dual biomarker technology to rapidly determine if an infection is caused by viral or bacterial pathogens. Viral and bacterial infections can be hard to differentiate as their symptoms are often very similar — however, only patients with a bacterial infection will benefit from treatment with antibiotics. FebriDx has

CE Mark in Europe and is licensed with the Medicines and Healthcare products Regulatory Agency (MHRA) in the United Kingdom (UK) and

Health Canada in Canada, allowing Lumos to secure initial sales in Germany, the UK and Canada. FebriDx is currently under review with the Food and Drug Administration (FDA) for 510(k) clearance in the United States.

CoviDx

Lumos' CoviDx SARS-CoV-2 Rapid Antigen Test detects antigens present on the COVID-19 virus from a nasal swab of patients suspected of having COVID-19. Through the rapid detection of SARS-CoV-2, CoviDx is designed to optimise patient isolation decisions and help prevent the spread of infection. This product has CE Mark in Europe with initial sales in Italy. In addition, it has been submitted to the FDA for Emergency Use Authorization (EUA) in the U.S. and to Health Canada for Interim Order authorisation.



New POC Diagnostic Tests in Development

Lumos has an active research and development program aimed at growing its portfolio of diagnostic test products for commercial sale. Lumos' pipeline of POC diagnostic tests includes:

- **FebriDx Digital:** rapid, lateral flow test to differentiate viral from bacterial infection, provided as a disposable or reusable multi-use reader
- **ViraDx:** rapid, lateral-flow test for simultaneously detecting infection by either influenza A or B, or COVID-19
- **UriDx:** rapid, lateral-flow test for patients who potentially have a urinary tract infection
- **SepsiDx:** rapid, lateral-flow test for patients who potentially have a bloodstream infection (sepsis)

Lumos is targeting regulatory submission of ViraDx in FY22, while UriDx and SepsiDx are still in early development. As the Company develops and launches more POC diagnostics tests, the Products business unit is expected to drive revenue growth in major markets across Europe and North America.

Lumos Technology Platform

As healthcare becomes more connected, electronic readers for diagnostic tests are becoming increasingly important. Lumos has developed a suite of proprietary digital reader formats and customisable software applications to meet the specific needs for its own or its clients POC diagnostic tests. The Lumos family of readers vary in terms of their size, portability, cost and complexity and can be further customised for different tests or for use in different settings by leveraging different sensing technologies and connectivity solutions.



Disposable Readers

Lumos has developed two disposable reader formats: a single-use disposable reader with the test strip fully integrated with the reader in a single-use, disposable system, and a multi-use disposable reader, in which the device is supplied in kit form with 20-50 disposable tests. Data generated by the reader can be reported as qualitative (positive or negative) or semi-quantitative (specific range) readouts depending on the nature of the test and the needs of the end user.



Desktop Readers

Lumos' desktop reader format can be used to read a suite of different POC diagnostic tests using a single reader. It uses high precision camera optics that can analyse an entire test strip. This reader is suitable for qualitative, semi-quantitative and quantitative applications and a variety of assay detector chemistries such as colorimetric or fluorescent signals.



Lumos Leelu Reader

The Lumos Leelu Reader is an industrial reader used for research applications or quality control purposes. It is a lateral flow reader that allows users to set and adjust key parameters for the capture, analysis and reporting of results from POC diagnostic tests. This enables users to establish an optimal combination of settings for their specific POC diagnostic tests.

Point-of-Care Testing Comes of Age

The role of POC diagnostic testing in healthcare is becoming increasingly important. This reflects the significant advantages of enabling healthcare providers with rapid test results that can be used to guide treatment decisions while a patient is still present.

POC tests can be used in settings where access to centralised testing laboratories is not readily available. This has been one of the key drivers of uptake in the U.S., which has the highest adoption of POC diagnostic testing, as healthcare services are increasingly provided at outpatient or specialty clinics. POC diagnostic testing is also playing an increasingly important role in primary care settings, emergency and urgent care clinics, community testing, at home testing and in telehealth consultations.

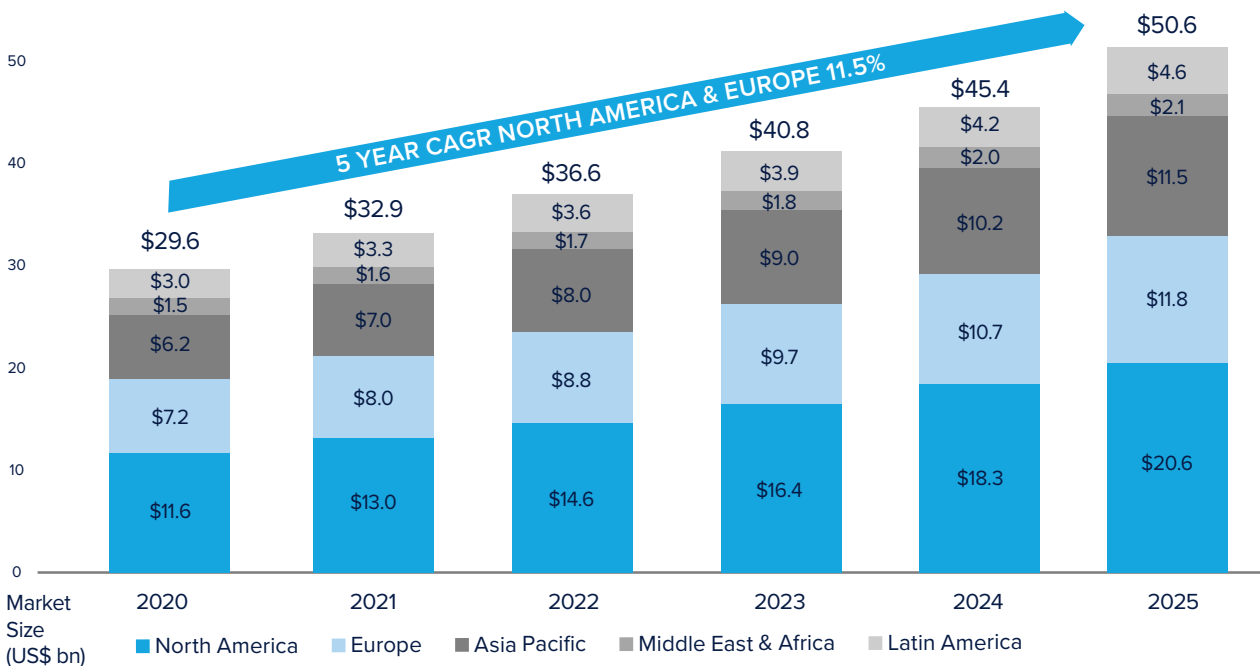
The global POC diagnostic testing market is expected to exceed US\$50 billion by 2025 driven by a combination of factors: healthcare systems having access to a greater number of tests, accelerated acceptance and adoption of healthcare providers and payors, and availability in new geographic markets.

“

Standard laboratory methods are too slow for initial decision making necessitating the use of rapid point-of-care testing.

Professor Alastair Hay
BRISTOL MEDICAL SCHOOL¹

POC Tests Global Sales (US\$ in billions)²



¹Editorial Point-of-care testing for respiratory infections during and after COVID-19 (2020)

²MarketsandMarkets Report, 2021.

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Intellectual Property: A Cornerstone of Our Strategy

Intellectual property (IP) encompasses a Company's patents, trademarks and trade secrets, which is a key value driver for the business. For this reason, Lumos has built and continually improves upon its robust IP strategy — taking rigorous proactive steps to protect its R&D investments and commercial interests.

Lumos has an impressive IP portfolio, which contains 42 granted or validated patents, and a further 34 patents currently in review. These patents provide IP coverage in primary commercial markets including the U.S., Europe and Canada, together with emerging markets.

“

We're focused on establishing and maintaining robust IP protection to ensure that the unique value we've created through Lumos' products and services cannot be easily copied. IP strategy is a cornerstone of our global business strategy at Lumos — and a fundamental part of our plans for long-term revenue generation.

Sacha Dopheide, PhD
CHIEF TECHNOLOGY OFFICER
LUMOS DIAGNOSTICS

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Antimicrobial Resistance— The Looming Global Pandemic

One of the most pronounced legacies of the COVID-19 pandemic is that the general population is now acutely aware of the interconnectedness of our health. According to the World Health Organisation (WHO), antimicrobial resistance (AMR) will be the next big challenge to test our vulnerabilities.

“As we continue to tackle the pandemic, we must simultaneously ensure that efforts to stop the spread of antimicrobial resistance are accelerated. AMR is a slow tsunami that threatens to undo a century of medical progress. A record number of countries are now monitoring and reporting on antibiotic resistance to WHO,” said WHO Director General, Dr Tedros Adhanom Ghebreyesus, in July 2020.

One of the main reasons the WHO considers antibacterial drug resistance to be such a great public health threat is that relatively few new antibiotics have been developed since the 1970s. Historically, antibiotics have not been considered an attractive investment by pharmaceutical companies due to their high cost to develop and low revenue potential. As such, if bacterial pathogens develop widespread resistance to current antibiotics, there may be limited options available to treat bacterial infections – potentially resulting in a significant increase in deaths.

According to the U.S. Centers for Disease Control and Prevention (CDC), over 2.8 million antibiotic-resistant infections occur in the U.S. each year, resulting in more than 35,000 deaths. It is estimated that if no steps are taken to reduce their emergence, antibiotic-resistant bacteria may be responsible for up to 10 million deaths worldwide by 2050.

There are many factors likely to contribute to the emergence of antibiotic resistant bacterial strains — one of which is the widespread use of antibiotics by patients who do not have a bacterial infection and thus do not need to take them. Antibiotics are some of the most widely used therapeutics worldwide, in human medicine, animals, agriculture and even industrial applications. As a result, the lifesaving results once provided by antibiotics are now weakening over time.

Patients taking antibiotics can create an environment in which bacteria that are sensitive to the drug are killed, but those that are resistant are able to grow. These resistant bacteria can then be transmitted to other members of the community, and consequently spread.

“

Antimicrobial resistance is one of the 10 greatest public health threats facing humanity.

WORLD HEALTH ORGANISATION
2019

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Antibiotic Prescriptions in the United States

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260M

antibiotic prescriptions
issued in outpatient
settings per year¹



44%

of antibiotic prescriptions
are written to treat patients
with ARI's, **50%** of these
are **unnecessary**²



150M

patient interactions every
year where the FebrIDx[®]
test is applicable^{3,4}



¹Centers for Disease Control and Prevention. Outpatient antibiotic prescriptions - United States, 2017.

