

Tissue Repair Ltd
Appendix 4E
Preliminary final report

1. Company details

Name of entity: Tissue Repair Ltd
ABN: 20 158 411 566
Reporting period: For the year ended 30 June 2022
Previous period: For the year ended 30 June 2021

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	3262.6% to	39,779
Loss from ordinary activities after tax attributable to the owners of Tissue Repair Ltd	up	647.1% to	(6,837,589)
Loss for the year attributable to the owners of Tissue Repair Ltd	up	647.1% to	(6,837,589)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$6,837,589 (30 June 2021: \$915,228).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>41.91</u>	<u>5.39</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

The financial statements have been audited and an unmodified opinion has been issued.

11. Attachments

Details of attachments (if any):

The Annual Report of Tissue Repair Ltd for the year ended 30 June 2022 is attached.

12. Signed



Signed _____

Jack Lowenstein
Non-Executive Chair

Date: 31 August 2022

For persons

Tissue Repair Ltd

ABN 20 158 411 566

Annual Report - 30 June 2022

For personal use only

Tissue Repair Ltd
Contents
30 June 2022

Corporate directory	2
Chairman and Executive Director's Letter	3
Directors' report	4
Auditor's independence declaration	20
Consolidated statement of profit or loss and other comprehensive income	21
Consolidated statement of financial position	22
Consolidated statement of changes in equity	23
Consolidated statement of cash flows	24
Notes to the consolidated financial statements	25
Directors' declaration	43
Independent auditor's report to the members of Tissue Repair Ltd	44
Shareholder information	47

For personal use only

Tissue Repair Ltd
Corporate directory
30 June 2022

Directors	Tony Charara (Executive Director and Co-Founder) Jack Lowenstein (Non-Executive Director) Max Johnston (Non-Executive Director) Craig Stamp (Non-Executive Director) Bryan Gray (Non-Executive Director)
Company secretary	Alistair McKeough
Registered office	Level 10, 255 Pitt Street Sydney NSW 2000
Principal place of business	Level 10, 255 Pitt Street Sydney NSW 2000
Share register	Atomic Pty Ltd Deutsche Bank Tower Level 5/126 Philip Street Sydney NSW 2000
Auditor	Pitcher Partners Level 16, Tower 2, Darling Park 201 Sussex Street Sydney NSW 2000
Stock exchange listing	Tissue Repair Ltd shares are listed on the Australian Securities Exchange (ASX code: TRP)
Website	www.tissuerepair.com.au

For personal use only

Chairman and Executive Director's Letter

Dear fellow shareholder,

On behalf of the Board of Directors, we thank you for your support over the last year.

In the short time since listing on the ASX in November 2021 we are pleased to advise that Tissue Repair has already achieved a number of key initial goals outlined in the prospectus for its initial public offering.

Subject to feedback from the US FDA from the Type C communication and supporting dossier that was filed in June 2022, the Company is now preparing for a close-out meeting for its phase 2 chronic wound trials which should enable progression into a phase 3 trial. This feedback is expected before the end of September 2022.

The Company is aiming to prove in-use superiority of its drug candidate TR987® compared to existing therapies. If successful, TR987® could be the first drug or biologic to be approved in venous leg ulcer's (VLU) in over 25 years. This is a condition that poses a significant unmet need and represents a very large and growing market locally and internationally. The Australian Medical Association recently estimated the chronic wound market in Australia to be ~A\$3b.

In addition to the economic benefits, the Company could make a significant difference to the lives of many people living with debilitating chronic wound conditions. Tissue Repair's biologically active pharmaceutical ingredient (API) also provides a platform for the opportunity to develop a series of products that have the potential to treat a broad range of other wound care conditions. We are pleased to confirm that we have largely met our schedule to successfully produce our API on an engineering batch scale and in addition have moved to the production stage of clinical supplies of API required for the planned phase 3 program.

In parallel to this the Company has conducted market testing for its TR Pro+™ aesthetic product in a real-world evaluation involving 12 clinics and over 50 patients in terms of improving skin quality and healing outcomes post a variety of cosmetic surgery and dermatological procedures. This program has accumulated strong patient feedback on the benefits of the technology. The feedback was consistent with our phase 2 aesthetic clinical trial data. Having largely completed the first steps of market assessment of TR Pro+™ with key opinion leaders and their patients, we are now preparing plans for a targeted commercial launch in Australia. To this end, the Company has arranged for an initial 20,000 tubes of the product to be manufactured, ready for sale by the end of calendar 2022.

The operational report below will outline in more detail the specific progress we have made since listing.

The Company believes that subject to a successful outcome with the FDA, it has enough cash on hand both to complete the proposed phase 3 trials and make good progress on commercialising TR Pro+™. Our cash flow projections ignores the further cash infusions we expect to get from the Australian Governments' Research and Development Tax Incentive Scheme.

Finally, the Directors remain confident in delivering our strategic plan as outlined in the Prospectus and thank management and the broader Tissue Repair team on the progress to date.



Jack Lowenstein

Chairman



Tony Charara

Executive Director and Co-Founder

Tissue Repair Ltd
Directors' report
30 June 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Tissue Repair Ltd (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 2022.

Directors

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

Tony Charara

Co-Founder, Executive Director

Tony is a co-founder of Tissue Repair. He has been actively involved in the Company's clinical development program, across its two-phase 2B trials, commercialisation strategy and overall operations. Tony is an investment banker by background and has extensive experience across early-stage venture assets and in advising technology companies at ANZ Investment Bank, Ord Minnett Securities and JPMorgan in their respective investment banking teams. Tony is also a co-founder of Mable Technologies, an online marketplace and health technology platform operating in the aged care and disability sectors. Mable was named Australian growth technology company of the year in 2020. It was also listed in the Top 10 Deloitte Technology Fast 50 in 2020 and 2021.

As Tony is a co-founder and has been a Director of Tissue Repair since the Company's incorporation, he is considered by the Board not to be an independent director.

Jack Lowenstein

Independent, Non-Executive Chair (Appointed 13 August 2021)

Jack has over 25 years of senior management experience in financial services and was a pioneer in developing Australian ESG investment, first at Hunter Hall Investment Management from 1997 to 2011, and then from 2012 to 2019 at Morpic Asset Management. Both companies specialised in investing in ethically screened global mid-cap equities. Morpic was acquired in 2019 by Ellerston Capital and he remains a non-executive director of the company.

He was also a co-founder of Fiji's first investment bank, Kontiki Capital which he chaired from its inception in 1998 to 2017, and remains a director of Kinetic Growth Fund, which is listed on the South Pacific Stock Exchange.

Jack has been a director of several Australian ASX listed public companies, including Hunter Hall International, Hunter Hall Global Value, Kresta Holdings, Reinsurance Australia, Fiji Kava Limited (ASX:FJ) and Calliden Group. He is currently a director of Morpic Ethical Equities. Jack has an MA (Oxon) and completed the Owner/President Management Course at Harvard Business School in 2009.

Jack is considered by the Board to be an independent director.

Max Johnston

Independent, Non-Executive Director (Appointed 7 October 2021)

Max held the position of President and Chief Executive Officer (CEO) of Johnson & Johnson Pacific, a division of one of the world's largest medical, pharmaceutical and consumer healthcare companies for 11 years. Prior to joining Johnson & Johnson, Max's career included senior roles with Diageo and Unilever in Europe. He has also held several prominent industry roles as a past President of ACCORD Australasia Limited (Hygiene, personal care and speciality products), a former Vice Chairman of the Australian Food and Grocery Council and a former member of the board of the Australian Self Medication Industry (ASMI).

Max is currently Non-Executive Director of Medical Developments International Ltd and BARD1 Life Sciences Ltd. Former board roles include Non-Executive Director of PolyNovo Ltd (and interim CEO from November 2021 to August 2022) and Enero Group Limited, as well as Non-Executive Chairperson of Probiotec and of AusCann Group Holdings Limited.

Max is considered by the Board to be an independent director.

Craig Stamp

Independent, Non-Executive Director (Appointed 7 October 2021)

Craig has over 25 years of senior management experience in pharmaceuticals, healthcare and medical devices in Australia and Asia, previously holding senior positions at Allergan (Director Sales and Marketing) and Bausch & Lomb (Managing Director and VP Commercial Operations, Asia-Pacific). He has had considerable public company experience having served as CEO and Managing Director at Vision Group Holdings Ltd, a former ASX listed company (now privately held). Craig was also Executive General Manager at Device Technologies between 2014 and 2020, the largest independent medical technology supplier in Australia and New Zealand. Craig is Chair of the School of Optometry and Vision Science (**SOVS**) Visiting Committee and is an Adjunct Associate Professor of the SOVS, Faculty of Medicine and Health, UNSW. Craig was a former Director of the Medical Technology Association of Australia (MTAA) and was Chair of the MTAA Finance Committee.

Craig is considered by the Board to be an independent director.

Bryan Gray

Independent, Non-Executive Director (Appointed 7 October 2021)

Bryan has over 35 years' experience in Banking and Financial services in Australia and New Zealand. He spent 20 years at J.P Morgan in the Corporate and Investment Bank, the last 12 years as a Managing Director. Prior to that he held senior roles at State Street Bank and is a Chartered Accountant (CA). He holds a Bachelor of Commerce and Administration from Victoria University of Wellington, New Zealand and MAICD from the Australian Institute of Company Directors. He is currently a non-executive director of RFBI a not-for-profit business operating in the Residential Aged Care and Retirement sector.

Bryan is considered by the Board to be an independent director.

