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Stemcell United Limited

ACN 009 104 330

APPENDIX 4E AND PRELIMINARY FINAL REPORT

For the year ended 30 June 2022

STEMCELL UNITED LIMITED

APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2022

The following information is given to ASX under listing rule 4.3A.

1. Reporting period

Current Period	12 months ended 30 June 2022
Prior Period	12 months ended 30 June 2021

2. Results for announcement to the market

	2021		2022	% Change
	\$		\$	
2.1 Revenue from ordinary activities	8,495,417	to	14,338,812	up 69%
2.2 Loss after tax attributable to members	(2,813,566)	to	(3,537,666)	up 26%
2.3 Net loss attributable to members	(2,813,566)	to	(3,537,666)	up 26%
2.4 Dividend				
	N/A			
2.5 Record date for determining entitlements to the dividends				
	N/A			
2.6 Explanatory information				

Revenue from ordinary activities was \$14,338,812, an increase from the prior corresponding period (FY2021: \$8,495,417). The increase in revenue is mainly contributed by the full 12 months results of subsidiary, Shenzhen Lantene Dingzhi Biotechnology Co Ltd (compared to 8 months in FY2021).

The Group recorded a net loss of \$2,792,611 (FY2021: net loss \$2,536,512). Included in the net loss are non-cash expenses relating to share based payments of \$1,171,848 (FY2021: \$1,129,835). Excluding these expenses, the net loss for the year will come to \$1,620,763 (FY2021: \$1,406,677). At year end, Stemcell United retained a cash balance of \$624,962 (FY2020: \$5,255,274).

The unaudited full year results are set out in the accompanying Appendix 4E.

Voluntary Suspension

The Company's securities have remained in voluntary suspension throughout most of the year.

ASX has raised concerns regarding SCU's compliance with Listing Rules 3.1, 12.2 and 12.5, which SCU has replied to. SCU has completed the following actions to further satisfy the requirements of ASX:

1. as directed by ASX pursuant to Listing Rule 18.8(l), SCU has engaged an independent expert law firm (Thomson Geer) to conduct a review of the Company's policies and processes with regards to compliance with the Listing Rules and to produce a report with findings that can be released to market. The report has been completed and provided to ASX;

2. as directed by ASX pursuant to Listing Rule 18.8(m), all of the directors of SCU have now successfully completed an ASX Listing Rules compliance education course with the Governance Institute of Australia; and

3. SCU has made an application to the Federal Court to rectify the inadvertent issuance of a cleansing notice 3 days later than is required under the *Corporations Act*, in respect of the issuance of consideration shares to the Lantene vendor in October 2020. The Company applied to the Federal Court of Australia

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under section 1322 of the *Corporations Act* seeking relevant orders for an extension of time to the deadline in the *Corporations Act* for the lodgement of the cleansing notice (to rectify the late lodgement) and an order validating any on-sale of such shares and relieving the seller of any liability for breaching the on-sale provisions in the *Corporations Act*. The sought order was granted by the Federal Court on 18 August 2022.

Proposed sale of Lantene shareholding

During the year, SCU sought ASX guidance on the proposed sale of the Company's 50.1% shareholding interest in Shenzhen Lantene Dingzhi Biotechnology Co Ltd ('Lantene') to Mr Cao, the other shareholder in Lantene. ASX confirmed that the transaction would constitute the disposal of SCU's main undertaking in terms of Listing Rule 11.2 and Guidance Note 12 and that SCU will be required:

- (a) to obtain shareholder approval of the transaction per Listing Rule 11.2; and
- (b) to comply with any requirements of ASX in relation to the notice of meeting.

ASX also advised that SCU must not enter into an agreement to dispose of its interest in Lantene unless the agreement is conditional on SCU obtaining the abovementioned approvals.

