

Medibio Limited

ABN 58 008 130 336

Annual Report - 30 June 2022

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Directors	Ms Melanie Leydin (Non-Executive Director) Mr Stephen Mitchley (Non- Executive Director - appointed 17 February 2022) Dr Matthew Mesnik M.D. (Non- Executive Director - appointed 2 March 2022) Mr David Trimboli (Non-Executive Director – appointed 25 August 2022)
Company secretary	Mr Mathew Watkins
Chief Executive Officer	Dr Tom Young M.D. (Appointed 19 September 2022)
Registered office	Level 4, 100 Albert Road South Melbourne VIC 3205 Telephone: +61 3 9692 7222 Facsimile: +61 3 9077 9233
Share register	Computershare Investor Services Pty Limited Level 3, 60 Carrington Street Sydney, NSW, 2000 Telephone: 1300 850 505
Auditor	William Buck (Qld) Pty Ltd Level 22, 307 Queen Street Brisbane QLD 4000 Telephone: +61 7 3229 5100 Facsimile: +61 7 3221 6027
Legal advisors	Gadens Level 25 Bourke Place 600 Bourke Street Melbourne VIC 3000 Telephone: +61 3 9252 2555 Facsimile: +61 3 9252 2500
Bankers	Westpac Banking Corporation
Stock exchange listing	Medibio Limited securities are listed on the Australian Securities Exchange (ASX code: MEB and MEBOC)
Website	www.medibio.com.au
Corporate Governance Statement	The Corporate Governance Statement is available on the Company's website. Please refer to https://medibio.com.au/corporate-governance/
Annual General Meeting	The Company advises that its Annual General Meeting will be held on Thursday, 11th November 2022.

The Directors present their report, together with the financial statements, on the Consolidated Entity (referred to hereafter as the 'Consolidated Entity') consisting of Medibio Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Directors

The following persons were Directors of Medibio Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Ms Melanie Leydin, (Non-Executive Director)
- Mr Stephen Mitchley (Non- Executive Director - appointed on 17 February 2022)
- Dr Matt Mesnik (Non- Executive Director - appointed on 2 March 2022)
- Mr David Trimboli (Non- Executive Director - appointed on 25 August 2022)
- Mr Peter Carlisle, Non-Executive and Lead Independent Director (resigned on 10 June 2022)
- Mr Claude Solitario, Managing Director and Chief Executive Officer (resigned on 22 June 2022)

Principal activities

The principal activity of the Group is the conduct of clinical research, product development and early-stage commercialization of mental health technology using objective biomarkers to assist in the screening, diagnosing, monitoring, and management of depression and other mental health conditions.

Review of operations

Financial performance

The loss after income tax of \$12.72 million includes income from sales of \$0.04 million (2021: \$0.10 million) and other income from Australian Federal Government assistance, including research and development grants, of \$0.96 million (2021: \$1.11 million).

Following a strategic review undertaken by the Consolidated Entity over the course of the preceding three months and the related assessment of the carrying value of the Consolidated Entity's intangible assets, impairment expenses of \$10.04 million have been incurred, comprising \$7.79 million in expenses related to the impairment of the Invatec files (2021: nil) and \$2.24 million in respect of capitalised development costs.

Sleep Analysis of Depressive Burden study (SADB) & MEB-001

The loss for the period reflected substantially the continuing development of Company's intellectual property, including the SADB and the development of its sleep staging software, MEBSleep; the development of the Company's consumer app, LUCA and the commercialization of its corporate wellness product, ilumen.

The aim of SADB is to screen for the likelihood of current Major Depressive Episode (cMDE) in patients with sleep disturbance who undergo a sleep study in a clinical environment. The SADB trial involves the development of cMDE platform known as MEB-001 consisting of sleep algorithms, overlaid by resting heart rate and heart rate variability algorithms, leading to the cMDE analysis.

The MEB-001 continues to demonstrate a high accuracy for predicting the likelihood of a cMDE. The MEB-001 algorithm has been developed to utilize inputs from FDA-cleared polysomnography (PSG) systems and sensors (EEG and ECG), used for sleep studies to diagnose sleep primary and secondary sleep disorders. The algorithm extracts and parses physiological biomarkers to identify the likelihood of cMDE in patients referring to sleep clinics for sleep disturbances. Using Artificial Intelligence, the Company's technology produces a probabilistic analysis to show significant patterns of discrimination for moderate to severe cases of depressive burden. This prediction is designed to be comparable to a PHQ-9 score ≥ 10 , the current best practice for screening for a current major depressive event.