Peter Scutt

Independent, Non-Executive Director (resigned 7 October 2021)

Peter is an ex-Senior Managing Director and Partner of Bankers Trust Company, New York. He served on the boards of BT Securities Corporation and BT Futures Corporation, and the Management Committee of Global Sales and Trading. He founded and was Managing Partner of BT Venture Partners, the venture capital arm of Bankers Trust, based in New York City and Menlo Park, California. He has been an early investor, board member and advisor to numerous early stage companies in Australia and US

Director's Interest

The relevant interest of each director in the share capital of the Company, as notified by the Company to the ASX in accordance with S205G (1) of the Corporations Act 2001, as at the date of this report is as follows:

Directors	Number of ordinary shares	Number of options over ordinary shares¹
Tony Charara	4,895,336	13,640,000 ²
Jack Lowenstein	48,080	366,060 ³
Max Johnston	96,080	366,060 ³
Craig Stamp	26,080	366,060 ³
Bryan Gray	68,759	366,060 ³

¹There has been no change to options issued since the Prospectus.

² A total of 12,040,000 options were issued under the former Incentive Plan adopted on 1 January 2019 and 1,600,000 under the current Incentive Plan as outlined in the Prospectus. The former incentive plans relate to options issued to the founding team over the 9 year period of development activities from 2012 -2021. These options were fully accounted in the capital structure and share offer price at the time of listing.

³Options issued under the current Incentive Plan as outlined in the Prospectus.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board Attended	Full Board Held	Audit and Risk Committee Attended	Audit and Risk Committee Held
Tony Charara	9	9	-	-
Jack Lowenstein	9	9	2	2
Max Johnston	7	8	2	2
Craig Stamp	8	8	2	2
Bryan Gray	8	8	2	2
Peter Scutt	-	-	-	-

Held: represents the number of meetings held during the time the director held office.

Company secretary

Alistair McKeough

Company Secretary BA, LLB, LLM

Alistair is a solicitor with extensive experience running and leading a variety of private and listed corporations in many sectors, including professional services, technology, financial services, charities, mining and resources, health, child care and education.

Alistair has extensive experience in corporate and commercial law, regulatory compliance and corporate governance. Alistair was formerly Head of Professional Services at Automic Group, supervising the legal and company secretarial practices.

Alistair's listed company secretarial experience spans over a decade and includes serving as secretary to ASX listed companies in sectors such as resources, technology (software and hardware), pharmaceuticals and professional services. Alistair also has extensive experience working with charities and not for profits.

Principal activities

Tissue Repair is a clinical stage biopharmaceutical company developing advanced wound healing products targeting applications in the chronic wound and cosmetic procedure aftercare markets, with the potential for further development of related technologies.

Financial update

The Group recorded a loss of \$6,837,589 for the year ending 30 June 2022 (2021: \$915,228). The Group's operating cash outflows for the year was \$3,966,150 (2021 : \$852,891) and reported closing cash of \$25,455,289 at 30 June 2022 (2021 \$7,763,764).

Review of operations

Significant milestones achieved during the period since listing

TR987® – for treatment of chronic wounds

- Successful production of three laboratory scale batches that are consistent with the reference material used in previous clinical trials. The Company is on track to produce Good Manufacturing Practice (GMP) API material by the end of September 2022. Delivery of the manufacturing data required to achieve FDA approval for phase 3 commencement is expected to be completed by the end of 2022.
- More than 25 discrete tests have been developed to evaluate the lot-to-lot consistency of the Glucoprime® API. These will be utilised to establish release specifications for commercial and clinical production. Most of these analytical methods have been drafted with validation expected to be completed by the end of 2022.
- A request for a Type C meeting was filed with the FDA in June, seeking clarification on the substantive matters required for progression into a phase 3 trial. A comprehensive briefing package supporting the meeting request was filed with the FDA on 28 July 2022. Once the FDA provides feedback from this meeting, the Company should have sufficient clarity to progress into a phase 3 clinical program. The FDA has confirmed an initial response will be provided by mid-September 2022.
- Professor Robert Kirsner was appointed to the Company's Scientific Advisory Board. Professor Kirsner holds tenure at the School of Medicine, University of Miami and was the Principal Investigator in a clinical trial using spray-on skin with a similar target indication to that planned for the TR987® phase 3 trial (Venus Leg Ulcers (VLUs) with a diameter of 2-12 cm²).
- A patent was granted and published as US Patent No. 11,384,160 on 12 July 2022 entitled "Method of Making a Beta Glucan Compound". This provides a further 21 years protection on the method of manufacture for Glucoprime®, the company's proprietary active ingredient.

TR Pro+™ - for treatment following cosmetic procedures

- An independent market research program was completed with relevant healthcare professionals. The feedback indicated that 86% of respondents considered the product concept to be appealing. The researchers advised that this response was very positive when benchmarked against similar treatment options.
- A real-world clinical evaluation of TR Pro+™ was started in Q2 2022 with registration of twelve clinics to allow physicians and patients to use and evaluate TR Pro+™. Day-6 surveys were received from more than 50 patients, with more than half of these providing additional feedback at Day-28. Interim results indicate patients rated their healing as 4.4 out of a scale of 5 and skin quality at 4.0 out of a scale of 5. More than 80% of patients indicated they would recommend TR Pro+™ to friends or family as a post procedure topical.
- An Australian-based manufacturer has been appointed to produce 20,000 10g tubes and 50,000 sample sachets to enable the launch of TR Pro+™ in Q4 2022, underpinned by a focussed market launch plan that will primarily be based around healthcare professional recommendation.

Financial position

- The company maintains its strong funding position with cash of \$25.5m as of 30 June 2022. Based on current estimates this is expected to be sufficient to complete the planned Phase 3 program for its drug candidate TR987® gel and provide sufficient funding to assess TR-Pro+™ aesthetic gel as a commercial opportunity.

Detailed description of work completed since listing

TR987® – for treatment of chronic wounds

Manufacturing Gel and API

A new contract partner was appointed during the year to undertake multiple lot manufacturing of the Glucoprime® API required for phase 3 clinical trials and to generate manufacturing data required by the FDA to progress to a phase 3 trial.

Given the length of time since the last manufacture of the API in 2008, the development of new manufacturing systems and equipment and analytical tools and methodologies provided the opportunity for process improvements while still replicating the desired API molecule used in phase 1 and 2 clinical trials.

Characterisation testing of the API so far has demonstrated that Glucoprime's® structure is highly stable and robust.

Process development was conducted during Q1/Q2 2022 in a laboratory scale development followed by a pilot scale development in Q2/Q3 2022. The lab process development confirmed the effectiveness of the extraction and purification steps.

The Glucoprime® API extracted from the first lab batch was characterised using the last produced Novogen API material as a reference standard, which is the same material used in the phase 2B clinical program for both the chronic wound and aesthetic clinical trials. The structural characterisation of the two APIs were essentially identical.

The pilot scale batches are proceeding at the Seqens R&D site (the Company's contract manufacturer). At completion of this several objectives are expected to have been met including comparison of drying methods, data to support the process being consistent and reproducible, and qualified and validated sterilisation methods.

Approximately ~1.5 kg material was produced at the R&D location. Based on current planning and assuming no extreme variances in yields for each lot, the final yield of API from the GMP suite will be 1.5 kg to 2.5 kg and will be available in Q4 2022.

Development work has been undertaken for the TR987® drug product or gel which is formulated with 0.1% Glucoprime® API to achieve a sterile classification for commercial use.

Analytical Development of API and Gel

The analytical development involves enhanced characterisation and validation of the Glucoprime® API and gel prior to its manufacture and use in phase 3 clinical trials. The activity is conducted to demonstrate consistency of linkage analysis and structural consistency of the extracted molecule.

Significant progress has been made in the characterisation and validation of the Glucoprime® API. This has involved experimenting with several methods and analytical techniques. Specifically, analytical development activities were focused on the methods pertaining to critical quality attributes. Most of the analytical methods have been drafted and are available for in-process testing. Some 25 independent tests have been utilised to characterise the molecule, including proprietary bioassays which measure immune response.

The gel dosage and its associated package will also be tested to achieve FDA requirements. Methods development activities for the topical gel drug product is in-progress. The long-term stability study protocol and forced degradation study protocol have also been drafted. Once validated, formal test methods will be written for the completed methods and will be used to initiate transfer activities to GMP analytical labs. Bioassay method feasibility will be completed (including analysis of R&D samples) and ready for analysis of engineering batches.

Tissue Repair is confident that it will be able to validate all tests necessary to characterise the active ingredient from a regulatory perspective by the end of 2022.

Contract Manufacturer (CMO) Selection

Work also commenced on identifying a contract manufacturer which could be used to produce the finished product gel (TR987®) to be used in the phase 3 trial and subsequent commercial supply. Given the complexity around sterilising the final gel product, there is a limited range of CMOs with the capability to produce a product of this type. Several of these CMOs are currently preparing proposals with a CMO appointment expected in Q4 2022.

Establishment of Master Cell Bank for the Starting Material (yeast)

The raw material used to produce the Glucoprime® API is derived from *S. cerevisiae*. An in-principal agreement has been reached with AB Mauri, one of the largest global suppliers of *S. cerevisiae* yeast used in food production (baked goods, beer, and brewed spirits) to provide the yeast raw material. AB Mauri will maintain a dedicated master cell bank of the yeast strain (designated Y0167D) for exclusive use by Tissue Repair and it has provided a comprehensive technical package to be included as part of the future NDA dossier with detailed release specifications.