Following receipt of ASX's guidance, SCU resumed discussions with Mr Cao in relation to the proposed sale, and on 20 July 2022, SCU signed the share sale agreement for the sale of its 50.1% shareholding interest in Lantene to Mr Cao subject to relevant SCU shareholder approvals being obtained. SCU is currently preparing the notice of meeting for the purposes of calling an extraordinary general meeting for the purposes of obtaining the abovementioned shareholder approvals, and anticipates being in a position to hold such meeting in October 2022.

3. Statement of Profit or Loss and Other Comprehensive Income

Refer accompanying preliminary financial report

4. Statement of Financial Position

Refer accompanying preliminary financial report

5. Statement of Cash Flow

Refer accompanying preliminary financial report

6. Dividends Paid or Recommended

N/A

7. Details of any Dividend or distribution reinvestment plans

N/A

8. Statement of movements in Retained Earnings

Refer statement of changes in equity in the accompanying preliminary financial report

9. Net tangible assets per security

	30 June 2021	30 June 2022
Number of securities	1,043,320,658	1,049,784,349
Net tangible assets per security in cents	0.55	0.40

10. Changes in controlled entities

N/A

11. Details of associates and joint venture entities

N/A

12. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position

Refer accompanying preliminary financial report

13. Foreign entities disclosures

N/A

14. Additional information

14.1 Earnings per Share

Refer accompanying preliminary financial report

14.2 Returns to Shareholders

Refer accompanying preliminary financial report

14.3 Significant features of operating performance

Refer accompanying preliminary financial report

14.4 Results of segments

Refer accompanying preliminary financial report

14.5 Trends in performance

Refer accompanying preliminary financial report

14.6 Subsequent events

Refer accompanying preliminary financial report

15. Compliance Statement

The financial statements are in the process of being audited.

16. If the accounts have not yet been audited and are likely to contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph is described below

During the year ended 30 June 2022, the consolidated entity incurred a loss after income tax of \$2,792,611 (2021: \$2,536,512) and net cash outflows from operating activities of \$4,019,987 (2021: \$1,324,104). At 30 June 2022, the consolidated entity had \$624,962 (2020: \$5,255,274) in cash.

The ability of the consolidated entity to continue as a going concern depends on the consolidated entity managing its cash outflow and generating additional cash inflows from:

- Generating sufficient revenue in excess of expenses from sales of resina, dendrobium, industrial hemp or aquatic products;
- The receipt of debt funding; or
- The receipt of equity funding

Accordingly, there is material uncertainty that may cast doubt on the consolidated entity's ability to continue as a going concern. No adjustments have been made in relation to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Given this, the auditors have advised that their audit report is likely to include an emphasis of matter paragraph in relation to the above.