LUCA

On 1st October 2021, the Consolidated Entity launched its first consumer mobile app to help measure, monitor, and manage stress, called LUCA. The first-of-its-kind biometric assessment tool measures sleep stress, activity stress, and cardiac stress that will allow consumers to monitor their daily stress levels through their own personal wearable device and provides science based learning modules to help manage their stress. As a critical first step in the mental health journey, LUCA helps consumers understand how one's own personality and emotional intelligence impacts how they cope with life's stressors, while leading them to manage stress before it escalates to more harmful mental health conditions.

The Consolidated Entity's pioneering work in the use of biometric data to aid in the early detection and screening of mental health conditions, together with its patented method of assessing stress by monitoring overnight heart rate, underpins LUCA's functionality and provides a significant point of differentiation in the marketplace.

ilumen™

With regard to ilumen, Medibio has historically focused its sales and marketing activities on large organisations, in particular Employment Assistance Providers (EAP) that have the network of client companies to implement ilumen at scale.

Both with LUCA and ilumen™, the Consolidated Entity continues to identify the optimal means by which to monetise the intrinsic value which these applications, whilst concurrently focusing on the DeNovo FDA application process.

Financial position

The Consolidated Entity has cash balances at 30 June 2022 of \$1.03 million (2021: 2.31 million). Net cash outflows from operations were \$1.66 million (2021: \$1.70 million), investments in intangible assets of \$2.97 million (2021: \$1.83 million) and proceeds from share capital issued, net of the cost of capital raised, of \$3.29 million (2021: \$4.97 million).

The Consolidated Entity's net assets decreased by \$9.31 million during the year ended 30 June 2022 to \$7.11 million (2021: \$16.42 million). The decrease primarily arose from the impairment of intangible assets of \$10.04 million during the year ended 30 June 2022.

Risks and uncertainties

There are specific risks which relate directly to the Consolidated Entity's activities. In addition, there are other general risks, many of which are largely beyond the control of the Consolidated Entity and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial position and performance of the Consolidated Entity.

The following is not intended to be an exhaustive list of the risk factors to which the Consolidated Entity is exposed.

Specific risks

Competition regulation and loss of reputation

The health industry is intensely competitive and subject to rapid and significant change. A number of companies, both in Australia and abroad, may be pursuing the development of products that target the same markets that the Consolidated Entity is targeting. The Consolidated Entity's products may compete with existing products that are already available to customers. In addition, a number of companies, both in Australia and abroad, may be pursuing the development of products that target the same customers that the Consolidated Entity is targeting. The Consolidated Entity may face competition from parties who have substantially greater resources.

Regulatory approvals and investigations

The research, development, manufacture, marketing and sale of products using the Consolidated Entity's technology are subject to varying degrees of regulation by a number of government authorities in Australia and overseas. Specifically, the Consolidated Entity anticipates submitting a De Novo application to the U.S. Food and Drug Administration (**FDA**) in 2022 for its depression medical software device MEB-001, the FDA will review that application

Such approval from the FDA is reliant on regulator interpretation of data from trial and other development activities, and can take longer, require additional work (including further trials) or may not be provided at all. As a result, the Consolidated Entity's development programs on MEB-001 and any other product requiring FDA approval, may be delayed, incurring additional cost and may require additional funding to obtain such approvals. Any disruption, delay or failure of the Consolidated Entity to obtain any necessary approvals could impact adversely on the Consolidated Entity.

In addition to regulatory approvals for applications made by the Consolidated Entity, the Consolidated Entity may also become subject to regulatory investigations by any one or more regulatory bodies for current or historical actions by the Consolidated Entity. Depending on the outcome of regulatory investigations, the Consolidated Entity may be fined or sanctioned and its reputation and brand may be negatively impacted, which could adversely affect its business prospects, financial condition and results of operation.

Dependence upon key personnel

The Consolidated Entity depends on the talent and experience of its personnel as its primary asset. There may be a negative impact on the Consolidated Entity if any of its key personnel leave. It may be difficult to replace them, or to do so in a timely manner or at comparable expense. Additionally, any key personnel of the Consolidated Entity who leave to work for a competitor may adversely impact the Consolidated Entity.

In summary, the Consolidated Entity's ability to attract and retain personnel will have a direct impact on its ability to achieve its commercialisation and commitments. Additionally, increases in recruitment, wages and contractor costs may adversely impact upon the financial performance of the Consolidated Entity.