Phase 2B Clinical Trial

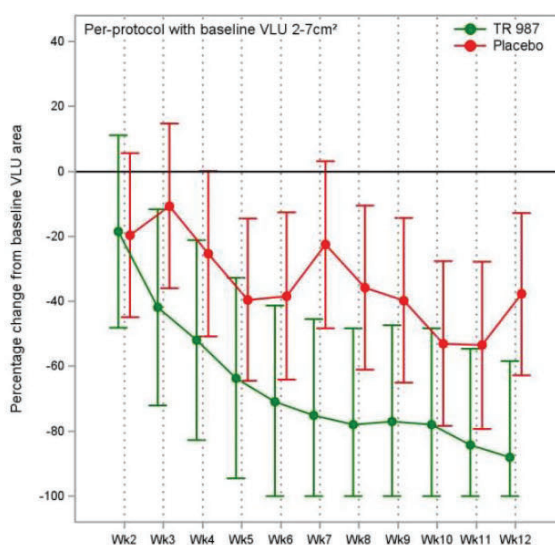
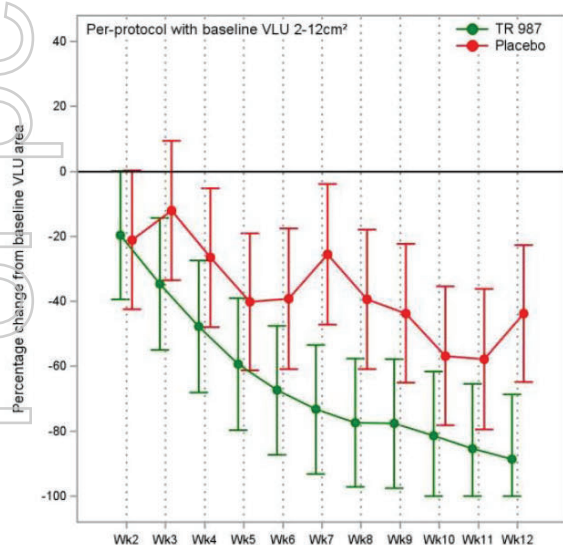
The phase 2B clinical trial was aimed at evaluating the efficacy of TR987® gel applied topically to chronic VLU compared to placebo in a double blind randomised clinical trial across 80 patients. A range of endpoints were assessed including the time taken to complete wound closure which is the FDA-recognised endpoint.

Given the importance of the phase 2B trial in supporting the planned phase 3 trial and the proposed abridged toxicology program, a thorough validation of the clinical data was conducted, and a final clinical study report and validated database was completed during the period for filing with the FDA. The study authors concluded that for VLUs not adequately healed with prior continuous high-strength compression therapy, compared with placebo gel, the application of TR987® 0.1% gel reduced healing time, improved the odds of complete healing at 12 weeks and reduced ulcer size. Greater clinical and statistical significance was observed in the endpoints around proportions of wounds healed and percent wound area reduction as opposed to the time to healed endpoints.

The Company plans to make these endpoints around proportions of wounds healed its primary endpoints for its phase 3 program, consistent with the strong efficacy signal it achieved in the phase 2B trial.

- Key conclusions of the clinical study report are provided below:
 - The incidence of complete wound closure at 12 weeks was clinically significant, with a greater than 2 times odds of complete ulcer healing in the TR987® 0.1% gel group compared with placebo and reached statistical significance at the 10% level in the Per Protocol (PP) population. This was highest in the 2-12cm² (Australian inclusion criteria).
 - The difference in reduction (percent change) in ulcer area at week 12 was greater in the TR987® 0.1% gel group compared with placebo, and this reached statistical significance in the PP population (34.0% [95%CL 9.3, 58.7; p=0.007]).
 - The odds of achieving at least a 95% reduction in ulcer area at 12 weeks was almost 3 times higher in the TR987® 0.1% gel group compared with placebo in the Intention to Treat (ITT) population (2.84 [95% CL 0.96,8.34, p=0.0582]), and reached statistical significance in the PP population (3.51 [95%CL 1.08,11.6, p=0.0394]).
 - In the PP population overall (baseline VLU area 2-20cm²), the odds of achieving at least a 50% reduction in ulcer area at 12 weeks was close to 5 times higher with TR987® 0.1% gel compared to placebo (adjusted odds ratio: 4.86 [95% CL 1.17, 20.2, p=0.0299]).
 - In the PP population overall (baseline VLU area 2-20cm²), the odds of achieving a 50%, 70%, 90% or 95% reduction in VLU area at week 12 were all over 3 times higher in the TR987® 0.1% gel group compared with placebo and were all statistically significant at the 5% level.
 - At baseline, patient-rated mean pain scores were comparable in both groups. By Week 12, the adjusted reduction in pain from baseline was statistically significantly greater with TR987® 0.1% gel than with placebo (difference 1.1; 95% CL 0.1 to 2.1, p=0.034). TR987® 0.1% gel was considered to be safe and tolerable when applied in conjunction with standard of care to VLUs.
 - The findings from this study support a strong, positive efficacy signal for TR987® 0.1 gel in non-healing VLUs and confirm further confirmatory study is warranted.

The graphs below show the progression of healing in the PP group for 2-12cm² and 2-7 cm²



The tables below summarise the key efficacy findings from the finalised phase 2B clinical study report.

Table 15 Summary of key efficacy findings: ITT population

Subset	Treatment	VLU area reduction by week 12 [a,b,c]	At least 50% reduction in VLU area [c,d,e]	At least 70% reduction in VLU area [c,d,e]	At least 90% reduction in VLU area [c,d,e]	At least 95% reduction in VLU area [c,d,e]	VLU healed by week 12 [d,e,f]
Baseline VLU 2-20cm ²	Placebo	-29.8%	46.4%	36.2%	26.5%	19.4%	20.7%
	TR 987 0.1% gel	-42.3%	66.6%	56.7%	47.5%	40.6%	37.1%
	Difference (95% CL)	12.5% (-17.0%, 41.9%)	20.2% (-1.4%, 40.2%)	20.5% (-1.3%, 40.4%)	20.9% (-0.2%, 40.1%)	21.2% (1.0%, 39.5%)	16.4% (-3.6%, 35.0%)
	Odds ratio (95% CL)		2.3 (0.87, 6.12)	2.31 (0.89, 5.98)	2.5 (0.92, 6.82)	2.84 (0.96, 8.34)	2.26 (0.78, 6.57)
	p-value		0.094	0.085	0.073	0.058	0.134
Baseline VLU 2-12cm ²	Placebo	-30.5%	52.1%	40.7%	31.4%	26.5%	27.9%
	TR 987 0.1% gel	-48.3%	74.7%	64.8%	57.1%	49.3%	48.3%
	Difference (95% CL)	17.8% (-19.1%, 54.7%)	22.6% (-0.7%, 44.2%)	24.1% (-0.2%, 45.8%)	25.7% (1.4%, 47.0%)	22.8% (-1.0%, 43.9%)	20.4% (-3.4%, 41.8%)
	Odds ratio (95% CL)		2.72 (0.86, 8.64)	2.68 (0.85, 8.52)	2.91 (0.91, 9.26)	2.7 (0.83, 8.80)	2.42 (0.77, 7.58)
	p-value		0.09	0.094	0.071	0.1	0.13
Baseline VLU 2-7cm ²	Placebo	-25.4%	47.7%	31.7%	27.9%	25.0%	34.4%
	TR 987 0.1% gel	-35.4%	70.1%	62.3%	57.0%	50.7%	49.1%
	Difference (95% CL)	10.0% (-37.2%, 57.2%)	22.4% (-5.9%, 46.9%)	30.5% (2.1%, 54.5%)	29.1% (1.0%, 53.4%)	25.7% (-1.8%, 50.3%)	14.7% (-13.0%, 40.8%)
	Odds ratio (95% CL)		2.57 (0.71, 9.30)	3.55 (0.94, 13.3)	3.42 (0.89, 13.2)	3.08 (0.81, 11.8)	1.84 (0.55, 6.19)
	p-value		0.15	0.061	0.074	0.1	0.325

LOCF, last observation carried forward.

[a] Adjusted difference in ulcer area reduction and adjusted odds ratio estimates obtained from repeated measures mixed model with percentage change in area as outcome, and treatment group, treatment visit (and interaction), and baseline VLU area as explanatory variables

[b] For testing the null hypothesis that the difference in percentage change in VLU area between the treatment groups is zero

[c] Subjects are classified at Week 12 using LOCF values if no data is recorded at Week 12

[d] Adjusted difference in healing rates and adjusted odds ratio obtained from the logistic model with baseline covariates for age at time of VLU, duration of study VLU, and baseline VLU area

[e] p-value for testing the null hypothesis that the adjusted odds ratio equals 1

[f] Subjects are classified as healed if there is 100% re-epithelialization of the study VLU with no drainage noted. This must be confirmed at a subsequent study visit.

Preclinical (Toxicology)

Extensive work has been undertaken to determine what toxicology studies will be required to support the eventual NDA application. Given the complex nature of the large biological polysaccharide API the consensus from the Company's toxicology experts is that the normal battery of toxicology tests which would be required for a small chemically synthesised API is not applicable to TR987®. Considering this, an abridged toxicology program has been proposed to the FDA in the package submitted in July 2022.

Phase 3 Clinical Trial

The planned phase 3 double blinded placebo controlled multi-centre trial aims to determine if the results obtained from phase 2 clinical trials can be replicated to achieve statistical significance around efficacy. The existing trial protocols will be amended and optimised based on the results of phase 2B trial and then replicated during phase 3. Subject to approval from the FDA, the phase 3 trial will study the efficacy of TR987® over a larger cohort of patients.