- END -

Authorised for lodgement by the Board of the Company

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year ended 30 June 2022

	2022 \$	2021 \$	
Revenue	14,338,812	8,495,417	
Cost of Sales	(11,951,936)	(6,951,070)	
Gross profit	2,386,876	1,544,347	
Other revenue and income	69,763	142,787	
Staff costs and directors' fees	(2,687,842)	(2,066,668)	
Professional fees	(1,248,540)	(542,222)	
Research and development	(392,914)	(270,508)	
Depreciation and amortisation	(235,165)	(420,640)	
Impairment of goodwill	-	(248,108)	
Marketing and travel	(177,882)	(135,666)	
Finance cost	(62,643)	(24,123)	
Administrative expenses	(444,264)	(515,711)	
Loss before income tax expense	(2,792,611)	(2,536,512)	
Income tax expense	-	-	
Loss for the year	(2,792,611)	(2,536,512)	
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Translation of foreign subsidiary	82,153	(95,096)	
Total comprehensive loss for the year	(2,710,458)	(2,631,608)	
Loss attributable to:			
Owners	(3,537,666)	(2,813,566)	
Non-controlling interest	745,055	277,054	
	(2,792,611)	(2,536,512)	
Total comprehensive loss attributable to:			
Owners	(3,455,513)	(2,908,662)	
Non-controlling interest	745,055	277,054	
	(2,710,458)	(2,631,608)	
Earnings per share			
Basic (cents per share)	3	(0.34)	(0.36)
Diluted (cents per share)	3	(0.34)	(0.36)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 30 June 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		624,962	5,255,274
Trade and other receivables	4	3,604,529	2,286,921
Inventory	5	1,320,933	713,481
TOTAL CURRENT ASSETS		5,550,424	8,255,676
NON-CURRENT ASSETS			
Plant and equipment	6	1,032,339	234,996
Right of Use	7	681,660	740,417
Intangible assets	8	1	1
Investment in associate		1	1
TOTAL NON-CURRENT ASSETS		1,714,001	975,415
TOTAL ASSETS		7,264,425	9,231,091
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	1,140,444	1,783,774
Borrowings	10	1,089,340	793,100
Lease liabilities	7	70,495	64,398
TOTAL CURRENT LIABILITIES		2,300,279	2,641,272
NON-CURRENT LIABILITIES			
Borrowings	10	43,400	-
Lease liabilities	7	48,526	112,989
TOTAL NON-CURRENT LIABILITIES		91,926	112,989
TOTAL LIABILITIES		2,392,205	2,754,261
NET ASSETS		4,872,220	6,476,830

**Consolidated Statement of Financial Position as at 30 June 2022
(continued)**

	Note	2022 \$	2021 \$
EQUITY			
Contributed equity	11	76,875,145	76,934,855
Option reserve	12	4,203,993	3,038,435
Retained earnings		(77,966,938)	(74,429,272)
Foreign currency translation reserve		83,779	1,626
EQUITY ATTRIBUTABLE TO SHAREHOLDERS		3,195,979	5,545,644
Non-controlling interest		1,676,241	931,186
TOTAL EQUITY		4,872,220	6,476,830

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

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Consolidated Statement of Changes in Equity for the year ended 30 June 2022

	<-- Attributable to owners of Stemcell United Ltd -->					
	Contributed Equity	Option reserve	Retained Earnings	Foreign currency translation reserve	Non-controlling interest	Total
	\$	\$	\$	\$	\$	\$
Balance at 01 July 2020	71,371,829	588,600	(71,615,706)	96,722	318,585	760,030
<i>Transactions with equity holders in their own capacity</i>						
Placement issue	5,521,496	1,200,000	–	–	–	6,721,496
Capital raising costs	(638,470)	–	–	–	–	(638,470)
Fair value of shares issued to acquire subsidiary	585,000	–	–	–	–	585,000
Fair value of shares issued to director	14,000	–	–	–	–	14,000
Fair value of shares/options issued to advisors	81,000	205,000	–	–	–	286,000
Fair value of options issued to directors	–	1,044,835	–	–	–	1,044,835
	5,563,026	2,449,835	–	–	–	8,012,861
Non-controlling interest	–	–	–	–	335,547	335,547
Total comprehensive income/(loss)	–	–	(2,813,566)	(95,096)	277,054	(2,631,608)
Balance at 30 June 2021	76,934,855	3,038,435	(74,429,272)	1,626	931,186	6,476,830
<i>Transactions with equity holders in their own capacity</i>						
Capital raising costs	(160,350)	–	–	–	–	(160,350)
Fair value of shares issued to director	84,640	–	–	–	–	84,640
Fair value of options issued to advisors	16,000	95,710	–	–	–	111,710
Fair value of options issued to directors	–	1,069,848	–	–	–	1,069,848
	(59,710)	1,165,558	–	–	–	1,105,848
Total comprehensive income/(loss)	–	–	(3,537,666)	82,153	745,055	(2,710,458)
Balance at 30 June 2022	76,875,145	4,203,993	(77,966,938)	83,779	1,676,241	4,872,220

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows for the year ended 30 June 2022