²The PEW Charitable Trusts. Antibiotic Use in Outpatient Settings. 2016.

³Sweeney P. Improving appropriate antibiotic use for common clinical conditions in urgent care. J Urgent Care Med. June 2017.

⁴Barlam TF, Soria-Saucedo R, Cabral HJ, et al. Unnecessary Antibiotics for Acute Respiratory Tract Infections: Association With Care Setting and Patient Demographics. Open Forum Infect Dis. 2016;3(1).

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FebriDx® Can Help

Limiting the use of antibiotics to patients who need them could reduce the number of people taking these drugs by up to 30%, and thus reduce the emergence of resistant strains.

FebriDx has an important role in not only ensuring that the patients who need antibiotics get them, but also in avoiding the prescription of antibiotics for people that do not need them.

In achieving this, FebriDx will make a valuable contribution in the global efforts directed at reducing the number of antibiotic resistant strains of bacteria in the community.

“

Rapid point-of-care tests have been advocated as key to future antimicrobial stewardship – a way of decreasing the diagnostic uncertainty which has been shown to be a leading cause of antibiotic overprescribing.

Professor Alastair Hay
BRISTOL MEDICAL SCHOOL



Built on Strong Values

This has been a historic year for Lumos in many ways. Amid the growth, change and anticipation for what lies ahead, our values remain constant. This is especially important as we continue to welcome new team members from around the world to Lumos.

Our Lumos values include:

Act with integrity and accountability

Uphold the highest ethical standards in all actions, both in and out of the workplace. Deliver on commitments and measure ourselves against the highest standards of honesty, fairness and fiscal responsibility.

Value teamwork and collaboration

Work together without blame to support our colleagues and position Lumos for success by leveraging our collective skills to build, achieve, problem solve and simultaneously meet both internal goals and the needs of our partners and customers.

Embrace and respect diversity

Understand that growth, creativity and synergy evolve out of our differences. It takes a team with our unique set of personalities, lifestyles, thought processes, work experiences, ethnicities, races, colours, religions, genders, gender identities, sexual orientations, marital statuses, ages, national origins, disabilities, veteran statuses, ideas, strengths and experiences to make our company succeed. Listen and welcome healthy, considerate debate and differences of opinion.

Lead by example

Provide and accept feedback. Lead through our actions and commit to growing, innovating and improving while still enjoying the ride.

Commit to quality and accuracy

Provide outstanding products and unsurpassed service that, together, deliver premium value to our customers, clients, partners and the communities we serve. Think differently to overcome obstacles, find solutions and provide exceptional results.

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Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Lumos Diagnostics Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

The following persons were directors of Lumos Diagnostics Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Samuel Lanyon (Executive Chair)

Robert Sambursky (Executive Director and CEO)

Lawrence Mehren (Non-Executive Director and Deputy Chair) - appointed on 16 December 2020

Bronwyn Le Grice (Non-Executive Director) - appointed on 1 November 2020

Catherine Robson (Non-Executive Director) - appointed on 26 December 2020

Benjamin Bergo (Non-Executive Director) - resigned on 31 March 2021

Craig Mallitz (Non-Executive Director) - resigned on 24 March 2021

Hany Massarany (Non-Executive Director) - appointed on 27 July 2020, resigned on 22 March 2021

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of providing contract research & development services specialising in the innovation, development, commercialisation and manufacturing of point-of-care diagnostic solutions for clinical and consumer applications.

Dividends

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

Review of Operations

Refer to the Review of Operations preceding the directors report.

Impact of COVID-19

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the US, Australian and other governments, as well as the travel and trade restrictions imposed by US, Australia and other countries through financial periods ended June 2020 and June 2021, have caused disruption to businesses and economic activity. Due to the nature of the consolidated entity's principal activities, the COVID-19 pandemic has not had a significant impact on its operation and results.

In response to COVID-19, both the US and Australian Governments' implemented policies and measures through calendar years 2020 and 2021 with the aim of containing the virus, with most jurisdictions requiring extended social and workplace restrictions. Despite these measures, given the international footprint of the consolidated entity's operations, and the essential services requirement for point of care diagnostic solutions, these measures have not had any material impact on the business. The Group's business operations currently remain resilient in the face of the challenges presented by these continuing social and workplace restrictions.

Significant changes in the state of affairs

On 30 July 2020, the company issued 7,054,674 preference shares at \$0.2835 to its major shareholder Planet Innovation Holdings Limited, raising \$2,000,000 before transaction costs.

On 25 September 2020, the company issued 25,261,094 convertible notes each with a face value of \$1.00 and 24-months maturity, raising \$25,261,094 before transaction costs.

On 4 March 2021, the company consolidated its shares and options on a 1-for-2 basis.

On 29 June 2021, the company finalised the capital raise of \$63,000,000, before capital raising costs, pursuant to the offer under the prospectus for its Initial Public Offering dated 7 June 2021 by:

- Issue of 30,400,000 fully paid ordinary shares issued at \$1.25, raising \$38,000,000 before costs; and
- Transfer of 20,000,000 fully paid ordinary shares, at a sale price of \$1.25, raising \$25,000,000 before costs.

As a result of the finalisation of the capital raise, the company also issued:

- 261,834 ordinary shares on exercise of options to Robert Sambursky;
- 32,561,467 ordinary shares on conversion of convertible notes; and
- 60,922,336 ordinary shares on conversion of preference shares.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 1 July 2021, the company received ASX notice that it was admitted to the Official List of the ASX effective 1 July 2021.

On 2 July 2021, the company transferred the proceeds from sell down of shares attributable to shareholder and other related entities, being \$25,000,000 gross of transaction costs.

Likely developments and expected results of operations

Refer to the Review of Operations report preceding the directors report for additional information on the likely developments and expected results of operations

Further information have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name: SAMUEL LANYON

Title: Executive Chair

Experience and expertise:

Sam has served as Chair of the Board since 2019 and has over 25 years' experience in business strategy, R&D and operational roles in the healthcare and technology markets.

Sam co-founded and serves as co-CEO of Planet Innovation, a technology and commercialisation company focussed on global health-tech markets. Planet Innovation has assisted in the development/ creation of four standalone businesses (Lumos Diagnostics, Visus Therapeutics, Zen Ecosystems and Atmo Biosciences) since 2015.

Sam previously served as an executive at ASX listed Vision Systems, where he was responsible for establishing and growing international commercial operations for its Vision Biosystems division until its acquisition by Danaher Corporation in 2007.

Sam currently serves on the boards of Visus Therapeutics, Planet Innovation and Paragon Funds, and previously served on the boards of Zen Ecosystems and Waterwerx.

Sam holds an Honours degree in Mechanical Engineering from the University of Melbourne and Post Graduate Diploma in Management from Melbourne Business School and has undertaken governance training from the Australian Institute of Company Directors (AICD).

Other ASX current directorships: None

Former ASX directorships (last 3 years): None

Special responsibilities: Chair of the Disclosure Committee

Interests in shares: 296,417 (shares are held by spouse)

Interests in options: Nil

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Name: ROBERT SAMBURSKY, MD

Title: Executive Director and CEO

Experience and expertise:

As CEO and President of Lumos, Robert is a member of the Lumos Diagnostics Board and the co-founder of Rapid Pathogen Screening, Inc. (RPS). Robert has over 25 years' experience working in clinical, medical sciences, ophthalmology and infectious diseases.

Robert co-founded Rapid Pathogen Screening, Inc. in 2004, a biotechnology company strategically focused on designing, developing, and delivering novel point-of-care tests for infectious diseases (which merged with Lumos in 2019). RPS Diagnostics successfully developed multiple POC diagnostic tests which obtained international regulatory clearances as well as U.S. FDA 510(k) clearances with clinical laboratory improvement amendment (CLIA) waiver designations.

Robert has served as a consultant and/or acted on the advisory Board of a number of medical companies, including Allergen Inc., NovaBay Pharmaceuticals and Actin BioMed. He also currently serves on the Boards of Visus Therapeutics, PPK Solutions and RPS Diagnostics Inc.

Robert holds a bachelor of Arts in Biology from Brown University and a Master of Arts in Medical Sciences and a Doctor of Medicine from Boston University School of Medicine.

Other ASX current directorships: None

Former ASX directorships (last 3 years): None

Special responsibilities: Member of the Disclosure Committee

Interests in shares: 261,834

Interests in options: 5,498,515 (includes the effects of the 1-for-2 consolidation completed in March 2021)

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Name: LAWRENCE MEHREN

Title: Non-executive Director and Deputy Chair

Experience and expertise:

Lawrence joined the Lumos Board in November 2020 and has over 20 years' experience working in the diagnostics industry, in both operational and financial roles.

Between 2007 and 2012 Lawrence served as CFO and then COO of Ventana Medical Systems, a global leader in cancer diagnostics which was acquired by Roche in 2008. In 2012 Lawrence assisted in the re-launch of Accelerate Diagnostics, a company dedicated to modernising disease diagnostics, which went public on NASDAQ in 2012. Lawrence served as President, CEO and Director of the company from 2012 to January 2020.

Lawrence has a Bachelor of Arts from the University of Arizona and a Masters of Business Administration from Northwestern University Kellogg School of Management.

Other ASX current directorships: None

Former ASX directorships (last 3 years): None

Special responsibilities: Chair of the Strategic Advisory Committee, Member of the Audit and Risk Committee and the Remuneration and Nomination Committee

Interests in shares: 80,000

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Name: BRONWYN LE GRICE

Title: Non-Executive Director

Experience and expertise:

Bronwyn joined the Lumos Board in 2020 and has over 20 years' experience in the technology and health technology sectors focussed on commercialisation, company growth, corporate development, investment and advocacy. Bronwyn previously served as a Non-executive Director for ASX listed Imagion BioSystems.

Bronwyn is the founder and managing director of ANDHealth, a leading Australian dedicated digital health commercialisation organisation. Prior to founding ANDHealth, Bronwyn served as an Investment Director and Special Advisor for Bioscience Managers Pty Ltd, a leading healthcare fund manager and as Head of Commercial Development and Corporate Affairs for Adherium Ltd, including as project leader for their IPO in 2015.

Bronwyn holds a Bachelor of Commerce from the University of Western Australia and a Master of Commercial Law from Melbourne Law School and completed both the AICD's company director's course and the New Zealand Institute of Director's company directors course.