This trial will be run with a similar protocol to the phase 2B study but with greater power to achieve statistical significance. Detailed statistical analysis will be performed on the results of the phase 3 trial in accordance with the requirements stipulated by the FDA for the approval of claims related to healing for chronic VLUs.

A request for a Type C meeting was filed with the FDA in June 2022, seeking clarification on all the substantive matters required for progression into a phase 3 trial. Key aspects for the FDA to consider include:

- Updates to the CMC section of the IND around manufacturing and analytical requirements
- Characterisation of the source yeast master cell bank
- Proposal for sterility validation
- Classification of the TR987® gel product – drug or biological?
- Proposal for an abridged toxicology program
- clarification on high level trial design for a phase 3 trial

The FDA has indicated a written response to the information will be communicated by mid-September 2022.

While the trial is not expected to commence recruitment before early 2023, initial work on this activity has started. Requests for Information have been received from five Clinical Research Organisations (CROs) which have the expertise and capability to manage a phase 3 trial of the planned design and size. Proposals have been received regarding key elements of the trial and following further due diligence, a decision will be made on the final CRO vendor. Given that clinical sites are planned to be located in both Australia and the US, most of the CROs that have been contacted are based in the US and have partnerships with Australian-based CROs.

Professor Robert Kirsner has agreed to participate in the Scientific Advisory Board. Professor Kirsner holds tenure at the School of Medicine, University of Miami and was the Principal Investigator of the most recent large scale clinical trial using a spray-on skin product with a similar target indication to that planned for the TR987® phase 3 trial (VLUs 2-12 cm²).

TR Pro+™ - for treatment following cosmetic procedures

Market Research

The market research program involved two stages, the first of which involved in-depth interviews with 14 healthcare professionals who were primarily dermatologists. The second stage incorporated the new learnings into an online survey which was completed by an additional 57 healthcare professionals to further validate some key assumptions. In summary, TR Pro+™ was received very positively by the group with several key benefits identified around skin quality and healing attributes of the product. Being able to provide a moist healing environment with a protective biofilm layer was particularly appealing, as was the novel mode of action by which the Glucoprime® active regulates healing. Compared to products currently used for post-procedure care, TR Pro+™ was recognised as being able to provide a broader range of benefits to the patient.

Key outcomes from the market research included:

- 86% of respondents considered the product concept to be appealing. According to the research agency this outcome is amongst the most positive they have achieved across all product testing.
- 96% of respondents indicated that out of 16 cosmetic treatments, a strict recovery program was most important for laser treatments and dermabrasion which aligns closely to our clinical data and provides a strong rationale to use TR Pro+™.

The market research provided additional insights around product pricing and sizing, competitor products, and distribution channels, all of which will be used to further refine the commercialisation model.

Product Familiarisation Program

The Product Familiarisation Program (PFP) provided an opportunity for clinicians to use TR Pro+™ in a defined group of patients and establish confidence in using the product. Some of these clinicians may develop into product advocates and proactively share their positive clinical experiences with peers and other healthcare professionals.

While access to Dermatologists proved challenging due to clinic COVID-19, in total 19 clinics were enrolled with a proportion of these trialing TR Pro+™ following laser ablation, chemical peels, needling, IPL and BBL treatments. More than 50 patients completed the 6-Day survey with more than half of these providing additional feedback at Day-28.

Although the final analyses are yet to be completed, the responses validate the market research in confirming the benefits of TR Pro+™ in healing damaged skin.

Preliminary data for the Day-6 survey shows that patients rated their healing as 4.4 out of a 5 and skin quality at 4.0 out of 5. More than 80% of patients indicated they would recommend TR Pro+™ to friends or family as a post procedure topical. Positive feedback validating the market research and real-world trial findings was received in the first half of 2022 while introducing TR Pro+™ at the Australasian College of Dermatology Scientific Meeting and the Australian Society of Plastic Surgeons Conference.

A supply agreement has been signed with an Australian-based CMO to produce an initial batch of 20,000 10g tubes of TR Pro+™ and 50,000 3g starter sachets. This stock is expected to be available during Q4 2022 to enable the launch of TR Pro+™. Considering that the gel has not yet received TGA approval, the initial commercialisation strategy will be focussed heavily on healthcare professionals and be supported by a targeted set of marketing activities.

Intellectual Property

A patent has been granted and published as US Patent No. 11,384,160 on 12 July 2022 entitled "Method of Making a Beta Glucan Compound". This provides a further 21 years protection on the method of manufacture for Glucoprime®, the company's proprietary active ingredient.

A second Patent has been lodged over other novel attributes of the Glucoprime® API.

Future developments, prospects and business strategies

The following are the key work streams planned over the 2022/23 financial year

TR987® – for treatment of chronic wounds

- Analyse and respond to the Type C meeting response from FDA outlining requirements for CMC, toxicology and phase 3 trial – Q3 2022
- Confirm appointment of CMO to produce TR987® for phase 3 studies and commercial supply – Q4 2022
- Commence toxicology studies required for NDA – Q4 2022
- Confirm CRO to manage phase 3 trial in Australia/US – Q4 2022
- Clinical Study Design meeting of Scientific Advisory Board - Q4 2022
- Finalise phase 3 study protocol – Q4 2022
- Submission of phase 3 clinical trial for publication – Q4 2022
- Commence phase 3 trial recruitment – Q1 2023

TR Pro+™ - for treatment following cosmetic procedures

- Publication of phase 2B laser resurfacing clinical trial - Q4 2022
- Complete real-world evidence study – Q4 2022
- Launch TR Pro+™ for healing skin post cosmetic procedures to healthcare professionals – Q4 2022
- File TGA application for Glucoprime® – Q2 2023

Intellectual property

- Preparation of documentation supporting examination of a second patent lodged in July 2022 around additional novel attributes of the Glucoprime® API

Significant changes in the state of affairs

In accordance with the Certificate of Registration on Conversion to a Public Company issued by the Australia Securities and Investment Commission on 13 August 2021, Tissue Repair Pty Ltd converted to a public company on 13 August 2021 and changed its name to Tissue Repair Ltd.

On 18 November 2021, the Company successfully listed on the ASX following the issue of 19,130,440 Ordinary shares at an issue price of \$1.15 per share to raise \$22,000,006 before costs.

Dividends

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

Options granted

During the financial year, the following options were granted:

No. of Options	Grant date	Expiry date	Vesting and first exercising date¹	Exercise price	Grant date fair value
6,035,580	27/09/2021	27/09/2036	27/09/2022	\$1.1500	\$0.2844

¹ On 27 September 2022, 25% of the options vest. The remaining options vest equally each month until all options are vested by 27 September 2025.

Shares under option

Unissued ordinary shares of Tissue Repair Ltd under option at the date of this report are as follows:

Number on issue ¹	Exercise price	Expiry date
11,240,000 ²	\$0.2055	30/12/2033
1,265,000 ²	\$0.3715	01/10/2034
3,930,000 ²	\$0.3715	30/11/2034
6,035,580 ³	\$1.1500	27/09/2036

¹There has been no change to options issued since the Prospectus.

²Options issued under the former Incentive Plan adopted on 1 January 2019 as outlined in the Prospectus. The former incentive plan relates to options issued to the founding team over the 9 year period of development activities from 2012 - 2021. These options were fully accounted in the capital structure and share offer price at the time of listing

³Options issued under the current Incentive Plan as outlined in the Prospectus.

Shares issued on the exercise of options

There were no ordinary shares of Tissue Repair Ltd issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Rounding

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC), relating to the rounding off of amounts in the consolidated financial statements. Amounts in the consolidated financial statements have been rounded off in accordance with that legislative instrument to the nearest dollar, unless specifically stated to be otherwise.

Environmental regulation

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

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 23 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 23 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

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.

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.

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.

Remuneration report (audited)

The Directors of Tissue Repair Limited present the Remuneration Report (the Report) for the Company and its controlled entities for the year ended 30 June 2022. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001.

The Report details the remuneration arrangements for the Company's key management personnel (KMP):

- ▶ Non-executive directors (NEDs)
- ▶ Executive directors and senior executives (collectively the executives).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The table below outlines the KMP of the Group during the year:

Name	Position	Term as KMP
<i>Non-executive</i>		
Jack Lowenstein	Non-Executive Chairman	13 August 2021
Max Johnston	Non-Executive Director	7 October 2021
Craig Stamp	Non-Executive Director	7 October 2021
Bryan Gray	Non-Executive Director	7 October 2021
<i>Executive</i>		
Tony Charara	Co Founder & Executive Director	Full financial year

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors 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 Board. The Board 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. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors may also receive share options or other incentives.

Below is the summary of Board fees payable to NEDs for FY22 (inclusive of superannuation):

Board Fees	\$
Non-Executive Chair	\$80,000
Non-Executive Director	\$50,000

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. As the Company has been public for less than twelve months, there is yet to be an Annual General Meeting however under the constitution the maximum annual aggregate remuneration is set at \$500,000.

Executive remuneration - Tony Charara

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The Company has an Executive Director Agreement with Spark Capital Pty Ltd a company operated by the Executive Director Tony Charara. The Executive Director receives fixed remuneration of \$50,000 per annum. Subject to the Executive Director undertaking services to a standard acceptable by the Board, the Executive Director is entitled to a cash bonus payment to be determined at the discretion of the Board. The Executive Director Agreement specifies that the agreement shall continue in force until it is terminated by either party. Either party may terminate the Agreement by providing at least three months written notice.

The executive remuneration and reward framework has three components:

- service fees
- short-term performance incentives
- share-based payments

The combination of these comprises the executive's total remuneration.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives.