	2022 \$	2021 \$
CASH FLOWS RELATING TO OPERATING ACTIVITIES		
Receipts from customers	12,644,706	7,771,718
Payment to suppliers and employees	(16,620,075)	(9,214,486)
Other income	17,778	142,781
Interest income	247	6
Interest expense	(56,980)	(21,799)
Interest paid on lease liabilities	(5,663)	(2,324)
Total cash used in operating activities	<u>(4,019,987)</u>	<u>(1,324,104)</u>
CASH FLOWS RELATING TO INVESTING ACTIVITIES		
Payment for plant and equipment	(914,212)	(447,450)
Cash acquired on acquisition of subsidiary	-	12,983
Total cash (used) in investing activities	<u>(914,212)</u>	<u>(434,467)</u>
CASH FLOWS RELATING TO FINANCING ACTIVITIES		
Proceeds from issue of shares and other equity securities, net of costs	-	6,288,026
Repayment of lease liabilities	(58,366)	(20,922)
Proceed from borrowings	1,132,740	151,500
Repayment of borrowings	(793,100)	(193,000)
Total cash from financing activities	<u>281,274</u>	<u>6,225,604</u>
Net (decrease)/increase in cash and cash equivalents	(4,652,925)	4,467,033
Cash and cash equivalents at beginning of financial year	5,255,274	866,830
Foreign currency translation differences	22,613	(78,589)
Cash and cash equivalents at end of financial year	<u>624,962</u>	<u>5,255,274</u>

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Stemcell United Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

This preliminary final report have been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies have been consistently applied by the entity and are consistent with those disclosed in 30 June 2021 annual financial report and the interim financial report for the half year ended 31 December 2021.

NOTE 2: SHARE BASED PAYMENTS

Amounts included in Profit or Loss:	2022 \$	2021 \$
810,203 Shares to director	-	24,000
4,000,000 Shares to advisors	-	61,000
102,000,000 Options to directors	-	1,044,835
30,500,000 options to directors	355,020	-
Vested portion of 75,000,000 options to a director	554,478	-
Vested portion of 25,000,000 options to an advisor	95,710	-
Shares to be issued to directors*	166,640	-
	<u>1,171,848</u>	<u>1,129,835</u>

The shares to be issued were valued based upon the value of shares at the date of contract. An expense was recorded for these amounts in relation to services performed.

The options were valued based on Black Scholes option pricing model at the date of issue (refer note 12 for more details).

NOTE 3: EARNINGS PER SHARE (EPS)

	2022 \$	2021 \$
(a) Reconciliation of Earnings to Net Profit or Loss		
Net loss for the year	(2,792,611)	(2,536,512)
Earnings attributable to owners of Stemcell United Limited used in the calculation of basic EPS	(3,537,666)	(2,813,566)
Earnings attributable to owners of Stemcell United Limited used in the calculation of dilutive EPS	(3,537,666)	(2,813,566)
	<u></u>	<u></u>
	Number	Number
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	1,047,617,947	784,902,598
Weighted average number of options*	289,646,703	82,061,538
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	<u>*1,047,617,947</u>	<u>*784,902,598</u>

*Options are considered anti-dilutive as at 30 June 2022 and 30 June 2021 and therefore are not included in the computation of the dilutive EPS

Stemcell United Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2022

NOTE 4: TRADE AND OTHER RECEIVABLES

	2022 \$	2021 \$
CURRENT		
Trade receivables	4,736,003	3,379,001
Less: provision for impairment	(1,718,287)	(1,706,905)
	<u>3,017,716</u>	<u>1,672,096</u>
Other receivables	334,107	97,679
Prepayments made to supplier	252,706	517,146
	<u>3,604,529</u>	<u>2,286,921</u>

NOTE 5: INVENTORY

	2022 \$	2021 \$
CURRENT		
Finished goods	32,382	19,502
Biological goods	1,297,987	713,481
Less provision for impairment	(9,436)	(19,502)
	<u>1,320,933</u>	<u>713,481</u>