Other ASX current directorships: None

Former ASX directorships (last 3 years): Non-executive director of Imagion BioSystems Limited (ASX: IBX) - resigned on 31 March 2020

Special responsibilities: Chair of the Remuneration and Nomination Committee, Member of the Audit and Risk Committee and the Disclosure Committee

Interests in shares: 28,400

Interests in options: Nil

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Name: CATHERINE ROBSON

Title: Non-Executive Director

Experience and expertise:

Catherine joined the Lumos Board in December 2020 and has more than 20 years' experience in management, finance and investment. Having commenced her career at Macquarie Bank, Catherine held senior roles at NAB before founding successful financial services business Affinity Private.

Catherine is a Non-executive Director of ASX-listed EQT Holdings Limited, where she is the Chair of the risk committee and a member of the audit, remuneration and strategy committees. She is also a non-executive Director of Greater Bank and SCALE Investors and chairs education technology innovator TalkiPlay.

Catherine is a member of WEHI's Advocacy & Support Committee and Cancer Council Victoria's Investment Committee.

Catherine has an Honours Degree in Law and Arts Degree majoring in Asian Studies from the Australian National University, a Graduate Diploma in Applied Finance from FINSIA, a Master's Degree in Law majoring in Tax from the University of Melbourne and is a graduate of the Australian Institute of Company Directors course.

Other ASX current directorships: Non-executive director of EQT Holdings Limited (ASX: EQT)

Former ASX directorships (last 3 years): None

Special responsibilities: Chair of the Audit and Risk Committee and member of the Remuneration and Nomination Committee

Interests in shares: 278,839 (share held by Capir Pty Ltd ATF Capir Family Trust)

Interests in options: Nil

'Other current directorships' quoted above are current directorships for ASX listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for ASX listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretaries

Melanie Leydin – BBus (Acc. Corp Law) CA FGIA

Melanie Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of Leydin Freyer. The practice provides outsourced company secretarial and accounting services to public and private companies across a host of industries including but not limited to the Resources, technology, bioscience, biotechnology and health sectors.

Melanie has over 25 years' experience in the accounting profession and over 15 years as a Company Secretary. She has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies and shareholder relations.

Tracy Weimar – GAICD FGIA

Tracy has over 20 years of commercial experience in the pharmaceutical/biotech industry in both the large and small cap sectors as well as over 10 years of Board level experience as a Company Secretary and a non-executive director, including as Vice President Operations & Finance and Company Secretary at ImmuPharma plc, a UK AIM-listed pharmaceutical drug development company.

Prior to this Tracy had several roles at GlaxoSmithKline plc including worldwide business development/licensing, sales and marketing. Prior to joining GlaxoSmithKline, Tracy was a consultant in the tax practice of Arthur Andersen in San Francisco and London. Tracy has a BA in Economics from the University of California, Berkeley and an MBA from London Business School. She is also a Graduate of the Australian Institute of Company Directors (GAICD) and a Fellow of the Governance Institute of Australia (FGIA).

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Meetings of Board of Directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

Name	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Samuel Lanyon (Executive Chair)	11	11	-	-	-	-
Robert Sambursky (Executive Director and CEO)	11	11	-	-	-	-
Lawrence Mehren (Non-Executive Director)	7	7	3	3	3	3
Bronwyn Le Grice (Non-Executive Director)	7	7	3	3	3	3
Catherine Robson (Non-Executive Director)	6	6	2	2	3	3
Benjamin Bergo (Non-Executive Director)*	7	7	-	-	-	-
Craig Mallitz (Non-Executive Director)**	5	7	-	-	-	-
Hany Massarany (Non-Executive Director)***	4	7	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

* Benjamin Bergo resigned on 31 March 2021.

** Craig Mallitz resigned on 24 March 2021.

*** Hany Massarany resigned on 22 March 2021.

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Remuneration Report

Executives & Non-Executive Directors Covered by this Report

The remuneration of Key Management Personnel (KMP) for the consolidated entity is disclosed in this Report.

Key Management Personnel of the consolidated entity are those persons having authority and responsibility for planning, directing and controlling the consolidated entity major activities, whether directly or indirectly. The Board has determined that the Key Management of the consolidated entity are the individuals whose details are set out below for the year ended 30th June 2021 and are covered by this report.

Name	Position	Term as KMP
Executive Director and CEO		
Robert Sambursky	Executive Director and CEO	Full Year
Current Senior Executive Leaders		
Samuel Lanyon	Executive Chair	Full Year
Current Non-Executive Directors		
Catherine Robson	Non-Executive Director	Appointed 26 December 2020
Bronwyn Le Grice	Non-Executive Director	Appointed 1 November 2020
Lawrence Mehren	Non-Executive Director	Appointed 16 December 2020
Former Non-Executive Directors		
Benjamin Bergo	Non-Executive Director	Resigned 31 March 2021
Craig Mallitz	Non-Executive Director	Resigned 24 March 2021
Hany Massarany	Non-Executive Director	Appointed 27 July 2020, resigned 22 March 2021

Our Rewards Framework & Philosophy

The key objective of the consolidated entity remuneration policies and practices is to attract, retain, motivate and reward talent. To achieve this, the Company offers compensation and benefits that embody the following:

- Competitive within the industry
- Motivate management to pursue business objectives and pursue growth and success
- Encourage a high level of performance; and
- Align the interests of management with the interests of shareholders

Non-Executive Director Remuneration

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market.

Under the ASX Listing Rules, the total amount or value of remuneration paid to Non-Executive Directors in any year may not exceed the amount approved by Shareholders at the consolidated entity general meeting. This amount is currently fixed at \$600,000 per annum.

The following table describes the adopted framework for Non-Executive Director Remuneration for the year ended 30 June 2021.

Fee Type	Amount
Non-Executive Director	\$55,000
Committee Chair	\$15,000
Committee Member	\$10,000

The remuneration of Non-Executive Directors does not, and must not include a commission, or a percentage of, profits or operating revenue.

The Consolidated Entity will contribute statutory superannuation to a complying superannuation fund where required. Remuneration is reviewed annually and any increase to it will be at the discretion of the Board.

Non-Executive Directors are entitled to participate in the Long-Term Incentive Plan, but are not eligible to receive any performance based awards.

Non-Executive Directors received a one-off payment (to the value of \$50,000 each) during the FY21 year in consideration for services provided prior to the Offer. These Directors applied after tax proceeds from this payment to apply for Shares in the IPO.

		Short-term benefits		Post-employment benefits		Long-term benefits	
Name	Year	Cash salary and Fees	Transactional Bonus	Superannuation	Long service leave	Share based payments	Total Paid
Non-Executive Directors							
Catherine Robson	2021	\$41,936	\$50,000	\$8,734	-	-	\$100,670
Bronwyn Le Grice	2021	\$53,333	\$50,000	\$9,817	-	-	\$113,150
Lawrence Mehren	2021	\$54,231	\$50,000	-	-	-	\$104,231
Benjamin Bergo ¹	2021	\$36,129	-	-	-	-	\$36,129
Craig Mallitz ²	2021	-	-	-	-	-	-
Hany Massarany ³	2021	-	-	-	-	-	-
TOTAL	2021	\$185,629	\$150,000	\$18,551	-	-	\$ 354,180

¹ Resigned as a Director 31 March 2021

² Resigned as a Director 24 March 2021

³ Resigned as a Director 22 March 2021

No comparative remuneration report has been included as the financial report for the year ended 30 June 2021 was the first report issued by the consolidated entity as a listed public company.

Executive Remuneration

Our goal has been to provide a remuneration framework that attracts, retains and motivates a high quality and experienced leadership team with the necessary capabilities and attributes to lead our people in achieving our long and short-term objectives and create value for our shareholders.

Our rewards program aims to encourage a collaborative approach in the pursuit of our outperformance goals by rewarding the achievement of both overall group and individual targets. The targets we have set are a mixture of financial and non-financial are challenging, clear and within the control of individuals to achieve either directly through their own actions or through the actions of the people they lead. Pay in the variable context is directly linked to performance.

The objective of our Executive Rewards program is to ensure that it is competitive and appropriate against the outcomes and results achieved. Our aim is to reward our executives in line with market practice, taking into account their position, responsibilities and performance within the Consolidated Entity and benchmarked against commensurate organisations. Our key components provide a mix of fixed and variable (at risk) pay and short and long-term incentives.

Fixed Remuneration

Annual remuneration paid regularly in the form of base pay (cash), superannuation and where relevant other applicable allowances. This component is not at risk and is independently benchmarked against comparable roles. Typically, median pay is our target.

Short-Term Incentive

Annual, variable at risk opportunity, linked to the achievement of specific objectives in a given performance period. It is designed to encourage achievement and outperformance against annual targets that contribute to enterprise value. The Board will set the short term incentive opportunity for Participants at the start of the performance period, with the determination of settlement to be in cash or equity, to occur at the end of the relevant performance period based on targets set by the Board.

Where Executive Directors are invited to participate, the Company's ability to grant equity under the Short Term Incentive Offer will be subject to any Shareholders approval requirements under the ASX Listing Rules.

For the FY22 Performance period the short-term incentive targets are communicated at the start of the performance period as part of a balanced scorecard encompassing both financial and non-financial components. Each component is assessed individually to determine the incentive amount payable.

Long-Term Incentive

Grant of options to the Senior Leaders within the Company that encourages alignment with shareholder interests. The number of options granted represent 100% of the Participants entitlement with actual number of options vesting dependent upon the satisfaction of Vesting Conditions. The Vesting conditions included a mix of time based and performance based conditions that are summarised in Note 34.

Transaction Bonus

A one-off Transactional Bonus was paid to the CEO during FY21 in consideration for services provided prior to the Offer. Subject to shareholder approval, a similar one-off Transactional Bonus for FY21 will also be paid to the Executive Chair as an equity allocation.

Executive Remuneration – Performance, Outcomes & Disclosures

2021 Consolidated Entity Performance Highlights

The earnings of the consolidated entity for the last 4 financial years are summarised below:

Consolidated Entity	Full year ended 30 June 2021 \$'000	Full year ended 30 June 2020 \$'000	Full year ended 30 June 2019 \$'000	Full year ended 30 June 2018 \$'000
Revenue and other income	25,055	8,396	6,382	2,594
Loss after income tax	(20,127)	(13,447)	(6,546)	(1,711)
Share Price at Start of financial year ¹	N/A	N/A	N/A	N/A
Share Price at End of financial year ¹	N/A	N/A	N/A	N/A
EPS	N/A	N/A	N/A	N/A

¹ There is no share price information as the Company was not trading on the ASX until 5 July 2021.