Requirement to raise additional funds

The Consolidated Entity may be required to raise additional equity or debt capital in the future. There is no assurance that it will be able to raise that capital when it is required or, even if available, the terms may be unsatisfactory. If the Consolidated Entity is unsuccessful in obtaining funds when they are required, the Consolidated Entity may need to delay or scale down its operations.

Research & Development Grant (Commonwealth)

Currently, the Consolidated Entity is eligible for an annual R&D Tax Incentive refund. The R&D Tax Incentive is an Australian Government program under which companies receive cash refunds for 43.5% of eligible expenditures on research and development. There is no guarantee that this program will continue or that the eligibility criteria will not change. Refunds are subject to audit by the Australian Tax Office and AusIndustry and repayment is required in certain circumstances, should the relevant regulators deem the claim is not in accordance with the relevant legalisation.

Growth

There is a risk that the Consolidated Entity may be unable to manage its future growth successfully. The ability to hire and retain skilled personnel as outlined above may be a significant obstacle to growth.

Intellectual Property

The Consolidated Entity's ability to leverage its innovation and expertise depends upon its ability to protect its intellectual property and any improvements to it. The intellectual property may not be capable of being legally protected, may be the subject of unauthorised disclosure, and may be unlawfully infringed. The Consolidated Entity may incur substantial costs in asserting or defending its intellectual property rights.

Risk of delay and continuity of operations

The Consolidated Entity may experience delays in achieving some or all of its milestones, including but not limited to product development, obtaining regulatory approvals, or generating licensing opportunities and sales and revenue generation. The Consolidated Entity is also dependent on, amongst other things, its technology, key personnel and IT systems. Any disruption or delay to any key inputs could impact adversely on the Consolidated Entity.

Liability claims

The Consolidated Entity may be exposed to liability claims, including but not limited to those that could arise in connection with its provision of services, such as if they are provided in fault and/or cause harm to its customers. As a result, the Consolidated Entity may have to expend significant financial and managerial resources to defend against such claims. If any such claim against the Consolidated Entity is successful, the Consolidated Entity may be fined or sanctioned and its reputation and brand may be negatively impacted, which could adversely affect its business prospects, financial condition and results of operation.

The Consolidated Entity may be exposed to claims from employees, including those who have left the Consolidated Entity or may leave it in future for unfair dismissal.

Contractual risks

As a party to contracts, the Consolidated Entity may face claims of breach or noncompliance by a contracting party. No assurance can be given that all contracts will be fully performed by all contracting parties and that the Consolidated Entity will be successful in securing compliance with the terms of each contract by the relevant third party.

Exchange rate risk

The expenditure of the Consolidated Entity is and will be in Australian and US currencies, exposing the Consolidated Entity to fluctuations and volatility of the rates of exchange between the Australian dollar and the US dollar as determined in international markets.

Commercialisation

Developing software and technology involves the expenditure of significant funds and often involves an extended period of time to achieve a return on investment. While the Consolidated Entity's business strategy is to continue to make investments in innovation in the development and commercialisation of its technologies, the Consolidated Entity may not generate significant revenues from these investments for several years (if at all).

COVID-19

The COVID-19 pandemic and associated restrictions on social distancing imposed by governments has had and continues to have an impact on the Consolidated Entity business and in particular on the Consolidated Entity's operations in Minneapolis, US. Furthermore, the progress of the clinical trials undertaken by the Consolidated Entity in US has been hindered by the closure of sleep clinics across the US as a result of COVID-19.

It should be further noted of the possible impacts of COVID-19 on the FDA's ability to continue to process applications in the normal course of ordinary business due to the pandemic impacts. As such, the Consolidated Entity may be impacted by delays in processing any submissions lodged with FDA, ultimately impacting the Consolidated Entity's progression.

There are also other changes in the domestic and global macroeconomic environment associated with the events relating to COVID-19 that are beyond the control of the Consolidated Entity and may be exacerbated in an economic recession or downturn.

These include but are not limited to:

- changes in inflation, interest rates and foreign currency exchange rates;
- changes in employment levels and labour costs;
- changes in aggregate investment and economic output; and other changes in economic conditions which may affect the revenue or costs of the Consolidated Entity.

While it is difficult for the Consolidated Entity to quantify the extent and duration of the impact of the COVID-19 pandemic on the global economy, any sustained period of economic downturn as a result of the pandemic may disrupt or delay the Consolidated Entity's intended programs and may impact the Consolidated Entity's ability to raise capital in the near to medium-term future.

With the emergence of the COVID-19 pandemic and its impact on the global macroeconomic environment, there is the risk of future pandemics which may or may not be connected with COVID-19 or any future variants of the virus.