Tissue Repair Ltd
Directors' report
30 June 2022

The long-term incentives ('LTI') include share-based payments. Options may be awarded to executives over a period of years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the consolidated entity's direct competitors.

Either the Company or the Executive can terminate the service agreement by providing three months notice period.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Non-monetary	Super-annuation	Long service leave	Option Settled ³	Share Settled ⁴	
2022	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Jack Lowenstein	44,904	-	4,490	-	48,384	29,992	127,770
Max Johnston	30,972	-	-	-	48,384	29,992	109,348
Craig Stamp ²	58,157	-	2,816	-	48,384	29,992	139,349
Bryan Gray	30,972	-	-	-	48,384	14,996	94,352
Peter Scutt ¹	-	-	-	-	8,986	-	8,986
<i>Executive Directors:</i>							
Tony Charara ²	80,972	-	-	-	248,169	-	329,141
	<u>245,977</u>	<u>-</u>	<u>7,306</u>	<u>-</u>	<u>450,691</u>	<u>104,972</u>	<u>808,946</u>

¹ Peter Scutt resigned 7 October 2021.

² Tony Charara and Craig Stamp received additional fees for work performed as part of and prior to the IPO.

³ The value included in the share-based payment options column is entirely non cash and based on a required valuation of options issued over the period pre listing 2012-2021 and under the current incentive plan as outlined in the prospectus. This arises when applying the Black and Scholes option valuation methodology. As at the date of this report no options have been exercised and this amount does not represent a cash benefit to the key management personnel. Details of options and inputs in the valuation of options are included in note 19 of the financial statements.

⁴ As disclosed in the Prospectus, on Listing on the ASX, 91,280 (post split) shares were issued to Directors for services rendered during the IPO process at the IPO price of \$1.15 per share.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments ¹	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
2021	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Peter Scutt	-	-	-	-	-	3,667	3,667
<i>Executive Directors:</i>							
Tony Charara	-	-	-	-	-	15,995	15,995
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,662</u>	<u>19,662</u>

¹ The value included in the share-based payment options column is based on valuation when applying the Black and Scholes option valuation methodology. As at the date of this report no options have been exercised and this amount does not represent a cash benefit to the key management personnel. Details of options and inputs in the valuation of options are included in note 19 of the financial statements.

Tissue Repair Ltd
Directors' report
30 June 2022

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2022	2021	2022	2021	2022	2021
<i>Non-Executive Directors:</i>						
Jack Lowenstein	100%	-	-	-	-	-
Max Johnston	100%	-	-	-	-	-
Craig Stamp	100%	-	-	-	-	-
Bryan Gray	100%	-	-	-	-	-
Peter Scutt	100%	100%	-	-	-	-
<i>Executive Directors:</i>						
Tony Charara	100%	100%	-	-	-	-

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2022 except for 91,280 shares issued on Listing on the ASX as disclosed in the Prospectus and on the previous page.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows: The majority of the options were issued under the former incentive plan and relates to options issued to the founding team over the 9 year period of development activities from 2012 -2021. These options were fully accounted in the capital structure and share offer price at the time of listing

Name	Number of options Granted ³	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Tony Charara	9,540,000	30/12/2018	18/11/2021	30/12/2033 ¹	\$0.20	\$0.007
Tony Charara	608,758	30/11/2019	18/11/2021	01/10/2034 ¹	\$0.37	\$0.046
Tony Charara	1,891,242	30/11/2019	18/11/2021	30/11/2034 ¹	\$0.37	\$0.046
Tony Charara	1,600,000	27/9/2021	27/9/2022	27/9/2036 ²	\$1.15	\$0.847
Jack Lowenstein	366,060	27/9/2021	27/9/2022	27/9/2036 ²	\$1.15	\$0.847
Max Johnston	366,060	27/9/2021	27/9/2022	27/9/2036 ²	\$1.15	\$0.847
Craig Stamp	366,060	27/9/2021	27/9/2022	27/9/2036 ²	\$1.15	\$0.847
Bryan Gray	366,060	27/9/2021	27/9/2022	27/9/2036 ²	\$1.15	\$0.847

¹ These options vested on IPO and became exercisable as of that date.

² The first 25% of these options vested on 27 September 2022. The remaining options vest equally each month until all options are vested by 27 September 2025.

³ There has been no change to options issued since the Prospectus.

Options granted carry no dividend or voting rights.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2022 are summarised below:

	2022	2021	2020	2019	2018
	\$	\$	\$	\$	\$
Sales revenue	-	-	-	-	-
Loss after income tax	6,837,589	915,228	352,214	357,193	801,241

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2022	2021	2020	2019	2018
Share price at financial year end (\$) ¹	0.25	-	-	-	-
Total dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	13.74	5.57	21.50	24.18	69.62
Diluted loss per share (cents per share)	13.74	5.57	21.50	24.18	69.62

¹Tissue Repair Limited listed on the ASX during the year ended 30 June 2022 and therefore for years prior the share price at year is not available.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions ⁴	Disposals/ other ^{1,3}	Balance at the end of the year
Ordinary shares					
Tony Charara ¹	241,113	-	73,076	4,581,147	4,895,336
Jack Lowenstein	-	-	48,080	-	48,080
Max Johnston	-	-	96,080	-	96,080
Craig Stamp	-	-	26,080	-	26,080
Bryan Gray	-	-	68,759	-	68,759
Peter Scutt ^{1,2}	201,113	-	-	(201,113)	-
	<u>442,226</u>	<u>-</u>	<u>312,075</u>	<u>4,380,034</u>	<u>5,134,335</u>

¹ On 17 November 2021 the Company undertook a share split of 1:20.

² Peter Scutt resigned on 7 October 2021.

³ Balance on resignation for Peter Scutt.

⁴ Additions reflect shares issued as disclosed in the Prospectus and purchases on market

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted ⁴	Exercised	Other ^{1,3}	Balance at the end of the year
Options over ordinary shares					
Tony Charara	577,000	1,600,000	-	11,463,000	13,640,000
Jack Lowenstein	-	366,060	-	-	366,060
Max Johnston	-	366,060	-	-	366,060
Craig Stamp	-	366,060	-	-	366,060
Bryan Gray	-	366,060	-	-	366,060
Peter Scutt ²	125,000	-	-	(125,000)	-
	<u>702,000</u>	<u>3,064,240</u>	<u>-</u>	<u>11,338,000</u>	<u>15,104,240</u>

¹ On 17 November 2021 the Company undertook a share split of 1:20, options on issue also undertook the split on the same basis. These options are issued under the former incentive plans and relate to options issued to the founding team over the 9 year period of development activities from 2012 -2021. These options were fully accounted in the capital structure and share offer price at the time of listing

² Peter Scutt resigned on 7 October 2021.

³ Balance on resignation for Peter Scutt.

⁴ There has been no change to options issued since the Prospectus.

Consequences of performance on shareholder wealth

In considering the Group's performance and how best to generate shareholder value, the Board has regard to a broad range of factors, some of which are financial and others of which relate to the technical and commercial progress on the Group's projects. The Board has some but not absolute regard to the Group's result and cash consumption for the year. It does not utilise earnings per share as a performance measure and does not contemplate consideration of any dividends in the short to medium term given that all efforts are currently being devoted to obtaining value for the Group's assets. The Group is of the view that any short term, adverse movements in the Company's share price should not necessarily be taken into account in assessing the performance of KMP's.

This concludes the remuneration report, which has been audited.

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



Jack Lowenstein
Non-Executive Chair

31 August 2022

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

Postal Address
GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF TISSUE REPAIR LTD
ABN 20 158 411 566**

In relation to the independent audit of Tissue Repair Ltd for the year ended 30 June 2022, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



Scott Whiddett
Partner

Pitcher Partners
Sydney

31 August 2022

Tissue Repair Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 \$	
Revenue and other income			
Interest		39,779	1,183
Research and development tax incentives		171,921	152,636
Net foreign exchange gains	6	274,368	26,661
Total revenue and other income		<u>486,068</u>	<u>180,480</u>
Expenses			
Consulting and professional expenses		(932,978)	(205,170)
General and administration expenses		(269,552)	(22,539)
Share based payment expenses		(856,520)	(38,760)
Fair value decrease on convertible note		(1,875,000)	-
IPO expenses		(1,223,108)	(64,848)
Employee benefits expense		(743,582)	(20,555)
Depreciation and amortisation expense		(1,713)	-
Finance costs		(3)	(389,698)
Research and development expenses		(1,421,201)	(354,138)
Total expenses		<u>(7,323,657)</u>	<u>(1,095,708)</u>
Loss before income tax expense		(6,837,589)	(915,228)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the owners of Tissue Repair Ltd		(6,837,589)	(915,228)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		12,091	-
Other comprehensive income for the year, net of tax		12,091	-
Total comprehensive income for the year attributable to the owners of Tissue Repair Ltd		<u>(6,825,498)</u>	<u>(915,228)</u>
		Cents	Cents
Basic earnings per share	8	(13.74)	(5.57)
Diluted earnings per share	8	(13.74)	(5.57)

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

Tissue Repair Ltd
Consolidated statement of financial position
As at 30 June 2022

Note 30 June 2022
\$

Assets

Current assets

Cash and cash equivalents	9	25,455,289	7,763,764
Trade and other receivables	10	47,814	53,976
Tax assets	11	329,833	301,288
Other current assets	12	62,436	5,382
Total current assets		<u>25,895,372</u>	<u>8,124,410</u>