Performance against STI measures

KMP of the Company are awarded STI payments or bonuses in accordance with their individual contracts. During the 2021 financial year the STI payments are dependent on the satisfaction of performance conditions that were chosen deliberately to align the targets and financial performance of the business with the Executives meeting those targets. Those performance conditions were aligned with the Company's short-term objectives and are also consistent with the long-term strategy of the Company with financial and operational targets.

Achievement of the relevant performance conditions were assessed objectively by the Nominations and Remuneration Committee. STI payments are either payments made during the year or at the end of the financial year are accrued, approved or specifically allocated to the individual.

The CEO achieved STI of \$59,856 in respect of performance during the 2021 financial year against financial and non-financial metrics. Financial metrics included revenue targets across various income streams. The Non-financial targets included a range of divisional metrics including facility, clinical, quality and regulatory objectives.

The Short-term incentive will be settled as 50% cash and 50% shares (subject to shareholder approval).

Performance against LTI measures

2020 Financial Year

- 4,769,913 Options (post consolidation) were issued to Dr Sambursky on 12 August 2019. The options have the following vesting conditions:
 - 1,567,892 - vested immediately on grant
 - 1,829,726 - 25% vest on the first anniversary of the grant date, with the remaining vesting monthly (in equal amounts) for the next 36 months after the first anniversary of the grant date. These Options are not subject to performance conditions.
 - 1,372,295 - 1/3 vested on a completion of Series A Capital raise, 1/3 vest on the Consolidated Entity obtaining FDA clearance for FebriDx®; and 1/3 vest on the Consolidated Entity' revenue being equal to or greater than \$20m or the Consolidated Entity' revenue for the sale of FebriDx® exceeding \$10m (in either case measured over a rolling 12-month period).

2021 Financial Year

- 728,902 Options (post consolidation) were issued to Dr Sambursky on 1 October 2020. 50% vest if revenue generated by FebriDx is greater than \$20 million AUD over a rolling 12-month period. The remaining 50% vest if the consolidated entity's market capitalisation is maintained at greater or equal to \$150 million.

Actual Remuneration Earned by Executives in FY21

The actual remuneration earned by KMP is set out in the table below. This provides shareholders with a view of the remuneration actually paid to executives for performance in FY21 and the value of LTI's that vested during the period.

	Fixed Remuneration \$	Fixed Transaction Bonus \$	STI \$	LTI Vested \$	Total Actual Remuneration Earned \$
Robert Sambursky	400,375	50,000	59,856	227,273	737,504
Samuel Lanyon	154,372	150,000	-	-	304,372

Summary of Senior Executive Leader Remuneration FY21

Name	Year	Short-term benefits				Post-employment benefits	Other long-term benefits		Total \$	Fixed	Variable – At Risk	
		Cash salary and Fees	Annual leave	STI	Transaction Bonus	Super-annuation	LTI	Long service leave			STI	LTI
Executive Directors												
Samuel Lanyon	2021	148,227	6,145	-	150,000	14,082	-	2,874	321,328	100%	-%	-%
Robert Sambursky	2021	400,375	54,116	59,856*	50,000	13,913	398,332	-	976,592	54%	5%	41%
TOTAL	2021	548,602	60,261	59,856	200,000	27,995	398,332	2,874	1,297,920			

*\$45,000 USD converted at the year end rate of 0.7518.

No comparative remuneration report has been included as the financial report for the year ended 30 June 2021 was the first report issued by the consolidated entity as a listed public company.

Service Agreements

Service Agreements	Position	Contract Duration	Employer Notice Period	Employee Notice Period
Samuel Lanyon	Executive Chair	Ongoing	6 months	6 months
Robert Sambursky	Executive Director and CEO	Ongoing	None*	None*

* Under the terms of Rob's executive severance agreement, if Rob is terminated other than for cause by the Company or resigns with good reason, he is entitled to 90 days' base salary severance pay, plus an additional two weeks' base salary severance pay for each year of his employment (provided the Consolidated Entity has \$2m in cash reserves within 7 days of termination). However if termination is within one year of a change in control (being where 50% of the voting stock or assets of the Consolidated Entity are sold to a third party, and excluding an IPO), the Consolidated Entity must have at least \$1m in cash reserves at the time of termination for Rob to receive 90 days' severance pay, and more than \$2m in cash reserves (within 7 days of termination) for Rob to receive the additional two weeks' severance per year of service. Rob's entitlement to severance pay is contingent upon a release of claims against the Consolidated Entity.

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Other Disclosures & Shareholdings

Share-based compensation

Issue of Shares

There were no shares issued to directors and other Key Management Personnel as part of compensation during the period ended 30 June 2021.

Options

The following options (post consolidation) were issued to Key Management Personnel during the year ended 30 June 2021:

Name	Beginning of Year	Granted as an LTI	Exercised	Balance end of Year	Vested	Unvested
Robert Sambursky	5,031,747	728,602	(261,834)	5,498,515	2,991,012	2,507,503
TOTAL	5,031,747	728,602	(261,834)	5,498,515	2,991,012	2,507,503

There were no other options issued to Key Management Personnel during the period.

KMP Shareholdings

Shareholdings at Year End

The number of ordinary shares (post consolidation) in the Company held during the financial year ended 30 June 2021 by each Key Management Personnel are set out below:

Name	Balance at start of year	Received on conversion of notes and Pref Shares	Purchases or other additions	Sale/ Resignation	Balance at the end of year	Balance at the date of this report
Non-Executive Directors						
Catherine Robson	-	218,439	-	-	218,439	278,839
Bronwyn Le Grice	-	-	-	-	-	28,400
Lawrence Mehren	-	-	-	-	-	80,000
Benjamin Bergo ¹	-	410,267	-	(410,267)	n/a	n/a
Craig Mallitz ²	-	-	-	-	n/a	n/a
Hany Massarany ³	-	-	-	-	n/a	n/a
Executive Directors						
Samuel Lanyon	-	296,417	-	-	296,417	296,417
Robert Sambursky	-	-	261,834	(261,834)	-	-

¹ Resigned as a Director 31 March 2021

² Resigned as a Director 24 March 2021

³ Resigned as a Director 22 March 2021

Option Holdings at Year end

The number of options (post consolidation) in the Company held during the financial year ended 30 June 2021 by each Key Management Personnel are set out below:

Name	Balance at start of year	Granted as LTI	Exercised	Sale/ Resignation	Balance at the end of year	Balance at the date of this report
Non-Executive Directors						
Catherine Robson	-	-	-	-	-	-
Bronwyn Le Grice	-	-	-	-	-	-
Lawrence Mehren	-	-	-	-	-	-
Benjamin Bergo ¹	686,147	-	-	(686,147)	n/a	n/a
Craig Mallitz ²	-	-	-	-	n/a	n/a
Hany Massarany ³	-	-	-	-	n/a	n/a
Executive Directors						
Samuel Lanyon	-	-	-	-	-	-
Robert Sambursky	5,031,747	728,602	(261,834)	-	5,498,515	5,498,515

¹ Resigned as a Director 31 March 2021

² Resigned as a Director 24 March 2021

³ Resigned as a Director 22 March 2021

THIS IS THE END OF THE REMUNERATION REPORT (AUDITED)

Shares under option

Unissued ordinary shares of Lumos Diagnostics Holdings Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price*	Number under option*
12 August 2019	12 August 2026	\$0.5670	8,925,676
4 November 2019	4 November 2026	\$0.5670	457,431
2 March 2020	2 March 2027	\$0.5670	320,202
4 March 2020	4 March 2027	\$0.5670	137,229
1 October 2020	1 October 2027	\$0.5670	728,602
30 November 2020	1 October 2027	\$0.5670	125,000
			10,694,140

* Figures include the effects of the 1-for-2 consolidation completed in March 2021.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares under performance rights

There were no unissued ordinary shares of Lumos Diagnostics Holdings Limited under performance rights outstanding at the date of this report.

Shares issued on the exercise of options

The following ordinary shares of Lumos Diagnostics Holdings Limited were issued during the year ended 30 June 2021 and up to the date of this report on the exercise of options granted:

Grant date	Exercise price*	Number of shares issued*
12 August 2019	\$0.5670	261,834

* Figures include the effects of the 1-for-2 consolidation completed in March 2021.

Shares issued on the exercise of performance rights

There were no ordinary shares of Lumos Diagnostics Holdings Limited issued on the exercise of performance rights during the year ended 30 June 2021 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

Officers of the company who are former partners of William Buck

There are no officers of the company who are former partners of William Buck.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

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

Auditor

William Buck continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors:



Samuel Lanyon
Executive Chair

30 August 2021

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Auditor's independence declaration



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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 there have been:

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

William Buck

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

A. A. Finnis

A. A. Finnis
Melbourne, 30 August 2021

ACCOUNTANTS & ADVISORS
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Consolidated statement of profit or loss and other comprehensive income

	Note	Consolidated	
		30 June 2021 \$'000	30 June 2020 \$'000
Revenue	5	25,055	8,396
Cost of sales		(13,532)	(4,756)
Gross profit		11,523	3,640
Other income	6	257	2,751
Expenses			
Marketing and sales expenses		(3,190)	(2,633)
General and administration expenses	7	(20,574)	(13,766)
Research and development expenses		(2,582)	(2,774)
Finance costs	8	(5,561)	(751)
Loss before income tax benefit		(20,127)	(13,533)
Income tax benefit	9	-	86
Loss after income tax benefit for the year attributable to the owners of Lumos Diagnostics Holdings Limited		(20,127)	(13,447)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(879)	(73)
Other comprehensive income for the year, net of tax		(879)	(73)
Total comprehensive income for the year attributable to the owners of Lumos Diagnostics Holdings Limited		(21,006)	(13,520)
		Cents	Cents
Basic earnings per share	35	(76.39)	(60.56)
Diluted earnings per share	35	(76.39)	(60.56)

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

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Consolidated statement of financial position

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Assets

Current assets

Cash and cash equivalents	10	59,710	1,233
Trade and other receivables	11	5,660	1,355
Inventories	12	6,114	729
Prepayments and other assets	13	4,611	1,996
Total current assets		76,095	5,313

Non-current assets

Financial assets		271	271
Plant and equipment	14	8,287	871
Right-of-use assets	15	11,514	5,969
Intangibles	16	34,381	31,364
Deferred tax assets		-	87
Total non-current assets		54,453	38,562

Total assets

130,548 **43,875**

Liabilities

Current liabilities

Trade and other payables	17	32,254	4,556
Lease liabilities	18	1,017	1,255
Employee benefits		2,455	596
Contract liabilities	19	7,518	664
Total current liabilities		43,244	7,071