General risks

Economic risks and market conditions

Factors, such as, but not limited to, world economic conditions, political instability, stock market trends, interest rates, exchange rates, inflation levels, commodity prices, industrial disruption, environmental impacts, international competition, taxation changes and legislative or regulatory changes may all have an adverse impact on our revenues, operating costs, profit margins and Share price. These factors are beyond the control of the Company and the Company cannot predict how they will impact its business

Changes in legislation and government regulation

Government legislation in Australia or any other relevant jurisdiction, including changes to the taxation system, may affect future earnings and relative attractiveness of investing in the Company. Changes in government policy or statutory changes may affect the Company and the attractiveness of an investment in it.

Unforeseen risk

There may be other risks which the Directors are unaware of at the time of this Report which may impact on the Company, its operations and/or its financial position.

Combination of risk

The Company may not be subject to a single risk. A combination of risks, including any of the risks outlined in this Section could affect the Company's operational and/or financial performance and its financial position.

Market conditions

Market conditions may affect the Company's financial position and performance. Market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

Neither the Company nor the Directors warrant the future performance of the Company.

Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's performance, the Company may require further financing. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and may be prevented from progressing the commercialisation of its products. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

Significant changes in the state of affairs

On 10 December 2021, the Consolidated Entity issued 5,989,625 fully paid ordinary shares for no cash consideration in lieu of \$56,250 of Mr Peter Carlisle's remuneration in his role as Director, as approved by the Consolidated Entity's shareholders at its Annual General Meeting on 11 November 2021.

On 15 December 2021, the Company announced a Capital Raising which would raise up to \$5.7m (before costs) (known as the "Capital Raising") by way of a Placement and Non-Renounceable Entitlement Offer ("Entitlement Offer"). The Placement amounting to \$2.25 million was to be completed in two stages of which stage 2 was to be subject to shareholder approval at an Extraordinary General Meeting on 11 February 2022 ("Placement"). The Entitlement Offer was eligible for shareholders who were given the opportunity to subscribe for one (1) new fully paid ordinary share for every three (3) existing fully paid ordinary shares held, the objective being to raise up to \$3.4 million.

The Capital Raising included the issue of one (1) free attaching Option for every two (2) Shares issued under the Capital Raising, the Placement Shares subject to shareholder approval. The Company applied for quotation of both the New Shares and Options (subject to the conditions of the ASX Listing Rules) noting that the class of Options to be issued are already an existing class of quoted Options, being MEBOC.

On 20 December 2021, the Consolidated Entity issued 260,000,000 fully paid ordinary shares for \$0.005 (0.5 cents) per fully paid ordinary share raising a total of \$1,300,000 before costs associated with the Placement and Entitlement.

On 18 February 2022, the Consolidated Entity issued 190,049,250 fully paid ordinary shares at an issue price of \$0.005 (0.5 cents) per share and 225,024,625 free attaching options over fully paid ordinary shares expiring on 28 February 2024

On 17 February 2022, the Consolidated Entity appointed Stephen Mitchley to Medibio's Board of Directors as a Non-Executive director with immediate effect.

On 18 February 2022, the Consolidated Entity issued 190,049,250 fully paid ordinary shares at an issue price of \$0.005 (0.5 cents) per share and 225,024,625 free attaching options over fully paid ordinary shares expiring on 28 February 2024 .

On 2 March 2022, the Consolidated Entity appointed Dr. Matt Mesnik on Medibio's Board of Directors as Non-Executive director with immediate effect.

On 11 March 2022, the Consolidated Entity issued 145,889,750 fully paid ordinary shares at an issue price of \$0.005 (0.5cents) per share and 72,994,876 options over fully paid ordinary shares expiring on 28 February 2024.

On 11 May 2022, the Consolidated Entity issued 22,502,462 options over fully paid ordinary shares at \$0.00001 per option to the nominees of CPS Capital Group Pty Ltd, expiring on 28 February 2024.

On 10 June 2022, Mr Peter Carlisle resigned from his position as Non-Executive Director and lead Independent Director of the Company, effective 10 June 2022.

On 22 June 2022, the Consolidated Entity announced a \$1.4 million capital raising, the funds to be used to progress its FDA application as well as provide working capital. The Consolidated Entity announced it will issue 923,603,673 ordinary fully paid shares at \$0.0015 per share, 923,603,673 unlisted options over fully paid ordinary shares exercisable at \$0.004 and 20,000,000 unlisted options over fully paid ordinary shares, exercisable at \$0.004 in two tranches.

On 28 June 2022, Mr Claude Solitario resigned as Chief Executive Officer and Managing Director inclusive of his position as director.