Non-current assets

Property, plant and equipment	13	2,211	-
Total non-current assets		<u>2,211</u>	<u>-</u>

Total assets

25,897,583 8,124,410

Liabilities

Current liabilities

Trade and other payables	14	547,699	534,438
Provisions	16	11,082	1,603
Total current liabilities		<u>558,781</u>	<u>536,041</u>

Non-current liabilities

Borrowings	15	-	7,500,000
Provisions	16	864	-
Total non-current liabilities		<u>864</u>	<u>7,500,000</u>

Total liabilities

559,645 8,036,041

Net assets

25,337,938 88,369

Equity

Issued capital	17	35,037,623	3,819,076
Reserves	18	929,982	61,371
Accumulated losses		(10,629,667)	(3,792,078)

Total equity

25,337,938 88,369

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

Tissue Repair Ltd
Consolidated statement of changes in equity
For the year ended 30 June 2022

	Issued capital \$	Share based payments reserve \$	Foreign currency reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2020	3,854,144	22,611	-	(2,876,850)	999,905
Loss after income tax expense for the year	-	-	-	(915,228)	(915,228)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(915,228)	(915,228)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 19)	-	38,760	-	-	38,760
Costs of raising capital	(35,068)	-	-	-	(35,068)
Balance at 30 June 2021	<u>3,819,076</u>	<u>61,371</u>	<u>-</u>	<u>(3,792,078)</u>	<u>88,369</u>
	Issued capital \$	Share based payment reserve \$	Foreign currency reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2021	3,819,076	61,371	-	(3,792,078)	88,369
Loss after income tax expense for the year	-	-	-	(6,837,589)	(6,837,589)
Other comprehensive income for the year, net of tax	-	-	12,091	-	12,091
Total comprehensive income for the year	-	-	12,091	(6,837,589)	(6,825,498)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 18)	-	856,520	-	-	856,520
Issue of ordinary shares	22,482,385	-	-	-	22,482,385
Conversion of Convertible Notes (note 15)	9,375,000	-	-	-	9,375,000
Share issue transaction costs (note 17)	(638,838)	-	-	-	(638,838)
Balance at 30 June 2022	<u>35,037,623</u>	<u>917,891</u>	<u>12,091</u>	<u>(10,629,667)</u>	<u>25,337,938</u>

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

Tissue Repair Ltd
Consolidated statement of cash flows
For the year ended 30 June 2022

	Note	2022 \$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(4,119,620)	(853,879)
Interest received	10,094	1,183
Interest paid	-	(195)
Research and development tax refund	143,376	-
	<u> </u>	<u> </u>
Net cash used in operating activities	21 (3,966,150)	(852,891)
Cash flows from investing activities		
Payments for property, plant and equipment	13 (3,924)	-
Proceeds from disposal of investments	-	5,000
	<u> </u>	<u> </u>
Net cash from/(used in) investing activities	(3,924)	5,000
Cash flows from financing activities		
Proceeds from issue of shares	17 22,000,006	-
Proceeds from borrowings	-	7,500,000
Payments for costs of capital raising	(638,838)	(35,068)
	<u> </u>	<u> </u>
Net cash from financing activities	21,361,168	7,464,932
Net increase in cash and cash equivalents	17,391,094	6,617,041
Cash and cash equivalents at the beginning of the financial year	7,763,764	1,146,723
Effects of exchange rate changes on cash and cash equivalents	300,431	-
	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year	9 <u>25,455,289</u>	<u>7,763,764</u>

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

Note 1. General information

The financial statements cover Tissue Repair Ltd as a consolidated entity consisting of Tissue Repair Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Tissue Repair Ltd's functional and presentation currency.

Tissue Repair Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 10, 255 Pitt Street, Sydney NSW 2000

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 31 August 2022.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The Group 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 and have not had a material impact on the financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted and are not expected to have any material impact.

(a) Basis of preparation

Tissue Repair Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standard Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, except for selected financial assets for which the fair value basis of accounting has been applied.

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 Company'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.

Note 2. Significant accounting policies (continued)

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Parent entity as at 30 June 2022 and the results of all subsidiaries for the half year then ended. The Parent entity and its subsidiaries together are referred to in these financial statements as the Group.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns, 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 Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transactions provide 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 Group.

(c) Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

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.

(d) Revenue recognition

Revenue from contracts with customers

The Company currently has no revenue from the sale of goods or services.

Interest income

Interest income is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rates which is the rate that exactly discounts the estimated future cash receipts over the expected future life of the financial asset.

(e) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit and loss over the period necessary to match them with the costs that they are intended to compensate.

(f) Borrowings

Classification

Borrowings are categorised as “financial instruments designated at fair value through profit or loss”.

Measurement

Financial liabilities held at fair value through profit or loss are measured initially at fair value, with transaction costs that are directly attributable to its acquisition recognised in the Statement of Profit or Loss. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Profit or Loss.

Note 2. Significant accounting policies (continued)

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets are only recognised to the extent that it is 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.

(h) Impairment of non-financial assets

At the end of each reporting period the Company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash generating unit to which the asset belongs.

(i) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short-term, highly liquid investments with 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, and bank overdrafts.

(j) Other receivables

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

(k) Trade and other payables

Trade and other payables are measured at amortised cost. These represent liabilities for goods and services provided to the Company prior to the year end and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

(l) Contributed equity

Costs directly attributable to the issue of new shares are shown as a deduction from the equity as a deduction proceeds net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

(m) Goods and services tax (GST)

Revenues, expenses and assets are recognised net GST, except where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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

Note 2. Significant accounting policies (continued)

(n) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Tissue Repair Pty Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted 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 ordinary shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(o) Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the director's report and in the financial report have been rounded to the nearest dollar.

(p) Plant, Property and Equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Computer hardware - 50%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(q) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(u) Share-based payments

Note 2. Significant accounting policies (continued)

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.

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.

Note 3. Critical accounting judgements, estimates and assumptions

(i) Share-based payment transactions

The Group 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.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

(ii) Initial Public Offering (IPO) costs

The Group undertook an IPO to list on the ASX during the year. Costs incurred that are directly attributable and incremental to the issuance of new equity (net of tax) have been recognised in equity as an offset to the proceeds of capital raised. Management exercised judgement in determining an allocation methodology (between equity and expense) for costs which relate to both the issuance of new equity and other activities. The Group's methodology was determined with reference to the ratio of the number of new shares issued in raising capital to the number of the existing shares prior to IPO, and the nature and purpose of services rendered in incurring costs. All other costs were expenses in the statement of profit or loss and other comprehensive income during the year.

(iii) 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 Group 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 Group 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 Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(iv) Research and development expenditure

The entity has expensed research and development expenditure incurred during the year, where applicable, as the costs relate to the initial expenditure for research and development of biopharmaceutical products where generation of future economic benefits are not considered certain. It was considered appropriate to expense these research and development costs as they did not meet the criteria to be capitalised under AASB 138 Intangible Assets.

The company has incurred overseas research and development expenditure which has been excluded from the calculation of the accrued research and development tax receivable for the years ended 30 June 2021 and 2022. The Board has taken a conservative approach as the Company undertakes a review of the overseas expenditure and the ability to include this in the research and development tax incentive claim under its existing advanced overseas findings.

(v) Borrowings

The entity measures the borrowings at fair value through profit or loss. The inputs and assumptions used in determining the fair value are disclosed in note 15.

(vi) Leases

For short-term leases and leases of low-value assets, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. During the period the Company entered into an office lease agreement for a period of 12 months.

Note 4. Going concern

For the period ended 30 June 2022 the entity has incurred a loss after tax of \$6,837,589 (2021: \$915,228) and incurred a net cash outflow from operating activities of \$3,966,150 (2021 : \$852,891). As at 30 June 2022 , the entity has net assets of \$25,337,938 (2021: \$88,369) and cash reserves of \$25,455,289 (2021 : \$7,763,764).

The directors are satisfied that at the date of the signing of the financial report, there are reasonable grounds to believe that the company will be able to meet its debts as and when they fall due and that it is appropriate for the financial report to be prepared on a going concern basis.

Note 5. Operating segments

A segment is a component of the Group entity that earns revenues or incurs expenses whose results are regularly reviewed by the chief operating decision makers and for which discrete financial information is prepared. The Group has no operating segments, management review financial information on a consolidated basis. It has established entities in more than one geographical area, however the activities from these entities comparative to the Group are considered immaterial for the purposes of segment reporting.

Note 6. Net foreign exchange gains

	2022 \$	2021 \$
Realised exchange gains / (losses)	(4,708)	1,491
Unrealised exchange gains / (losses)	279,076	25,170
	<u>274,368</u>	<u>26,661</u>

Note 7. Income tax expense

	2022 \$	2021 \$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(6,837,589)	(915,228)
Tax at the statutory tax rate of 25% (2021: 26%)	(1,709,397)	(237,959)
Permanent differences	214,239	10,078
Tax effect of accounting R&D tax incentive not deductible	103,480	51,554
Timing differences	736,407	37,165
Carried forward tax benefit not recognised	655,271	139,162
Income tax expense	<u>-</u>	<u>-</u>

The Company has revenue losses of approximately \$3.8m for which no deferred tax asset has been recognised.

The Company has no franking credits currently available for future offset.