Non-current liabilities

Lease liabilities	20	9,572	4,700
Total non-current liabilities		9,572	4,700

Total liabilities

52,816 **11,771**

Net assets

77,732 **32,104**

Equity

Issued capital	21	116,187	50,679
Reserves	22	1,709	1,462
Accumulated losses		(40,164)	(20,037)

Total equity

77,732 **32,104**

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

Consolidated statement of changes in equity

Consolidated

	Issued capital \$'000	Foreign currency translation reserve \$'000	Share based payments reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2019	18,087	68	5,043	(6,590)	16,608
Loss after income tax benefit for the year	-	-	-	(13,447)	(13,447)
Other comprehensive income for the year, net of tax	-	(73)	-	-	(73)
Total comprehensive income for the year	-	(73)	-	(13,447)	(13,520)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 21)	32,592	-	(5,043)	-	27,549
Share-based payments (note 36)	-	-	1,467	-	1,467
Balance at 30 June 2020	50,679	(5)	1,467	(20,037)	32,104

Consolidated

	Issued capital \$'000	Foreign currency translation reserve \$'000	Share based payments reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2020	50,679	(5)	1,467	(20,037)	32,104
Loss after income tax benefit for the year	-	-	-	(20,127)	(20,127)
Other comprehensive income for the year, net of tax	-	(879)	-	-	(879)
Total comprehensive income for the year	-	(879)	-	(20,127)	(21,006)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 21)	65,285	-	-	-	65,285
Share-based payments (note 36)	223	-	1,126	-	1,349
Balance at 30 June 2021	116,187	(884)	2,593	(40,164)	77,732

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

Consolidated statement of cash flows

		Consolidated	
Note	30 June 2021 \$'000	30 June 2020 \$'000	
Cash flows from operating activities			
	Receipts from customers (inclusive of GST)	30,281	8,504
	Payments to suppliers (inclusive of GST)	(38,483)	(16,671)
	Government grant funding	-	2,722
		(8,202)	(5,445)
	Interest received	6	-
	Interest paid on lease liabilities	(321)	-
	Net cash used in operating activities	(8,517)	(5,445)
Cash flows from investing activities			
	Payments for plant and equipment	(10,557)	(438)
	Payments for clinical trials and development	(3,189)	(9,008)
	Net cash used in investing activities	(13,746)	(9,446)
Cash flows from financing activities			
	Proceeds from issue of convertible notes	24,206	-
	Net of cost proceeds from issue of shares	34,427	12,000
	Proceeds from sell-down of shares	23,388	-
	Repayment of lease liabilities	(1,112)	(236)
	Net cash from financing activities	80,909	11,764
	Net increase/(decrease) in cash and cash equivalents	58,646	(3,127)
	Cash and cash equivalents at the beginning of the financial year	1,233	4,372
	Effects of exchange rate changes on cash and cash equivalents	(169)	(12)
	Cash and cash equivalents at the end of the financial year	59,710	1,233

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

Notes to the consolidated financial statements

Note 1. General information

The financial statements cover Lumos Diagnostics Holdings Limited as a consolidated entity consisting of Lumos Diagnostics Holdings Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Lumos Diagnostics Holdings Limited's functional and presentation currency. The US based subsidiaries of the consolidated entity, being Rapid Pathogen Screening Inc and Lumos Diagnostics Inc, use US dollar as their functional currency.

Lumos Diagnostics Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 4, 96-100 Albert Road
South Melbourne VIC 3205
Australia

Principal place of business

7040 Professional Parkway, Suite B
Sarasota, Florida 34240
USA

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2021. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Going concern

The financial statements have been prepared on a going concern basis.

Comparative Information

The consolidated financial statements provide comparative information in respect of the previous period. In addition, where required, the consolidated entity presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Principles of consolidation

For the current year, the consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Lumos Diagnostics Holdings Limited ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Lumos Diagnostics Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Lumos Diagnostics Holdings Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

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Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

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Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations. However, they are not expected to be material.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Capitalisation of development costs

Costs that are directly associated with the development of products are recognised as intangible assets where the relevant criteria under the accounting standards are met.

These capitalised development costs are reviewed to determine if:

- it is probable that the asset associated will be commercially viable,
- the consolidated entity is able to use or sell the asset;
- the consolidated entity has sufficient resources to do so, and
- the intent to complete the development and costs can be measured reliably.

This requires a degree of estimation and judgement.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity has one operating segment, being the provision of point of care diagnostics goods and services, however it operates across two geographical regions, being the United States and Australia. The operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

	Geographical			
	Sales to external customers		Geographical Non-current assets	
	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
United States	23,513	5,015	20,190	7,368
Australia	1,542	3,381	34,263	31,194
	25,055	8,396	54,453	38,562

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Revenue

	\$'000	\$'000
Sales of goods	2,320	499
Services income	22,735	7,898
	25,055	8,396

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: 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.

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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.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Note 6. Other income

Net foreign exchange gain
Government grants
Finance Income
Other income

Consolidated	
30 June 2021 \$'000	30 June 2020 \$'000
1	14
250	2,722
6	15
257	2,751

Government grant

Government grant is recognised when there is reasonable assurance that conditions attached to the grant will be complied with and that the grant will be received.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

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Note 7. General and administration expenses

General and administration expenses
Paycheck Protection Program loan repayment

Consolidated	
30 June 2021 \$'000	30 June 2020 \$'000
19,021	13,766
1,553	-
20,574	13,766

Note 8. Finance costs

Interests on convertible notes
Interests on lease liabilities
Costs of convertible note raising
Costs of IPO

Consolidated	
30 June 2021 \$'000	30 June 2020 \$'000
2,701	751
321	-
1,055	-
1,484	-
5,561	751

Note 9. Income tax benefit

Numerical reconciliation of income tax benefit and tax at the statutory rate

Loss before income tax benefit

Tax at the statutory tax rate of 30%

Tax effect amounts which are not deductible/(taxable) in calculating taxable income:

Non-deductible expenditure

Temporary differences not brought to account

Tax losses not recognised

Income tax benefit

Consolidated	
30 June 2021 \$'000	30 June 2020 \$'000
(20,127)	(13,533)
(6,038)	(4,060)
1,508	662
(440)	(42)
4,970	3,354
-	(86)

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Note 10. Current assets - cash and cash equivalents

Consolidated	
30 June 2021 \$'000	30 June 2020 \$'000
Cash at bank	1,233

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 11. Current assets - trade and other receivables

Consolidated	
30 June 2021 \$'000	30 June 2020 \$'000
Trade receivables	648
Less: Allowance for expected credit losses	(110)
3,082	538
Related party receivables	738
Other receivables*	79
5,660	1,355

* Other receivables consists of capital raising funds in transit to the consolidated group's bank accounts at 30 June 2021. These funds have been received subsequent to the year end.

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Allowance for expected credit losses

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	30 June 2021 \$'000	30 June 2020 \$'000
Opening balance	110	29
Additional provisions recognised	179	87
Receivables written off during the year as uncollectable	(55)	(7)
Exchange differences	(9)	1
Closing balance	225	110

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Lumos reserve for 100% of any receivable over 90 days past due and 50% of any receivable between 60 and 90 days past due.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 12. Current assets - inventories

	Consolidated	
	30 June 2021 \$'000	30 June 2020 \$'000
Raw materials - at cost	5,261	464
Raw materials - provision	(749)	(96)
	4,512	368
Work in progress - at cost	348	139
Finished goods - at cost	1,254	222
	6,114	729

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Accounting policy for inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

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

Note 13. Current assets - prepayments and other assets

	Consolidated	
	30 June 2021 \$'000	30 June 2020 \$'000
Prepayments	4,611	1,963
Other current assets	-	33
	4,611	1,996

Note 14. Non-current assets - plant and equipment

	Consolidated	
	30 June 2021 \$'000	30 June 2020 \$'000
Construction in Progress*	7,199	-
Leasehold improvements - at cost	268	267
Less: Accumulated depreciation	(242)	(245)
	26	22
Plant and equipment - at cost	1,669	1,461
Less: Accumulated depreciation	(952)	(833)
	717	628
Computer equipment - at cost	1,147	999
Less: Accumulated depreciation	(855)	(806)
	292	193
Office equipment - at cost	384	374
Less: Accumulated depreciation	(331)	(346)
	53	28
	8,287	871

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements \$'000	Plant and equipment \$'000	Computer equipment \$'000	Office equipment \$'000	Construction in Progress \$'000	Total \$'000
Balance at 1 July 2019	32	513	230	38	-	813
Additions	7	285	59	29	-	380
Exchange differences	1	12	3	1	-	17
Depreciation expense	(18)	(182)	(99)	(40)	-	(339)
Balance at 30 June 2020	22	628	193	28	-	871
Additions	25	341	228	43	7,199	7,836
Disposals	-	(5)	-	-	-	(5)
Exchange differences	(2)	(50)	(12)	(3)	-	(67)
Depreciation expense	(19)	(197)	(117)	(15)	-	(348)
Balance at 30 June 2021	26	717	292	53	7,199	8,287

* Construction in progress relate to amounts paid for construction of new facilities and equipment at the Group's Sarasota facility.

Accounting policy for plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment (excluding land) over their expected useful lives as follows:

Office Equipment	3-5 years
Leasehold improvements	10 years
Plant and equipment	3-7 years
Motor Vehicles	3-5 years
Computer equipment	3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 15. Non-current assets - right-of-use assets

	Consolidated	
	30 June 2021 \$'000	30 June 2020 \$'000
Land and buildings - right-of-use	9,230	3,652
Less: Accumulated depreciation	(77)	(141)
	9,153	3,511
Plant and equipment - right-of-use	2,471	2,458
Less: Accumulated depreciation	(110)	-
	2,361	2,458
	11,514	5,969

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings - right-of-use \$'000	Plant and equipment - right-of-use \$'000	Total \$'000
Balance at 1 July 2019	195	-	195
Additions	3,457	2,458	5,915
Depreciation expense	(141)	-	(141)
Balance at 30 June 2020	3,511	2,458	5,969
Additions	6,265	-	6,265
Impact of change of lease terms	141	-	141
Exchange differences	(687)	13	(674)
Depreciation expense	(77)	(110)	(187)
Balance at 30 June 2021	9,153	2,361	11,514

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

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Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 16. Non-current assets - intangibles

	Consolidated	
	30 June 2021 \$'000	30 June 2020 \$'000
Goodwill - at cost	1,467	1,474
Development - at cost	12,039	9,004
Less: Accumulated amortisation	(384)	(258)
	11,655	8,746
Intellectual property - at cost	21,846	21,709
Less: Accumulated amortisation	(587)	(565)
	21,259	21,144
	34,381	31,364

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill \$'000	Development \$'000	Intellectual property \$'000	Total \$'000
Balance at 1 July 2019	1,469	5,624	21,297	28,390
Additions	-	3,341	127	3,468
Disposals	-	-	(188)	(188)
Exchange differences	5	-	12	17
Amortisation expense	-	(219)	(104)	(323)
Balance at 30 June 2020	1,474	8,746	21,144	31,364
Additions	-	3,034	224	3,258
Exchange differences	(7)	-	(38)	(45)
Amortisation expense	-	(125)	(71)	(196)
	1,467	11,655	21,259	34,381

Intellectual property (“IP”) relates to technology and patents held by the consolidated entity. The majority of the intellectual property balance relates to FebriDx IP.