On 28 June 2022, the Consolidated Entity announced the issue of 359,499,994 fully paid ordinary shares at an issue price of \$0.0015 (1.5 cents). This is the first tranche of the issue announced on 22 June 2022 above.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial year.

Matters subsequent to the end of the financial year

On 21 July 2022, the Consolidated Entity announced Sleep Analysis of Depressive Burden Study Clinical Trial Commencement. The study's goal is to re-train the algorithm based on the additional primary endpoint (MINI) and test algorithm performance for sensitivity, specificity, and negative and positive predictive values; and algorithm lockdown will take place after the FDA pre-submission meeting upon completion of the study, expected to be completed in 15-16 weeks from commencement.

On 15 August 2022, the Consolidated Entity held a General Meeting at which it approved the issue of 564,103,677 fully paid ordinary shares at an issue price of \$0.0015 (1.5 cents) per share, subsequent to which on 25 August 2022, the Consolidated Entity announced the issue of 564,103,677 fully paid ordinary shares at an issue price of \$0.0015 (1.5 cents) per share. This is the second tranche of the issue announced on 22 June 2022 above.

On 19 September 2022, the Consolidated Entity appointed Mr. Tom Young as CEO of the Company.

No other 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

Likely developments in the operations of the Group in future financial years, are referred to in the Review of Operations.

Environmental regulation

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

Information on Directors

Name: Ms Melanie Leydin
Title: Non-Executive Director
Qualifications: BBus (Acc. Corp Law) CA FGIA
Experience and expertise: Melanie Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of Leydin Freyer (renamed to Vistra Australia (Melbourne) Pty Ltd ("Vistra") on 1 November 2021). The practice provides outsourced company secretarial and accounting services to public and private companies across a host of industries including but not limited to the Resources, technology, bioscience, biotechnology and health sectors.

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

Other current directorships: E2 Metals Limited
Former directorships (last 3 years): The Sustainable Nutrition Group Ltd (ASX: TSN) (formerly Australian Primary Hemp Limited (ASX: APH)) resigned 2 October 2019
Interests in shares: None
Interests in options: 2,600,000 unlisted options exercisable at \$0.02 expiring on 19 August 2023
2,200,000 unlisted options exercisable at \$0.011 expiring on 20 December 2023

Name: Dr Matt Mesnik M.D.
Title: Non-Executive Director
Experience and expertise: Dr. Mesnik is a physician, business executive, health IT and medical device entrepreneur. In addition to being Medibio's first Chief Medical Officer (CMO) (some years ago), Dr. Mesnik has served in the following roles, over the course of his 30-plus-year career: Emergency Physician and Emergency Department and Urgent Care Medical Director; CMO of CVS-MinuteClinic (which during his tenure grew from 80 clinics in 9 states to more than 650 in 27 states, with more than 12 million annual patient visits); CMO of Aprima Medical Software, an electronic health records company; Co-founder and CMO of Sanso, a medical device company to improve the care of COPD patients; and CMO of Ativa Medical, Vigilant Diagnostics and Quick Check Health. Currently, Dr. Mesnik serves as CMO of Spok, a clinical communication and collaboration company serving more than 2,200 hospitals in the US, Australia and Canada. In addition, Dr. Mesnik has served as director and a consultant to several health, IT, and medical device companies and is currently a clinical and technical advisor to iGan Partners, Canada's largest health tech VC.

Dr. Mesnik's unique diversity of expertise across multiple disciplines and demonstrated ability to execute strategic and tactical plans has earned him a reputation as an accomplished healthcare executive who develops quality solutions and delivers strong financial results.

Other current directorships: None
Former directorships (last 3 years): None
Interests in shares: 1,333,333 fully paid ordinary shares

Name: Mr Stephen Mitchley
Title: Non-Executive Director
Experience and expertise: Stephen is based in New York and leads Vitality Group's digital and global partner disciplines. He brings 25 years of experience and expertise in overseeing operations and technology to the Vitality Group product team. Mitchley joined South Africa-based Discovery Holdings Limited, the parent company of Vitality Group, in 2000 and has led large-scale process re-engineering activities and designed and built operations for new products and services. In 2008 he moved to the US to help found the Vitality Group as COO. A global health and wellness company, Vitality Group blends industry-leading smart tech, data, incentives and behavioral science to inspire healthy changes in individuals and organizations.