Note 8. Earnings per share

	2022 \$	2021 \$
Loss after income tax attributable to the owners of Tissue Repair Ltd	(6,837,589)	(915,228)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	49,763,529	16,426,311
Weighted average number of ordinary shares used in calculating diluted earnings per share	49,763,529	16,426,311
	Cents	Cents
Basic earnings per share	(13.74)	(5.57)
Diluted earnings per share	(13.74)	(5.57)

Note 9. Cash and cash equivalents

	30 June 2022	30 June 2021
	\$	\$
<i>Current assets</i>		
Cash at bank	15,449,131	7,757,623
Cash on deposit	10,006,158	6,141
	<u>25,455,289</u>	<u>7,763,764</u>

The term deposits have maturities ranging from 2 to 6 months. The Company has the ability to terminate a term deposit by providing the institution with notice, incurring minor financial penalties and therefore term deposits are considered cash and cash equivalents.

Note 10. Trade and other receivables

	30 June 2022	30 June 2021
	\$	\$
<i>Current assets</i>		
Interest receivable	29,685	-
GST receivable	18,129	53,976
	<u>47,814</u>	<u>53,976</u>

Note 11. Tax assets

	30 June 2022	30 June 2021
	\$	\$
<i>Current assets</i>		
R&D tax incentive - FY20	-	148,652
R&D tax incentive - FY21	149,777	152,636
R&D tax incentive - FY22	180,056	-
	<u>329,833</u>	<u>301,288</u>

Note 12. Other current assets

	30 June 2022	30 June 2021
	\$	\$
<i>Current assets</i>		
Prepayments	62,436	5,382
	<u>62,436</u>	<u>5,382</u>

Note 13. Property, plant and equipment

	30 June 2022	30 June 2021
	\$	\$
<i>Non-current assets</i>		
Computer equipment - at cost	3,924	-
Less: Accumulated depreciation	(1,713)	-
	<u>2,211</u>	<u>-</u>

Note 14. Trade and other payables

	30 June 2022	30 June 2021
	\$	\$
<i>Current liabilities</i>		
Trade payables	195,983	327,994
Other payables	15,958	104,347
Accrued expenses	335,758	102,097
	<u>547,699</u>	<u>534,438</u>

Amounts are classified as current as they expected to be settled within 12 months.

Refer to note 22 for further information on financial instruments.

Note 15. Borrowings

	30 June 2022	30 June 2021
	\$	\$
<i>Non-current liabilities</i>		
Convertible notes payable	-	7,500,000
	<u>-</u>	<u>7,500,000</u>

Reconciliation of movement:

	30 June 2022	30 June 2021
	\$	\$
Opening balance	7,500,000	-
Issue of Convertible Notes	-	7,500,000
Fair value increase on convertible note	1,875,000	-
Conversion of Convertible Notes to Ordinary shares	(9,375,000)	-
	<u>-</u>	<u>7,500,000</u>

The Convertible Note Deed was entered into in April 2021. The company issued Convertible Notes equal to the total payments received by all noteholders of \$7,500,000. The terms of the Convertible Notes are outlined below, noting the Convertible Notes converted on event ii) outlined below.

The Notes are not interest bearing and the Convertible Notes automatically convert upon any of the following events;

- (a) On the Maturity Date (31 December 2022);
- (b) One Business day immediately prior to the allotment date of shares as specified in the Prospectus relating to the IPO;
- (c) At least one Business day prior to the completion of a Trade sale, unless in the event that the Trade sale is an all cash transaction and no scrip consideration is issued to any seller, then a Majority of Noteholders may deliver a written notice to the Company electing that the Convertible Notes are redeemed rather than converted upon the closing of the Trade sale;
- (d) An event of default.

The Noteholder had the ability to elect to convert the Convertible Notes one Business day immediately prior to the allotment date of shares offered under an Equity Capital Raising.

On 18 November 2021, the Company was admitted to the Official List of the ASX therefore triggering the conversion of all Convertible Notes to Ordinary shares.

Refer to note 22 for further information on financial instruments.

Note 16. Provisions

	30 June 2022	30 June 2021
	\$	\$
<i>Current liabilities</i>		
Annual leave	11,082	1,603
Long service leave	-	-
	<u>11,082</u>	<u>1,603</u>
<i>Non-current liabilities</i>		
Long service leave	864	-
	<u>11,946</u>	<u>1,603</u>

Note 17. Issued capital

	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>60,464,843</u>	<u>1,638,143</u>	<u>35,037,623</u>	<u>3,819,076</u>

Movements in ordinary share capital

	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	Shares	Shares	\$	\$
Opening balance as at 1 July	1,638,143	1,638,143	3,819,076	3,854,144
Share split ¹	31,124,717	-	-	-
Issuance of Ordinary Shares upon conversion of the Convertible Notes ²	8,152,174	-	9,375,000	-
Issuance of Ordinary Shares for services ³	419,369	-	482,379	-
Issue of Ordinary Shares - IPO	19,130,440	-	22,000,006	-
Less: Costs of capital raising	-	-	(638,838)	(35,068)
Closing balance	<u>60,464,843</u>	<u>1,638,143</u>	<u>35,037,623</u>	<u>3,819,076</u>

¹ On 17 November 2021 the Company undertook a share split on the basis of 1:20.

² Upon successful admission to the Official List, the Convertible Notes were converted to Ordinary shares.

³ The Company issued shares for services rendered to the company including medical trials, director fees, consultancy and Offer costs. This includes 91,280 shares issued to Directors as disclosed in the Prospectus.

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.

Through a poll, 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.

Note 17. Issued capital (continued)

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.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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.

Note 18. Reserves

	30 June 2022	30 June 2021
	\$	\$
Foreign currency reserve	12,091	-
Share-based payments reserve	917,891	61,371
	<u>929,982</u>	<u>61,371</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

	30 June 2022	30 June 2021
	\$	\$
Reconciliation:		
Balance at beginning of period	-	-
Foreign exchange movements on translation	12,091	-
Balance at end of period	<u>12,091</u>	<u>-</u>

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

	30 June 2022	30 June 2021
	\$	\$
Reconciliation:		
Balance at the beginning of the period	61,371	22,611
Share based payment expense recognised in the profit and loss	856,520	38,760
Balance at end of period	<u>917,891</u>	<u>61,371</u>

Further information on share based payments can be found at note 19.

Note 19. Share-based payments

Set out below are summaries of options granted that are deemed share based payments:

30 June 2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Other ¹	Balance at the end of the year
30/12/2018	30/12/2033	\$0.20	562,000	-	-	10,678,000	11,240,000
30/11/2019	01/10/2034	\$0.37	63,250	-	-	1,201,750	1,265,000
30/11/2019	30/11/2034	\$0.37	181,500	-	-	3,748,500	3,930,000
27/09/2021	27/09/2036	\$1.15	-	6,035,580	-	-	6,035,580
			<u>806,750</u>	<u>6,035,580</u>	<u>-</u>	<u>15,628,250</u>	<u>22,470,580</u>

Weighted average exercise price \$0.26 \$1.15 \$0.00 \$0.26 \$0.50

On 17 November 2021 the Company undertook a share split of 1:20 so the number options on hand and the exercise price were adjusted accordingly.

30 June 2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Other	Balance at the end of the year
30/12/2018	30/12/2033	\$4.11	562,000	-	-	-	562,000
30/11/2019	01/10/2034	\$7.43	-	63,250	-	-	63,250
30/11/2019	30/11/2034	\$7.43	-	181,500	-	-	181,500
			<u>562,000</u>	<u>244,750</u>	<u>-</u>	<u>-</u>	<u>806,750</u>

Weighted average exercise price \$4.11 \$7.43 \$0.00 \$0.00 \$5.12

Set out below are the options vested and exercisable at the end of the financial year:

Grant date	Expiry date	30 June 2022 Number	30 June 2021 Number
30/12/2018	30/11/2033	11,240,000	-
30/11/2019	01/10/2034	1,265,000	-
30/11/2019	30/11/2034	3,930,000	-
		<u>16,435,000</u>	<u>-</u>

On 27 September 2022 for those options granted 27 September 2021 25% will vest. The remaining options vest equally each month until all options are vested by 27 September 2025.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.49 years (2021: 2.78 years).

Note 19. Share-based payments (continued)

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

Grant date	Expiry date	Assumed expiry date for valuation purposes	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
30/12/2018	20/12/2033	20/12/2023	\$0.03	\$0.20	76.00%	-	2.12%	\$0.007
30/11/2019	01/10/2034	01/10/2024	\$0.05	\$0.37	77.00%	-	0.88%	\$0.046
30/11/2019	30/11/2034	30/11/2024	\$0.05	\$0.37	77.00%	-	0.88%	\$0.046
27/09/2021	27/09/2036 ¹	27/09/2026	\$1.15	\$1.15	100.00%	-	0.10%	\$0.847

¹ For those options granted 27 September 2021 the first 25% of these options vested on 27 September 2022. The remaining options vest equally each month until all options are vested by 27 September 2025.

As disclosed in the Prospectus, the Company issued 132,980 Shares on Listing on the ASX to Directors and other consultants and service providers with respect to services rendered prior to the IPO.

Note 20. Dividends

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

Note 21. Reconciliation of loss after income tax to net cash used in operating activities

	2022 \$	2021 \$
Loss after income tax expense for the year	(6,837,589)	(915,228)
Adjustments for:		
Depreciation and amortisation	1,713	-
Share-based payments	856,520	38,760
Foreign exchange differences	274,368	(26,393)
Contingent liability	-	60,000
Non-cash settled liabilities	(80,328)	-
Net fair value expense on financial liabilities ¹	1,875,000	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	6,162	(173,364)
Decrease in other assets	(85,599)	7,120
Increase in trade and other payables	13,261	154,610
Increase in other provisions	10,342	1,604
Net cash used in operating activities	<u>(3,966,150)</u>	<u>(852,891)</u>

¹ Refer to note 15 for further information.