As at 30 June 2021, this IP was not being amortised as management have determined it is not available for use as this IP is pending approval of the United States Food and Drug Administration. Upon approval this IP will begin amortising over its remaining useful life.

Capitalised development costs will commence amortisation when the respective projects have been completed and are ready for commercial use.

Impairment of intangibles

All intangible assets are assessed at each reporting period for indicators of impairment. Lumos operates as a single operating segment and cash generating unit being ‘provision of point of care diagnostics goods and services’. Intangible assets with an indefinite useful life, or not yet ready for use, are assessed for impairment under this cash generating unit.

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections for the next five years. The cash flows are discounted using estimated discount rate based on Capital Asset Pricing Model adjusted to incorporate risks associated with the Point of Care Diagnostics segment.

Management has based the value-in-use calculations on five-year budget forecasts of the Point of Care Diagnostics business. Revenue has been projected on the below mentioned assumptions. Costs are calculated taking into account historical gross margins as well as estimated weighted inflation rates over the period which is consistent with inflation rates applicable to the locations in which the unit operates. Discount rates are post-tax and reflect risks associated with the Point of Care Diagnostics business.

The following assumptions were used in the value-in-use-calculations:

- a.** Revenue growth for years 1 – 3 of the model is expected to be in line with the growth that the business achieved in the current year. A growth rate of 3% has been estimated for years 4 and 5 of the model. This is a conservative estimate in the future growth of the business.
- b.** Projected cash flows have been discounted using a post-tax discount rate of 10.34% (2020: 12%).
- c.** Gross profit margins are forecast to be in a range of 51-58% (2020: 47%).
- d.** An annual growth rate of 2.5% (2020: 2.5%) has been estimated in the calculation of terminal value.

Based on the above assumptions, the recoverable amount of the cash generating unit has been determined to exceed its carrying amount as at 30 June 2021 and accordingly, no impairment loss has been recognised.

Sensitivity to changes in assumptions

The impairment model is most sensitive to the following assumptions:

- Revenue forecasts assumption;
- Discount rate; and
- Timing on FDA approval of FebriDx® IP.

No reasonable possible change in assumptions would result in an impairment charge being recognised.

Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs begin amortisation once the associated assets is in service. These assets are then amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Intellectual property

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

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Note 17. Current liabilities - trade and other payables

	Consolidated	
	30 June 2021 \$'000	30 June 2020 \$'000
Trade payables	6,064	3,323
Payable to shareholder*	23,388	-
Payable to other related entities*	205	-
Other payables	2,597	1,233
	32,254	4,556

Refer to note 24 for further information on financial instruments.

*The payable balance above relates to proceeds from sell down of shares by Planet Innovation Holdings Limited and other shareholders at part of the IPO transaction. The consolidated entity repaid \$25 million (net of costs) to Planet Innovation Holdings Limited and other shareholders subsequent to 30 June 2021.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 18. Current liabilities - lease liabilities

	Consolidated	
	30 June 2021 \$'000	30 June 2020 \$'000
Lease liability	1,017	1,255

Refer to note 24 for further information on financial instruments.

During the year \$0.3 million of interest charges was expensed through the statement of profit or loss and other comprehensive income.

Note 19. Current liabilities - Contract liabilities

Contract liabilities

Consolidated	
30 June 2021 \$'000	30 June 2020 \$'000
7,518	664

Opening Balance
Amounts billed in advance during the year
Transferred to revenue – performance obligations satisfied
Exchange differences

Consolidated	
30 June 2021 \$'000	30 June 2020 \$'000
664	1,557
19,525	953
(12,622)	(1,865)
(49)	19
7,518	664

Accounting policy for contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Note 20. Non-current liabilities - lease liabilities

Lease liability

Consolidated	
30 June 2021 \$'000	30 June 2020 \$'000
9,572	4,700

Refer to note 24 for further information on financial instruments.

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Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 21. Equity - issued capital

	Consolidated			
	30 June 2021 Shares	30 June 2020 Shares	30 June 2021 \$'000	30 June 2020 \$'000
Ordinary shares - fully paid	150,152,413	52,013,549	116,187	23,130
Preference shares - fully paid	-	114,789,970	-	27,549
	150,152,413	166,803,519	116,187	50,679

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2019	33,760,102		18,087
Issue of shares	30 November 2019	18,253,447	\$0.2835	5,043
Balance	30 June 2020	52,013,549		23,130
Consolidation of shares on a 1-for-2 basis	4 March 2021	(26,006,773)		-
Issue of shares on execution of options	29 June 2021	261,834	\$0.8500	223
Issue of shares on conversion of convertible notes	29 June 2021	32,561,467	\$0.8585	27,955
Issue of shares on conversion of preference shares	29 June 2021	60,922,336	\$0.4850	29,549
Issue of shares on IPO	29 June 2021	30,400,000	\$1.2500	38,000
Costs of shares issued	30 June 2021	-		(2,670)
Balance	30 June 2021	150,152,413		116,187

Movements in preference shares

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2019	-		-
Issue of preference shares	30 November 2019	107,735,296	\$0.2371	25,549
Issue of preference shares	30 April 2020	7,054,674	\$0.2835	2,000
Balance	30 June 2020	114,789,970		27,549
Issue of preference shares	30 July 2020	7,054,674	\$0.2835	2,000
Consolidation of shares on a 1-for-2 basis	4 March 2021	(60,922,308)		-
Conversion to ordinary shares	29 Jun 2021	(60,922,336)		(29,549)
Balance	30 June 2021	-		-

Ordinary shares

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

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

Share buy-back

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

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 22. Equity - reserves

	\$'000	\$'000
Foreign currency reserve	(884)	(5)
Share-based payments reserve	2,593	1,467
	1,709	1,462

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Foreign currency reserve \$'000	Share-based payments reserve \$'000	Total \$'000
Balance at 1 July 2019	68	-	68
Foreign currency translation	(73)	-	(73)
Cost of share-based payments	-	1,467	1,467
Balance at 30 June 2020	(5)	1,467	1,462
Foreign currency translation	(879)	-	(879)
Expense on on options incurred during the period	-	1,525	1,525
Transfer of exercised options to issued capital	-	(74)	(74)
Options forfeited	-	(325)	(325)
Balance at 30 June 2021	(884)	2,593	1,709

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Note 23. Equity - dividends

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

Note 24. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity does not use derivative financial instruments or actively hedge financial positions.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The consolidated entity is most exposed to fluctuations in the AUD to USD foreign exchange rate. Should this rate increase or decrease by 10% it would increase or decrease the loss after tax for the year by \$3,020.

The carrying amount of the financial assets and financial liabilities for each subsidiary of the consolidated entity which are not in their functional currencies as at the reporting date were as follows:

	Assets		Liabilities	
	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2021 \$'000	30 June 2020 \$'000
US dollars	490	2,211	460	2,492

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

In the current year the consolidated entity does not have any exposure to interest rate risk as the consolidated entity does not hold any debt obligations which stipulate a variable interest rate.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available. The expected credit loss calculated by management is not expected to be material.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

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Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 30 June 2021	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	1,407	-	-	-	1,407
Related party payables	-	28,251	-	-	-	28,251
Other payables	-	2,597	-	-	-	2,597
Lease liabilities	6.10%	1,017	1,288	2,380	5,904	10,589
Total non-derivatives		33,272	1,288	2,380	5,904	42,844

Consolidated - 30 June 2020	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	2,252	-	-	-	2,252
Related party payables	-	1,071	-	-	-	1,071
Other payables	-	1,233	-	-	-	1,233
Lease liabilities	5.51%	1,255	1,090	1,640	1,970	5,955
Total non-derivatives		5,811	1,090	1,640	1,970	10,511

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 25. Fair value measurement

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note 26. Key Management Personnel disclosures

Directors

The following persons were directors of Lumos Diagnostics Holdings Limited during the financial year:

Samuel Lanyon
Robert Sambursky
Lawrence Mehren
Bronwyn LeGrice
Catherine Robson
Benjamin Bergo - resigned on 31 March 2021
Craig Mallitz - resigned on 24 March 2021
Hany Massarany - resigned on 22 March 2021

Compensation

The aggregate compensation made to directors and other members of Key Management Personnel of the consolidated entity is set out below:

	Consolidated	
	30 June 2021 \$	30 June 2020 \$
Short-term employee benefits	1,150,232	451,821
Post-employment benefits	46,546	12,402
Long-term benefits	56,990	889,927
Share-based payments	398,332	-
	1,652,100	1,354,150

Samuel Lanyon is an executive director of Planet Innovation Holdings Limited (a shareholder of the company) and his salary and other benefits were paid by an entity controlled by Planet Innovation Holdings Limited.

Benjamin Bergo was an employee of Planet Innovation Holdings Limited, (a shareholder of the company) during the financial year, and his salary and other benefits were paid by an entity controlled by Planet Innovation Holdings Limited.

Craig Mallitz was an executive director of RPS Diagnostics, Inc. (a shareholder of the company). His salary and other benefits were paid by that entity.

Note 27. Remuneration of auditors

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

Audit services - William Buck
Audit and review of the financial statements

Consolidated	
30 June 2021	30 June 2020
\$	\$
48,000	20,000

Note 28. Contingent liabilities

The consolidated entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Note 29. Commitments

Capital commitments
Committed at the reporting date but not recognised as liabilities, payable:
Property, plant and equipment*

Consolidated	
30 June 2021	30 June 2020
\$'000	\$'000
4,136	-

* Capital commitments relate to the expected completion cost of the new Sarasota facility, which is currently under construction.

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Note 30. Related party transactions

Parent entity

Lumos Diagnostics Holdings Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 32.

Key Management Personnel

Disclosures relating to Key Management Personnel are set out in note 26 and the remuneration report included in the directors' report.