Other current directorships: None
Former directorships (last 3 years): None
Interests in shares: None

Name: Mr David Trimboli
Title: Non-Executive Director
Experience and expertise: Mr Trimboli is an experienced global investor with experience in commodities financing and trading. He has undertaken investments activities and hold diverse interests in commodities, industrial minerals, real estate and technology and mental health in Australia and internationally.

Mr Trimboli is the founder of Seefeld Investments with offices in London, Zug and Perth. He has formerly a long serving senior coal trader at the world's largest commodities trading group, Glencore International AG and was a key member of the Glencore team when the group successfully completed its IPO in London and Hong Kong.

He currently holds a Managing Director position in Seefeld Investments Pty Ltd, Non-Executive Chairman in Audeara Limited (ASX: AUA) and Non-Executive Director positions in the following Companies Quantum Graphite Limited (ASX: QGL), TradeMutt, Yumm Confectionar, The Reading Switch, Carecircle and Greater Outcomes, all being companies in revenue generating businesses with developed management teams and on pathways to profitability.

Other current directorships: Chairman of Audeara Limited (ASX: AUA) from May 2021 and Non-Executive Director positions in Quantum Graphite Limited (ASX: QGL) from September 2019
Former directorships (last 3 years): None
Interests in shares: None
Interests in options: None

Name: Mr Peter Carlisle
Title: Non-Executive and Lead Independent Director (Resigned on 10 June 2022)
Experience and expertise: Mr Carlisle serves as Managing Director of Olympics & Action Sports at global sports marketing agency, Octagon. He has served on numerous non-profit boards and has worked to develop and promote programs focused on a variety of mental health issues.

An expert at the forefront of the booming action sports industry for more than two decades, he has successfully transitioned his creative marketing strategies to emerge as the leader in the representation and marketing of Olympic and Action Sports athletes.

Mr Carlisle is one of only two sports agents to be inducted into Sports Business Journal's "Forty-Under-Forty" Hall of Fame. Mr Carlisle oversees a global business that provides career management for the company's Olympics and Action Sports clients through contract negotiations, endorsements, licensing and merchandising opportunities as well as successfully developing content-driven programs for athletes that are re-defining the term "athlete marketing." He oversees some of the worlds most recognisable athletes.

Mr Carlisle is highly decorated and respected with multiple recognition awards including Sports Illustrated's "Top 15 Most Influential Sports Agents", Member of Sports Business Journal's "Forty-Under-Forty" Hall of Fame following three career "Forty Under 40" Awards ('07, '04, '03), Two-time recipient of Sports Business Journal's "20 Most Influential People: Sports Agents" ('06, '04) amongst others.

Other current directorships: None
Former directorships (last 3 years): None
Interests in shares: N/A
Interests in options: N/A

Name: Mr Claude Solitario
Title: Managing Director and CEO (Resigned on 22 June 2022)
Experience and expertise: Mr Solitario brings 30 years of experience in the development of new and emerging technology, with a deep understanding of licensing and commercialisation of intellectual property. As a founding shareholder of Medibio he is one the Company's major shareholders and brings an extensive financial background having served as a financial executive for many public and private companies.

Other current directorships: None
Former directorships (last 3 years): Nil
Interests in shares: N/A
Interests in options: N/A

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

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

Company secretary

Mr Mathew Watkins, CA

Mr Watkins is a Chartered Accountant who has extensive ASX experience within several industry sectors including Biotechnology, Bioscience, Resources and Information Technology. He specialises in ASX statutory reporting, ASX compliance, Corporate Governance and board and secretarial support. Mr Watkins is appointed Company Secretary on a number of ASX listed Companies. Mr Watkins is employed at Vistra Australia Pty Ltd (Vistra), a professional Company Secretarial and Accounting firm. Vistra is a prominent provider of specialised consulting and administrative services to clients in the Fund, Corporate, Capital Markets, and Private Wealth sectors.

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
C Solitario	8	8
P Carlisle	7	8
M Leydin	7	8
M Mesnik	2	2
S Mitchley	2	3

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

The Board did not have separate Committees during the year and the Board fulfilled the role of Nomination & Remuneration and the Audit & Risk Committees.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Consolidated Entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

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 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 performance of the Group depends upon the quality of its Directors and executives. 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 remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board of Directors is responsible for determining and reviewing compensation arrangements for the directors, and the executive team. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

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

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:

- focusing on sustained growth in shareholder wealth, consisting of growth in share price, driving towards dividends, 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 Nomination and Remuneration Committee (or in its absence the Board). The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the General Meeting held on 11 September 2017, where the shareholders approved a maximum annual aggregate remuneration of \$750,000.