NOTE 6: PLANT AND EQUIPMENT

	Office equipment \$	Machines \$	Capital Work in Progress \$	TOTAL \$
Cost				
At 30 June 2020	2,987	187,037	-	190,024
Addition on acquisition of subsidiary	-	412,820	-	412,820
Addition during the year	-	447,450	-	447,450
Foreign exchange translation	-	(16,425)	-	(16,425)
At 30 June 2021	2,987	1,030,882	-	1,033,869
Addition during the year	-	395,457	518,755	914,212
Foreign exchange translation	159	55,260	-	55,419
At 30 June 2022	<u>3,146</u>	<u>1,481,599</u>	<u>518,755</u>	<u>2,003,500</u>
Accumulated depreciation				
At 30 June 2020	2,986	53,063	-	56,049
Addition on acquisition of subsidiary	-	379,985	-	379,985
Addition during the year	-	372,915	-	372,915
Foreign exchange translation	-	(10,076)	-	(10,076)
At 30 June 2021	2,986	795,887	-	798,873
Addition during the year	-	126,968	-	126,968
Foreign exchange translation	159	45,161	-	45,320
At 30 June 2022	<u>3,145</u>	<u>968,016</u>	<u>-</u>	<u>971,161</u>
Carrying amount				
At 30 June 2021	<u>1</u>	<u>234,995</u>	<u>-</u>	<u>234,996</u>
At 30 June 2022	<u>1</u>	<u>513,583</u>	<u>518,755</u>	<u>1,032,339</u>

Stemcell United Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2022

NOTE 7: RIGHT OF USE ASSETS

	2022 \$	2021 \$
Amounts recognised in the balance sheet		
Right-of-use assets – Land	641,236	608,730
Right-of-use assets – Building	208,898	198,309
Accumulated depreciation – Land	(75,629)	(44,588)
Accumulated depreciation – Building	(92,845)	(22,034)
Right-of-use asset at cost less accumulation depreciation	<u>681,660</u>	<u>740,417</u>
Lease liabilities	<u>(119,021)</u>	<u>(177,387)</u>
Amounts recognised in profit and loss		
Depreciation charge of right-of-use assets – Land	39,847	26,119
Depreciation charge of right-of-use assets – Building	68,350	21,606
Interest expenses	<u>5,663</u>	<u>2,324</u>

The Group leases land and buildings for its offices, warehouses and sales outlets under agreements of between 1 to 23 years with options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Lease liability shown as:

Current	70,495	64,398
Non-current	48,526	112,989
	<u>119,021</u>	<u>177,387</u>

Stemcell United Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2022

NOTE 8: INTANGIBLE ASSETS

	Dendrobium officinale IP \$
Cost	
At 30 June 2021	202,588
At 30 June 2022	<u>202,588</u>
Accumulated amortisation	
At 30 June 2020	202,587
Amortisation	-
At 30 June 2021	<u>202,587</u>
Amortisation	-
At 30 June 2022	<u>202,587</u>
Carrying amount	
At 30 June 2021	<u>1</u>
At 30 June 2022	<u>1</u>

NOTE 9: TRADE AND OTHER PAYABLES

	2022 \$	2021 \$
CURRENT		
Trade payables	8,841	8,384
Other payables	710,035	1,042,191
Accrued expenses	389,933	290,750
GST payable	-	10,590
Contract liabilities	31,635	431,859
	<u>1,140,444</u>	<u>1,783,774</u>

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Notes to the Financial Statements for the Financial Year Ended 30 June 2022

NOTE 10: BORROWINGS

	2022 \$	2021 \$
Bank loans		
Current	1,089,340	793,100
Non-current	43,400	-
	1,132,740	793,100

The bank loans are for a period of 12 to 24 months, with floating interest rate ranging from 3.85% to 18% per annum and are secured by personal guarantee of a subsidiary's director.