Transactions with related parties

The consolidated entity receives a range of services from entities owned by its major shareholder, Planet Innovation Holdings Limited. The services are provided pursuant to a Master Services Agreement dated 1 April 2019 at cost or favourable commercial rates.

The services provided include the following:

- research & development services
- secondment of staff and services related to project delivery for the consolidated entity's customers
- recovery of direct costs and overheads related to the consolidated entity's operations

In anticipation of Planet Innovations' shareholding in Lumos falling below 50% on Completion, Lumos negotiated amendments to the Master Services Agreement to apply from 1 July 2021.

Receivable from and payable to related parties

As at 30 June 2021 the consolidated entity had the following balances with the Planet Innovation Group:

- Accounts payable owing to the Planet Innovation Group \$5,304,708 (2020: \$1,070,869)
- Other payable owing to the Planet Innovation Group \$23,387,915 (2020: \$nil)
- Accounts receivable owed by the Planet Innovation Group \$239,762 (2020: \$737,603)

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Note 31. Parent entity information

Financial information relating to the parent entity, Lumos Diagnostics Holdings Limited.

	30 June 2021 \$'000	30 June 2020 \$'000
Current assets	111,260	49
Non-current assets	23,911	50,106
Total assets	135,171	50,155
Current liabilities	24,355	53
Total liabilities	24,355	53
Net assets	110,816	50,102
Issued capital	116,187	50,678
Accumulated losses	(8,050)	(2,129)
Reserves	2,679	1,553
Total shareholders' equity	110,816	50,102

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 32. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2021 %	30 June 2020 %
Lumos Diagnostics Pty Ltd	Australia	100.0%	100.0%
Lumos Diagnostics IP Pty Ltd	Australia	100.0%	100.0%
Lumos Diagnostics, Inc.	USA	100.0%	100.0%
Rapid Pathogen Screening, Inc.	USA	100.0%	100.0%
Lumos Diagnostics (NL) B.V.	Netherlands	100.0%	100.0%

Note 33. Events after the reporting period

On 1 July 2021, the company received ASX notice that it was admitted to the Official List of the ASX effective 1 July 2021.

On 2 July 2021, the company transferred the proceeds from sell down of shares attributable to shareholder and other related entities, being \$25,000,000 gross of transaction costs.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 34. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	30 June 2021 \$'000	30 June 2020 \$'000
Loss after income tax benefit for the year	(20,127)	(13,447)
Adjustments for:		
Depreciation and amortisation	528	662
Share-based payments	1,200	1,467
Foreign exchange differences	(349)	14
Inventory write downs (write back)	-	(182)
Bad debt expense	-	81
Income tax benefit	-	(86)
Clinical trial and development expense	-	5,284
Interest expense on convertible notes	2,701	-
Costs of convertible note raising	1,055	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(1,630)	596
Increase in inventories	(5,385)	(718)
Decrease/(Increase) in accrued income	-	(39)
Decrease/(Increase) in other operating assets	268	(82)
Decrease/(Increase) in deferred tax assets	-	(87)
Increase in trade and other payables	4,507	1,645
Increase in employee benefits	1,860	340
Increase/(decrease) in deferred income	6,855	(893)
Net cash used in operating activities	(8,517)	(5,445)

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Note 35. Earnings per share

Consolidated	
30 June 2021 \$'000	30 June 2020 \$'000
(20,127)	(13,447)

Loss after income tax attributable to the owners of Lumos Diagnostics Holdings Limited

Number	Number
26,346,901	22,206,057
26,346,901	22,206,057

Weighted average number of ordinary shares used in calculating basic earnings per share

Weighted average number of ordinary shares used in calculating diluted earnings per share

Cents	Cents
(76.39)	(60.56)
(76.39)	(60.56)

Basic earnings per share

Diluted earnings per share

The prior year earning per share value has been restated to incorporate the effect of the 1-for-2 share consolidation completed in March 2021.

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Lumos Diagnostics Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

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 shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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Note 36. Share-based payments

The company has an Employee Share Option Plan which have been established to encourage employees of the consolidated entity and its subsidiaries, including directors, to share in the ownership of the consolidated entity and its subsidiaries, in order to promote their long-term success. The Plans offer selected employees of the consolidated entity and its subsidiaries, including directors, an opportunity to share in the growth and profits of the consolidated entity and its subsidiaries alongside the consolidated entity's shareholders.

In the twelve-month period ending 30 June 2021, there was 853,602 options issued to executive management (June 2020: 11,611,890) at a market value of \$1,199,350. Number of options includes the 1-for-2 consolidation completed in March 2021.

Equity-settled transactions

The fair value of each option is estimated on the date of the grant using a Black-Scholes option formula, to take market conditions into consideration, with the following assumptions were used in the calculation:

	Tranche A-C	Tranche D-E	Tranche F	Tranche G	Tranche H-J
Share price on date of issue*	\$0.567	\$0.567	\$0.567	\$0.567	\$0.567
Dividend yield on ordinary shares	0%	0%	0%	0%	0%
Exercise price*	\$0.567	\$0.567	\$0.567	\$0.567	\$0.567
Marketability discount	40%	40%	40%	40%	40%
Volatility	103%	103%	98%	98%	98%
Fair value of option issued*	\$0.283	\$0.2834	\$0.2754	\$0.2752	\$0.2754

* Dollar value includes the effects of the 1-for-2 consolidation completed in March 2021.

Expected volatility is based on a benchmark for the company, using ASX Listed Biotechnology and Medical Research companies for the most recent 12 months, and is designed to be indicative of future trends, which may also not necessarily be the actual outcome.

The options were granted in separate tranches between 12 August 2019 and 30 November 2020. The following performance conditions exist with respect to the options:

Tranche	Number of options*	Grant date	Vesting conditions
A	3,232,942	12/08/2019	Immediate vesting
B	3,419,303	12/08/2019	Vest based on individual participants performance, which the Directors expect will be achieved over a 4 year period.
C	2,273,431	12/08/2019	Vest based on individual participants performance, which the Directors expect will be achieved over a 4 year period.
D	320,202	04/11/2019	Vest over 4 years in equal tranches based on continuous employment with Lumos.
E	137,229	04/11/2019	Vest based on performance of Lumos, which the Directors expect will be achieved over a 4 year period.
F	320,202	02/03/2020	Vest over 4 years in equal tranches based on continuous employment with Lumos.
G	137,229	04/03/2020	Vest based on performance of Lumos, which the Directors expect will be achieved over a 4 year period.
H	364,301	01/10/2020	Vest based on achievement of FebriDx revenue of greater than or equal to A\$20 million over a rolling 12-month period.
I	364,301	01/10/2020	Vest based on achievement of Lumos market capitalisation is maintained at or greater than A\$150 million measured on a monthly rolling average.
J	125,000	30/11/2020	Vest over 4 years in equal tranches based on continuous employment with Lumos.

* Number of options includes the 1-for-2 consolidation completed in March 2021.

Set out below are summaries of options granted under the plan:

30 June 2021

Grant date	Expiry date	Exercise price*	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other**	Balance at the end of the year
12/08/2019	12/08/2026	\$0.5670	21,394,057	-	(261,834)	(12,206,547)	8,925,676
04/11/2019	04/11/2026	\$0.5670	914,862	-	-	(457,431)	457,431
02/03/2020	02/03/2027	\$0.5670	640,404	-	-	(320,202)	320,202
04/03/2020	04/03/2027	\$0.5670	274,458	-	-	(137,229)	137,229
01/10/2020	01/10/2027	\$0.5670	-	1,457,204	-	(728,602)	728,602
30/11/2020	01/10/2027	\$0.5670	-	250,000	-	(125,000)	125,000
			23,223,781	1,707,204	(261,834)	(13,975,011)	10,694,140

* Exercise price includes the effects of the 1-for-2 consolidation completed in March 2021.

** Movement as a result of the 1-for-2 consolidation completed in March 2021.

30 June 2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
12/08/2019	12/08/2026	\$0.2835	-	21,394,057	-	-	21,394,057
04/11/2019	04/11/2026	\$0.2835	-	914,862	-	-	914,862
02/03/2020	02/03/2027	\$0.2835	-	640,404	-	-	640,404
04/03/2020	04/03/2027	\$0.2835	-	274,458	-	-	274,458
			-	23,223,781	-	-	23,223,781

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
01/10/2020	01/10/2027	\$0.5670	\$0.5670	98.00%	-	0.62%	\$0.2754
30/11/2020	01/10/2027	\$0.5670	\$0.5670	98.00%	-	0.62%	\$0.2754

Expected volatility is based on a benchmark for the company, using ASX Listed Biotechnology and Medical Research companies for the most recent 12 months, and is designed to be indicative of future trends, which may also not necessarily be the actual outcome.

The price and valuation numbers noted in the table above are all inclusive of the 1-for-2 consolidation completed in March 2021.

Accounting policy for share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

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The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors

On behalf of the directors



Samuel Lanyon
Executive Chair

30 August 2021

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Independent auditor's report to the members of Lumos Diagnostics Holdings Limited



Lumos Diagnostics Holdings Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lumos Diagnostics Holdings Limited (the Company and its subsidiaries (the consolidated entity)), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

ACCOUNTANTS & ADVISORS

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Capitalisation of development costs	
Area of focus Refer also to notes 2, 3 and 16	How our audit addressed it
<p>As at 30 June 2021 the consolidated entity held capitalised development costs on its statement of financial position of \$11.7 million. During the current year approximately \$3.0 million of development costs were capitalised by the consolidated entity.</p> <p>Determining that the requirements of AASB 138 <i>Intangible Assets</i> could be met was complex and required significant judgement by the Directors and management, specifically in determining that the specific criteria, for capitalisation, stipulated by AASB 138 were addressed.</p> <p>As a consequence, we have determined this to be a key area of focus in the current year.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> • Reviewing management’s internal documentation in respect of development costs; • Assessing that only development costs are captured in accordance with the policies of the consolidated entity; • Performing detailed testing over development costs capitalised by the consolidated entity during the year; and • Assessing that the amortisation charge recorded for the year was consistent with the consolidated entity’s policy. <p>We also verified that the disclosures in the financial report were appropriate.</p>
Impairment assessment of intangible assets including goodwill	
Area of focus Refer also to notes 2, 3 and 16	How our audit addressed it
<p>Included on the statement of financial position is an intangible asset balance of \$34.4 million as at 30 June 2021, which relates to goodwill of \$1.5 million, intellectual property at \$21.3 million and capitalised development at \$11.7 million.</p> <p>In accordance with AASB 136 – <i>Impairment of assets</i> the consolidated entity is required to, at least annually, perform an impairment assessment of goodwill and intangible assets that have an indefinite useful life or have not yet entered service. For intangible assets with useful lives, the consolidated entity is required to review these for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable, and at least annually, review whether there is any change in their expected useful lives.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • a detailed evaluation of the consolidated entity’s budgeting procedures upon which the forecast is based and testing the principles and integrity of the discounted future cash flow models; • testing the accuracy of the calculation derived from the forecast model and assessing key inputs to the calculations such as revenue growth, gross margins, discount rates and working capital assumptions; • reviewing the historical accuracy of the forecast by comparing actual results with the original forecasts from prior years; and • performing sensitivity analysis of the calculations and considered the current