Senior management and executive remuneration

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

The senior management and executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

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

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee (or in its absence the Board) based on individual and business unit performance, the overall performance of the Consolidated Entity and comparable market remunerations.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include revenue targets, relevant regulatory approvals, financial efficiencies, amongst other operational matters.

The long-term incentives ('LTI') include long service leave and share-based payments. These may include increase in shareholders' value relative to the entire market and the increase compared to the Consolidated Entity's direct competitors.

Following the restructure of the Board and senior management during the year the Company is currently in the process of updating its STI and LTI programs.

Voting and comments made at the Company's 11 November 2021 Annual General Meeting ('AGM') At the 11 November 2021 AGM, 96.87% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

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. Unless otherwise noted, the named persons were key management personnel for the whole of the period ended 30 June 2022.

The key management personnel of the Consolidated Entity consisted of the following Directors of Medibio Limited:

- Ms Melanie Leydin, Non-Executive Director
- Mr Stephen Mitchley, Non-Executive Director (appointed as on 17 February 2022)
- Dr Matthew Mesnik M.D., Non-Executive Director (appointed as on 05 March 2022)
- Mr Peter Carlisle, Non-Executive and Lead Independent Director (resigned as on 10 June 2022)
- Mr Claude Solitario, Managing Director and CEO (resigned as on 22 June 2022)

30 June 2022	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Termination benefits	
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
P Carlisle (2)	31,429	-	-	-	-	11,250	-	42,679
S Mitchley (3)	-	-	-	-	-	18,750	-	18,750
M Mesnik	15,000	-	-	-	-	-	-	15,000
M Leydin (1)	99,495	-	-	-	-	-	-	99,495
<i>Executive Directors:</i>								
C Solitario	182,640	-	-	22,901	-	-	45,248	250,789
	328,564	-	-	22,901	-	30,000	45,248	426,713

- (1) Includes Director fees and other fees payable to Leydin Freyer through 31 October 2021, of which Melanie Leydin was a director. Effective 1st November 2021, Vistra acquired Leydin Freyer, subsequent to which Vistra is not a related party of Medibio and accordingly only director's fees have been included herein.
- (2) Equity component was settled on 10 December 2021 by the issue of 5,989,625 shares at \$0.009 (0.9 cents) per fully paid ordinary share in lieu of Director Fees for the period 1 July 2020 to 30 September 2021. The cash component is expected to be settled in 2023 FY
- (3) Subject to shareholder approval, the amount is expected to be settled through the issue of fully paid ordinary shares.

30 June 2021	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled		
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
P Carlisle (2)	-	-	-	-	-	-	45,000	45,000
M Leydin (1)	165,945	-	-	-	-	-	-	165,945
<i>Executive Directors:</i>								
C Solitario	136,986	-	-	13,013	-	-	92,025	242,024
	302,931	-	-	13,013	-	-	137,025	452,969

- (1) Includes Director fees and fees paid to Leydin Freyer, of which Melanie Leydin is a director, in respect of the Company Secretarial Services. No additional fees were paid in respect of Mr Watkins Joint Company Secretarial appointment.
- (2) Settled on 10 December 2021 by the issue of 5,989,625 fully paid ordinary shares at \$0.009 (0.9 cents) per fully paid ordinary share, in lieu of Director Fee for the period 1 July 2020 to 30 September 2021.

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
<i>Non-Executive Directors:</i>						
P Carlisle	74%	-	-	-	26%	100%
S Mitchley	-	-	-	-	100%	-
M Mesnik	100%	-	-	-	-	-
M Leydin	100%	100%	-	-	-	-
<i>Executive Directors:</i>						
C Solitario	100%	62%	-	-	-	38%

Share-based compensation

Issue of shares

Details of shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2022 are set out below:

Name	Date	Shares	Issue price	Value \$
P Carlisle	10/12/2021	5,989,625	\$0.009	56,250

Options

There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2022.

Additional information

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

	2022 \$	2021 \$	2020 \$	2019 \$	2018 \$
Revenue and other income	1,007,720	1,265,823	932,831	4,132,291	2,600,592
Net profit/(loss) before tax	(12,715,807)	(1,486,602)	(3,872,404)	(6,587,039)	(16,300,382)
Net profit/(loss) after tax	(12,715,807)	(1,486,602)	(3,872,404)	(6,587,039)	(16,300,382)

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

	2022	2021	2020	2019	2018
Share price at financial year start (cents)	0.70	0.60	0.90	12.62	33.65
Share price at financial year end (cent)	0.15	0.70	0.60	0.90	12.62
Basic earnings per share (cents per share)	(0.62)	(0.10)	(0.44)	(3.05)	(8.81)