NOTE 11: CONTRIBUTED EQUITY

	2022 \$	2021 \$
Issued and fully paid ordinary shares	76,875,145	76,934,855
Movements in ordinary shares	Number of shares	A\$
At 30 June 2020	641,608,364	71,371,829
Shares issued for acquisition of subsidiary	30,000,000	585,000
Shares issued to directors	810,203	14,000
Shares issued to advisors	3,000,000	81,000
Shares issued on placement	367,902,091	5,521,496
Fund raising costs	-	(638,470)
At 30 June 2021	1,043,320,658	76,934,855
Shares issued to directors	5,463,691	84,640
Shares issued to advisor	1,000,000	16,000
Fund raising costs	-	(160,350)
At 30 June 2022	1,049,784,349	76,875,145

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.

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.

Notes to the Financial Statements for the Financial Year Ended 30 June 2022

NOTE 12: OPTION RESERVE

	2022 \$	2021 \$
Option Reserve	4,203,993	3,038,435
Movements in Option Reserve		
	Number of options	\$
At 30 June 2020	29,100,000	588,600
Options issued to directors ^{1,2}	102,000,000	1,044,835
Options issued on placement managers ^{3,4}	15,000,000	205,000
Options issued to placement ⁴	100,000,000	1,200,000
At 30 June 2021	246,100,000	3,038,435
Options issued to directors ⁵	30,500,000	355,020
Options issued to directors ⁶	5,000,000	79,350
Options issued to directors ⁷	5,000,000	81,000
Options issued to advisor ⁸	25,000,000	95,710
Vested portion of director options issued in previous year ²	-	554,478
At 30 June 2022	311,600,000	4,203,993

¹ On 18 December 2020, 27,000,000 options were issued to directors as approved at the AGM held on 30 November 2020. The assessed fair value at grant date of options issued to directors was A\$324,000. The fair value at grant date is determined using the Black Scholes Model.

The model inputs for the options granted included:

- (a) exercise price: A\$0.01
- (b) grant date: 18 December 2020
- (c) expiry date: 18 December 2025
- (d) share price at grant date: A\$0.012
- (e) expected price volatility of the Company's shares: 107.7%
- (f) risk-free interest rate: 0.45%

² On 09 April 2021, 75,000,000 options were issued to a director as approved at the shareholders' meeting held on 26 March 2021. The options will be vested over 3 tranches of 25,000,000 options each. The 1st tranche is vested immediately upon issued. The 2nd and 3rd tranche will be vested on the second and third anniversary of the director's appointment, provided the said director is still a director at the Company at the respective vesting dates. The assessed fair value at grant date of the 1st, 2nd and 3rd tranche options were A\$625,000, A\$537,128 and A\$550,000 respectively. The fair value at grant date is determined using the Black Scholes Model. The amount recognised at 30 June 2021 for the 1st, 2nd and 3rd tranche options were A\$575,000, A\$90,256 and A\$55,579 respectively. The amount recognised for the year ended 30 June 2022 for the 2nd and 3rd tranche options were A\$343,162 and A\$211,316 respectively.

The model inputs for the 1st tranche options granted and vested included:

- (a) exercise price: A\$0.017
- (b) grant date: 26 March 2021
- (c) vesting date: 09 April 2021
- (d) expiry date: 09 April 2026
- (e) share price at grant date: A\$0.027
- (f) expected price volatility of the Company's shares: 112.5%
- (g) risk-free interest rate: 0.81%

Notes to the Financial Statements for the Financial Year Ended 30 June 2022

The model inputs for the 2nd tranche options granted included:

- (a) exercise price: A\$0.05
- (b) grant date: 26 March 2021
- (c) vesting date: 01 November 2022
- (d) expiry date: 01 November 2027
- (e) share price at grant date: A\$0.027
- (f) expected price volatility of the Company's shares: 112.5%
- (g) risk-free interest rate: 0.81%

The model inputs for the 3rd tranche options granted included:

- (a) exercise price: A\$0.10
- (b) grant date: 26 March 2021
- (c) vesting date: 01 November 2023
- (d) expiry date: 01 November 2028
- (e) share price at grant date: A\$0.027
- (f) expected price volatility of the Company's shares: 112.5%
- (g) risk-free interest rate: 0.81%

³ On 09 April 2021, 5,000,000 options were issued to a placement manager. The assessed fair value at grant date of options issued was A\$100,000. The fair value at grant date is determined using the Black Scholes Model.