Impairment assessment of intangible assets including goodwill (continued)	
<p>All intangible assets including goodwill have been allocated to the consolidated entity's single cash generating unit ("CGU") being the provision of point of care diagnostics goods and services. The recoverable amount of the underlying CGU is supported by value-in-use calculations which are based on future discounted cash flows.</p> <p>As a consequence, we have determined this to be a key area of focus in the current year.</p>	<p>market capitalisation of the consolidated entity relative to its net asset position at 30 June 2021.</p> <p>We also considered the adequacy of the consolidated entity's disclosures in the notes to the financial report.</p>
Share based payments	
Area of focus Refer also to notes 2, 3, 36 and the Remuneration Report	How our audit addressed it
<p>In the current year the consolidated entity has issued share options to the CEO and the Executive Management team. The share option plan includes service-based, market and non-market vesting conditions.</p> <p>Each of the arrangements which form part of the plan required significant judgments and estimations by management, including the following:</p> <ul style="list-style-type: none"> • Determination of the grant date of each arrangement, and the evaluation of the fair value of the underlying share price of the consolidated entity as at that grant date; • The evaluation of the vesting charge taken to the profit and loss in-respect of the vesting conditions attached to those share-based payment arrangements; and • The evaluation of key inputs into the binomial model, including the significant judgment of the forecast volatility of the share option over its exercise period. <p>The value of these share-based payment arrangements materially affects the disclosures in the financial report, including disclosures of key management personnel remuneration and has been deemed a key area of focus for our audit.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Evaluating the fair values of share-based payment arrangements issued during the year. In determining the grant dates, we evaluated what were the most appropriate dates based on the terms and conditions of the share-based payment arrangements; • Evaluating the progress of the vesting of share-based payments within the service period; and • For the specific application of the binomial model, we assessed the experience of the expert used to advise the value of the arrangement. We retested some of the assumptions used in the model and recalculated those fair values. <p>We also considered the adequacy of the consolidated entity's disclosures in the notes to the financial report.</p>

Revenue recognition	
Area of focus Refer also to notes 2, 5 and 19	How our audit addressed it
<p>The consolidated entity's revenue is generated through the commercialising and sale of point of care diagnostics products and services. We note that the consolidated entity's revenue has increased by approximately 198% to \$25.0 million in the year ended 30 June 2021.</p> <p>These revenue arrangements have invoicing and payment milestones included within their terms, which may or may not be directly aligned with the performance obligations under the contract.</p> <p>In order to accrue revenue appropriately in the correct accounting period, management have developed a model which identifies the period in which revenue is accrued, adjusted for invoicing milestones.</p> <p>There is potential for subjectivity in determining which period revenue should be attributed and recognised and is thus a key area of focus for our audit.</p>	<p>Our audit procedures included.</p> <ul style="list-style-type: none"> • Enquiring with management to confirm that there have not been any significant or material changes during the current year in respect of how the consolidated entity recognises revenue under <i>AASB 15 Revenue from Contracts with Customers</i>; • Examining and recalibrating management's revenue recognition model; • Performing analytical review procedures over the revenue balance in comparison to the prior period and managements budget; and • Performing a test of details of the revenue balance recognised during the period including testing of sales cut-off and additional testing of any material contract liabilities that existed as at 30 June 2021. <p>We also considered the adequacy of the consolidated entity's disclosures in the notes to the financial report.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information in the consolidated entity's annual report for the year ended 30 June 2021 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the consolidated entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the consolidated entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.


In our opinion, the Remuneration Report of Lumos Diagnostics Holdings Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



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



A. A. Finnis
Director
Melbourne, 30 August 2021

Shareholder information

Lumos Diagnostics Holdings Limited ACN 630 476 970

Registered Office

Level 4, 96-100 Albert Road
South Melbourne VIC 3205
+61 3 9692 7222

<https://lumosdiagnostics.com/>

Company Secretary

Melanie Leydin

Share Registry

Shareholder information in relation to shareholding or share transfer can be obtained by contacting the Company's share registry:

Computershare Investor Services Pty Limited

Yarra Falls, 452 Johnston Street, Abbotsford, VIC, AUSTRALIA, 3067

Tel: 03 9415 4000

<https://www.computershare.com/au>

For all correspondence to the share registry, please provide your Security-holder Reference Number (SRN) or Holder Identification Number (HIN).

Change of address

Changes to your address can be updated online at <https://www.computershare.com/au> or by obtaining a Change of Address Form from the Company's share registry. CHESS sponsored investors must change their address details via their broker.

Annual General Meeting

The Annual General Meeting will be held on or about 28 October 2021. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to the ASX immediately upon dispatch.

The Closing date for receipt of nomination for the position of Director is 9 September 2021. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on 2 September 2021, at the Company's Registered Office.

The Company notes that the deadline for the nominations for the position of Director is separate to voting on Director elections. Details of the Director's to be elected will be provided in the Company's Notice of Annual General Meeting in due course.

Corporate Governance Statement

The Company’s 2021 Corporate Governance Statement once released to the ASX will be available on the Company’s website at <https://lumosdiagnostics.com/>

Annual report mailing list

All shareholders are entitled to receive the Annual Report. In addition, shareholders may nominate not to receive an annual report by advising the share registry in writing, by fax, or by email, quoting their SRN/HIN.

Securities exchange listing

Lumos Diagnostics Holdings Limited’s shares are listed on the Australian Securities Exchange and trade under the ASX code LDX. The securities of the Company are traded on the ASX under CHESS (Clearing House Electronic Sub-register System)

ASX Shareholder Disclosures

The following additional information is required by the Australian Securities Exchange in respect of listed public companies. The information is current as at 26 August 2021

The shareholder information set out below was applicable as at 26 August 2021

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares			Options over ordinary shares		
	Number of holders	Units	% of total shares issued	Number of holders	Units	% of total options issued
1 to 1,000	161	101,798	0.07	-	-	-
1,001 to 5,000	488	1,506,654	1.00	-	-	-
5,001 to 10,000	332	2,534,096	1.69	-	-	-
10,001 to 100,000	409	11,369,314	7.57	3	139,516	17
100,001 and over	77	134,640,551	89.67	15	10,554,624	83
	1,467	150,152,413	100	18	10,694,140	100
Holding less than a marketable parcel	39	10,473	0.01	-	-	-

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Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
PLANET INNOVATION HOLDINGS LIMITED	40,124,915	26.72
RPS DIAGNOSTICS INC	15,647,189	10.42
NATIONAL NOMINEES LIMITED	13,833,332	9.21
BNP PARIBAS NOMS PTY LTD <DRP>	10,995,268	7.32
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	4,327,990	2.88
MAINSTREAM FUND SERVICES PTY LTD <PERENNIAL P TO P OPP A/C>	4,296,650	2.86
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,939,141	2.62
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	3,627,059	2.41
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,605,053	2.40
CITICORP NOMINEES PTY LIMITED	3,150,597	2.10
UBS NOMINEES PTY LTD	2,537,915	1.69
WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	2,400,133	1.60
ELLERSTON CAPITAL LIMITED <ELLERSTON PRE IPO A/C>	2,378,000	1.58
ELLERSTON CAPITAL LIMITED <QPIPO A/C>	2,378,000	1.58
BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	1,600,000	1.07
BINVID PTY LTD <B&D SUPERANNUATION FUND A/C>	1,402,083	0.93
KADOO PTY LIMITED	1,402,083	0.93
PINELEAF PTY LTD <SMITHERS S/F A/C>	954,221	0.64
BNP PARIBAS NOMINEES PTY LTD	859,330	0.57
MFT2 PTY LTD <MAXWELL FAMILY NO. 2 A/C>	835,774	0.56
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)	120,294,733	80.11

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	10,694,140	18

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Substantial shareholders

Substantial shareholders in the company are set out below:

Planet Innovation Holdings Limited
RPS Diagnostics Inc
Perennial Value Management
Acorn Capital Limited
Ellerston Capital Limited

Shares	
Number held	% of total shares issued
40,124,915	26.7%
15,647,189	10.4%
11,733,971	7.8%
8,973,877	5.9%
8,155,980	5.4%

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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

There are no other classes of equity securities.

Voluntary Escrowed Securities

The number and class of escrowed securities are as follows:

SHARES ESCROWED TO 31/08/21 (ES1)	9,836,317
SHARES ESCROWED TO 26/11/21 (ES2)	9,836,309
SHARES ESCROW TO RELEASE OF HY22 RESULTS (ES3)	7,823,595
SHARES ESCROWED TO RELEASE OF FY22 RESULTS (ES4)	7,823,594
SHARES ESCROWED TO RELEASE OF FY23 RESULTS (ES5)	40,124,915

Statement in accordance with ASX Listing Rule 4.10.19

The Company confirms that since its Admission to the ASX on 1 July 2021 it has used the cash and assets (in a form readily convertible to cash) at the time of admission in a way consistent with its business objectives.

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Corporate Directory

Directors	Samuel Lanyon (Executive Chair) Robert Sambursky (Executive Director and CEO) Lawrence Mehren (Non-Executive Director and Deputy Chair) Bronwyn Le Grice (Non-Executive Director) Catherine Robson (Non-Executive Director)
Joint company secretaries	Melanie Leydin Tracy Weimar
Registered office	Level 4, 96-100 Albert Road SOUTH MELBOURNE VIC 3205 Australia
Principal place of business	7040 Professional Parkway, Suite B Sarasota, FL 34240 USA
Auditor	William Buck Level 20 181 William Street MELBOURNE VIC 3000
Solicitors (USA)	Foley & Lardner LLP 100 North Tampa Street, Suite 2700 Tampa, FL 33602 USA
Solicitors (Australia)	Clayton Utz 1 Bligh St SYDNEY NSW 2000
Stock exchange listing	Lumos Diagnostics Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: LDX)
Website	https://lumosdiagnostics.com/

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lumosdiagnostics.com