Note 22. 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 uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

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 Group undertakes transactions denominated in foreign currencies, mainly in US dollars; consequently, exposures to exchange rate fluctuations arise. At 30 June 2022, the Company has cash denominated in US dollars of US\$4,100,690 (2020: US\$0). The A\$ equivalent at 30 June 2022 is \$5,948,006 (2021: \$nil). A 5% movement in foreign exchange rates would increase or decrease the Group's loss before tax by approximately \$297,400 (2021: nil).

Interest rate risk

Interest earned on cash at bank is determined in accordance with published bank interest rates. The Group's exposure to interest rate risk is confined to cash assets. As at 30 June 2022, the Group had cash assets of \$12,709,813 (2021: \$6,141) attracting interest at a weighted average interest rate of 0.55% (2021: 0.3%). An increase or decrease of 0.50% in interest rates applied for 12 months to the cash balances at reporting date would have increased or decreased profit or loss by \$123,975 (2021: \$31), if all other variables, including foreign currency rates, remain constant.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major counterparties. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Current banks used have ratings higher than BBB+.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity by maintaining adequate banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Note 22. Financial instruments (continued)

Contractual cash flows at 30 June	Carrying amount \$	Less than 3 months \$	3-12 months \$	1 year to 5 years \$	Total contractual cash flows \$
2022 - Trade and other payables	547,699	547,699	-	-	547,699
2021 - Trade and other payables	534,438	534,438	-	-	534,438

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value due to their short maturities.

The company measures and recognises its borrowings at fair value and measures the fair value on a recurring basis.

(a) Fair value hierarchy

AASB 13: Fair value measurement requires the disclosure of fair value information using a fair value hierarchy reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (ii) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- (iii) inputs for the assets or liabilities that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	Level 2	Level 3	Total
Liabilities				
At 30 June 2021				
Convertible Notes	-	-	7,500,000	7,500,000
At 30 June 2022				
Convertible Notes	-	-	-	-

The Convertible Note Deed was entered into in April 2021. The company issued Convertible Notes equal to the total payments received by all noteholders of \$7,500,000. The terms of the Convertible Notes are outlined below, noting the Convertible Notes converted on event ii) outlined below.

The Notes are not interest bearing and the Convertible Notes automatically convert upon any of the following events;

- (a) On the Maturity Date (31 December 2022);
- (b) One Business day immediately prior to the allotment date of shares as specified in the Prospectus relating to the IPO;
- (c) At least one Business day prior to the completion of a Trade sale, unless in the event that the Trade sale is an all cash transaction and no scrip consideration is issued to any seller, then a Majority of Noteholders may deliver a written notice to the Company electing that the Convertible Notes are redeemed rather than converted upon the closing of the Trade sale;
- (d) An event of default.

The Noteholder had the ability to elect to convert the Convertible Notes one Business day immediately prior to the allotment date of shares offered under an Equity Capital Raising.

On 18 November 2021, the Company was admitted to the Official List of the ASX therefore triggering the conversion of all Convertible Notes to Ordinary shares.

The borrowings included in level 3 of the hierarchy is the amount of the convertible notes based on their fair value as at the end of the reporting period.

Note 23. Remuneration of auditors

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

	2022	2021
	\$	\$
<i>Audit services -</i>		
Audit or review of the financial statements ²	120,043	-
<i>Other services -</i>		
Due diligence ¹	63,405	9,860
Taxation	17,940	7,500
	<u>81,345</u>	<u>17,360</u>
	<u><u>201,388</u></u>	<u><u>17,360</u></u>

¹ Due diligence fees were in respect of the investigative accounting report for the Prospectus.

² \$60,026 was incurred for the audit of prior year financials statements. The total remuneration for the review and audit of financial statements related to the year ended 30 June 2022 was \$60,017.

Note 24. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2022	2021
	\$	\$
Loss after income tax	(7,356,293)	(915,227)
Total comprehensive income	<u>(7,356,293)</u>	<u>(915,227)</u>

The loss after income tax includes an impairment of the intercompany loan to TR Therapeutics Inc of \$907,879 (2021: nil).

Note 24. Parent entity information (continued)

Statement of financial position

	Parent	Parent
	30 June 2022	30 June 2021
	\$	\$
Total current assets	<u>25,364,579</u>	<u>8,124,544</u>
Total assets	<u>25,366,790</u>	<u>8,124,544</u>
Total current liabilities	<u>558,782</u>	<u>536,174</u>
Total liabilities	<u>559,646</u>	<u>8,036,174</u>
Equity		
Issued capital	35,037,623	3,819,076
Share-based payments reserve	917,891	61,371
Accumulated losses	<u>(11,148,370)</u>	<u>(3,792,077)</u>
Total equity	<u><u>24,807,144</u></u>	<u><u>88,370</u></u>

The difference in equity to the consolidated balance sheet relates to the impairment of the intercompany loan and the retained earnings of subsidiary TR Therapeutics Inc.

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 2022.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022

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 25. Related party transactions

Parent entity

Tissue Repair Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 26.

Key management personnel

Disclosures relating to key management personnel are set out below and in the remuneration report included in the directors' report.

Note 25. Related party transactions (continued)

	30 June 2022	30 June 2021
Short-term benefits (excluding performance bonus)	245,977	-
Post-employment benefits	7,306	-
Share based payments	555,663	19,662
	<u>808,946</u>	<u>19,662</u>

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 26. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2022 %	30 June 2021 %
TR Therapeutics, Inc.	United States of America	100.00%	100.00%

Note 27. Commitments and contingencies

As at 30 June 2022, the Group had entered into a material agreement related to research and development activities, under the agreement, the Group is committed to making payments over future periods, as follows:

	30 June 2022
During the period 1 July 2022 - 30 June 2023	1,447,235

Where commitments are denominated in foreign currencies, the amounts have been converted to Australian dollars based on exchange rates prevailing as at 30 June 2022.

Note 28. Events after the reporting period

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

Tissue Repair Ltd
Directors' declaration
30 June 2022


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 2022 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 made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Jack Lowenstein
Non-Executive Chair

31 August 2022

**Independent Auditor's Report
To the Members of Tissue Repair Ltd
ABN 20 158 411 566**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Tissue Repair Ltd ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, 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 the directors' declaration.

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

- a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

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 that, in our professional judgement, were of more 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, we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

For personal use only

**Independent Auditor's Report
To the Members of Tissue Repair Ltd
ABN 20 158 411 566**

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022 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.

Responsibility of 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 Group 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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's

For personal use only

**Independent Auditor's Report
To the Members of Tissue Repair Ltd
ABN 20 158 411 566**

report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 19 of the Directors' Report for the year ended 30 June 2022. In our opinion, the Remuneration Report of Tissue Repair Ltd, for the year ended 30 June 2022, 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.



Scott Whiddett
Partner

31 August 2022



Pitcher Partners
Sydney

For personal use only

Tissue Repair Ltd
Shareholder information
30 June 2022

The shareholder information set out below was applicable as at 15 August 2022.

Distribution of equitable securities

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

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	44	0.04
1,001 to 5,000	246	1.38
5,001 to 10,000	200	2.63
10,001 to 100,000	333	16.47
100,001 and over	76	79.48
	<u>899</u>	<u>100.00</u>
Holding less than a marketable parcel	<u>64</u>	<u>0.09</u>

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
SELENE HOLDINGS LTD	5,955,980	9.85
SPARK CAPITAL PTY LIMITED	4,822,260	7.98
CREIGHT INVESTMENTS PTY LTD ATF 987 TRUST A/C	3,031,720	5.01
WELAS PTY LTD ATF WALES FAMILY TRUST A/C	2,317,580	3.83
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	2,177,331	3.60
MARK DEACON-SHAW	2,035,160	3.37
BANNABY INVESTMENTS PTY LIMITED	1,690,580	2.80
MOORE FAMILY NOMINEE PTY LIMITED	1,217,400	2.01
GIDLEY-BAIRD HOLDINGS PTY LTD	1,055,440	1.75
CREIGHT INVESTMENTS PTY LTD ATF SCUTT RETIREMENT FUND A/C	990,540	1.64
WARWICK NETTLE PTY LIMITED ATF WARWICK NETTLE SUPERANNUATION FUND A/C	967,040	1.60
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	873,924	1.45
MLLW PTY LTD	804,716	1.33
PHYTOSE CORPORATION LIMITED ATF BOUNDARYONE S/F A/C	793,940	1.31
TERRENCE JOSEPH CAPLICE	730,440	1.21
HISHENK PTY LTD	625,000	1.03
CINDERELLA MANAGEMENT COMPANY PTY LTD ATF THE CINDERELLA UNIT A/C	608,694	1.01
RG RODEN PTY LIMITED	608,680	1.01
SCINTILLA STRATEGIC INVESTMENTS LIMITED	575,000	0.95
BMY GROUP PTY LTD	543,478	0.90
	<u>32,424,903</u>	<u>53.63</u>

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	22,470,580	12

Tissue Repair Ltd
Shareholder information
30 June 2022

The following person holds 20% or more of unquoted equity securities:

Name	Class	Number held
SPARK CAPITAL PTY LIMITED	Options over ordinary shares issued	13,640,000

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
TISSUE REPAIR LIMITED (ESCROWED SHARES)	32,971,880	54.53
SELENE HOLDINGS LTD	5,955,980	9.85
SPARK CAPITAL PTY LTD AND TONY CHARARA	4,895,336	8.10
CREIGHT INVESTMENTS PTY LTD, PETER SCUTT AND NADIA JACOB	4,022,260	6.65

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.