The model inputs for the options granted included:

- (a) exercise price: A\$0.025
- (b) grant date: 09 April 2021
- (c) expiry date: 09 April 2023
- (d) share price at grant date: A\$0.027
- (e) expected price volatility of the Company's shares: 112.5%
- (f) risk-free interest rate: 0.07%

⁴ On 23 April 2021, 100,000,000 options were issued to placement investors and 10,000,000 options to placement manager. The assessed fair value at grant date of options issued were A\$1,200,000 and A\$120,000. The fair value at grant date is determined using the Black Scholes Model.

The model inputs for the options granted included:

- (a) exercise price: A\$0.04
- (b) grant date: 23 April 2021
- (c) expiry date: 23 April 2024
- (d) share price at grant date: A\$0.02
- (e) expected price volatility of the Company's shares: 112.5%
- (f) risk-free interest rate: 0.34%

⁵ On 28 February 2022, 30,500,000 options were issued to directors as approved at the AGM of 31 January 2022. The assessed fair value at grant date of options issued were A\$355,020. The fair value at grant date is determined using the Black Scholes Model.

The model inputs for the options granted included:

- (a) exercise price: A\$0.01
- (b) grant date: 28 February 2022
- (c) expiry date: 28 February 2027
- (d) share price at grant date: A\$0.014
- (e) expected price volatility of the Company's shares: 112%
- (f) risk-free interest rate: 1.83%

⁶ On 28 February 2022, 5,000,000 options were issued to directors for services performed as approved at the AGM of 31 January 2022. The assessed fair value at grant date of options issued were A\$79,350. The fair value at grant date is determined using the Black Scholes Model.

Notes to the Financial Statements for the Financial Year Ended 30 June 2022

The model inputs for the options granted included:

- (a) exercise price: A\$0.02
- (b) grant date: 28 February 2022
- (c) expiry date: 28 February 2027
- (d) share price at grant date: A\$0.02
- (e) expected price volatility of the Company's shares: 112.5%
- (f) risk-free interest rate: 0.75%

⁷ On 28 February 2022, 5,000,000 options were issued to directors for services performed as approved at the AGM of 31 January 2022. The assessed fair value at grant date of options issued were A\$81,000. The fair value at grant date is determined using the Black Scholes Model.

The model inputs for the options granted included:

- (a) exercise price: A\$0.017
- (b) grant date: 28 February 2022
- (c) expiry date: 28 February 2027
- (d) share price at grant date: A\$0.02
- (e) expected price volatility of the Company's shares: 112.5%
- (f) risk-free interest rate: 0.75%

⁸ On 28 February 2022, 25,000,000 options were issued to an advisor as approved at the AGM of 31 January 2022. The options can be exercised at different price of 15,000,000 options at \$0.025, 7,500,000 options at \$0.05 and 2,500,000 options at \$0.075 respectively. 1/5 of the total options are vested immediately upon engagement and subsequently every half yearly another 1/5 will be vested. The assessed fair value at grant date of the 15,000,000, 7,500,000 and 2,500,000 options were A\$152,400, A\$66,675 and A\$20,200 respectively. The fair value at grant date is determined using the Black Scholes Model. The amount recognised at 30 June 2022 for the options were A\$95,710.

The model inputs for the 15,000,000 options granted at exercise price of A\$0.025 included:

- (a) exercise price: A\$0.025
- (b) grant date: 28 February 2022
- (c) expiry date: 28 February 2025
- (d) share price at grant date: A\$0.014
- (e) expected price volatility of the Company's shares: 145%
- (f) risk-free interest rate: 0.28%

The model inputs for the 7,500,000 options granted at exercise price of A\$0.05 included:

- (a) exercise price: A\$0.05
- (b) grant date: 28 February 2022
- (c) expiry date: 28 February 2025
- (d) share price at grant date: A\$0.014
- (e) expected price volatility of the Company's shares: 145%
- (f) risk-free interest rate: 0.28%

The model inputs for the 2,500,000 options granted at exercise price of A\$0.075 included:

- (a) exercise price: A\$0.075
- (b) grant date: 28 February 2022
- (c) expiry date: 28 February 2025
- (d) share price at grant date: A\$0.014
- (e) expected price volatility of the Company's shares: 145%
- (f) risk-free interest rate: 0.28%

Notes to the Financial Statements for the Financial Year Ended 30 June 2022

NOTE 13: SEGMENT INFORMATION

The directors have considered the requirements of AASB 8 Operating Segments and the internal reports that are received by the Board in allocating resources and have concluded at this time that there are no separately identifiable segments as the consolidated group operated in one business segment of sourcing, producing, marketing and selling of traditional medicines.

The geographical segment information of the group is as follows:

2022	Australia	Singapore	Greater China	Malaysia	Total
	\$	\$	\$	\$	\$
Revenue	-	480,141	13,858,671	-	14,338,812
Profit / (Loss)	(2,748,398)	(1,259,601)	1,272,894	(57,506)	(2,792,611)
Total assets	444,930	792,505	5,975,861	51,129	7,264,425
Total liabilities	(411,347)	(139,767)	(1,839,270)	(1,821)	(2,392,205)
2021					
	\$	\$	\$	\$	\$
Revenue	-	99,337	8,396,080	-	8,495,417
Profit / (Loss)	(2,021,090)	(775,847)	368,944	(108,519)	(2,536,512)
Total assets	4,484,636	827,449	3,820,316	98,690	9,231,091
Total liabilities	(247,902)	(528,376)	(1,968,410)	(9,573)	(2,754,261)

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Notes to the Financial Statements for the Financial Year Ended 30 June 2022

NOTE 14: SUBSEQUENT EVENTS

The Company has on:

20 July 2022 announced of its proposal to dispose all of its 50.1% interest in subsidiary Shenzhen Lantene Dingzhi Biotechnology Co Ltd. The Company is preparing relevant Notice of Meeting materials seeking shareholder approval for the disposal.

25 July 2022 announced a proposed capital raising of up to \$2,952,517 (before costs) consisting of a placement of \$1,062,906 from sophisticated and professional investors and a non-renounceable entitlement offer to eligible shareholders of \$1,889,611.

4 August 2022 announced that it has received total placement commitments of \$1,062,906 to issue a total of 118,100,669 shares. \$747,000 has been received and 83,000,002 new fully paid ordinary shares with 27,666,664 attaching options has been issued. The attaching options are exercisable at A\$0.018 and have an expiry date of 1 September 2025. The remaining \$315,906 in commitments is conditional upon the Company's securities being reinstated to Official Quotation on ASX.

19 August 2022 announced that it has been granted orders by the Federal Court of Australia under S1322(4) of the *Corporations Act 2001* (Cth) in relation to the Company's inadvertent administrative error in not lodging an cleansing notice pursuant to S708A(5)(e) of the *Corporations Act 2001* (Cth) in the required timeframe for shares issued on 21 October 2020.

29 August 2022 announced that it has received applications from eligible shareholders for 24,803,141 new shares with 8,267,806 attaching options totalled \$223,229. In addition, application for 16,392,706 shortfall shares amounting to \$147,535 has also been received.

NOTE 15: COMPANY DETAILS

The registered office of Stemcell United Limited is Level 5, 126 Phillip Street, Sydney NSW 2000.