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	Disposals/ Held on resignation/ appointment	Balance at the end of the year
<i>Ordinary shares</i>					
C Solitario	52,220,086	-	-	(52,220,086)	-
P Carlisle	125,500	5,989,625	-	(6,115,125)	-
M Leydin	-	-	-	-	-
S Mitchley	-	-	-	-	-
M Mesnik	-	-	-	1,333,333	1,333,333
	52,345,586	5,989,625	-	(57,001,878)	1,333,333

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	Exercised	Expired/ Held on resignation	Balance at the end of the year
<i>Options over ordinary shares</i>					
C Solitario	51,583,040	-	-	(51,583,040)	-
P Carlisle	8,159,556	-	-	(8,159,556)	-
M Leydin	4,800,000	-	-	-	4,800,000
	64,542,596	-	-	(59,742,596)	4,800,000

This concludes the remuneration report, which has been audited.

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
11/09/2017	11/10/2022	\$0.450	2,000,000
21/06/2018	18/06/2023	\$0.450	1,350,000
15/05/2019	13/06/2023	\$0.014	14,500,000
19/07/2019	14/06/2023	\$0.010	9,500,000
19/08/2019	19/08/2023	\$0.020	2,600,000
19/08/2019	19/08/2024	\$0.015	3,750,000
19/08/2019	19/08/2024	\$0.015	4,000,000
22/11/2019	20/12/2023	\$0.011	8,800,000
18/06/2020	06/10/2023	\$0.012	1,800,000
09/10/2020	06/10/2023	\$0.012	5,510,500
08/12/2020	06/12/2023	\$0.012	2,900,000
8/12/2020	8/12/2025	\$0.011	11,250,000
15/02/2021	28/02/2024	\$0.015	55,555,555
15/02/2021	28/02/2024	\$0.015	59,114,285
08/04/2021	28/02/2024	\$0.015	27,777,778
08/04/2021	28/02/2024	\$0.015	27,777,676
08/04/2021	28/02/2024	\$0.015	34,885,715
18/01/2022	1/10/2025	\$0.010	2,000,000
18/02/2022	28/02/2024	\$0.005	225,024,625
11/03/2022	28/02/2024	\$0.005	72,944,876
11/05/2022	28/02/2024	\$0.015	22,502,462
18/08/2022	15/05/2027	\$0.004	923,603,671
18/08/2022	15/05/2027	\$0.004	27,708,110
			1,546,855,253

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate. No shares were issued on the exercise of options during the year.

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the Company

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

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amount paid or payable to the auditor (William Buck (Qld)) for audit and non-audit services provided during the year are set out in Note 24 .

The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Audit and Risk Committee (or in its absence the Board) to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in Professional Statement APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Boards, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Officers of the Company who are former partners of

There are no officers of the Company who are former partners of William Buck (Qld).

Auditor's independence declaration


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

Auditor

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

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

For and on behalf of the Directors



Melanie Leydin
Non-Executive Director

30 September 2022

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

I declare that, to the best of my knowledge and belief during the year ended 30 June 2022 there have been:

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

William Buck

William Buck (Qld)
ABN 21 559 713 106

M. Monaghan

M J Monaghan
Director

Dated this 30th day of September 2022

For personal use only

Medibio Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022



		Consolidated	
	Note	30 June 2022	30 June 2021
		\$	\$
Revenue			
Sales	5	40,038	101,656
Other income	6	967,682	1,164,167
Expenses			
Cost of sales		(1,070)	(170,700)
Employee costs	7	(705,654)	(634,856)
Research and development expenses		(802,896)	(430,770)
Finance costs	8	(8,691)	(16,282)
Depreciation and amortisation expense		(383,668)	(198,518)
Other expenses	9	(1,784,932)	(1,301,299)
Impairment expense	14	(10,036,616)	-
Loss before income tax expense		(12,715,807)	(1,486,602)
Income tax expense	10	-	-
Loss after income tax expense for the year attributable to the Owners of Medibio Limited		(12,715,807)	(1,486,602)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		59,003	109,742
Other comprehensive income for the year, net of tax		59,003	109,742
Total comprehensive income for the year attributable to the Owners of Medibio Limited		(12,656,804)	(1,376,860)
		Cents	Cents
Basic loss per share	30	(0.62)	(0.10)
Diluted loss per share	30	(0.62)	(0.10)

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

Medibio Limited
Statement of financial position
As at 30 June 2022



		Consolidated	
	Note	30 June 2022	30 June 2021
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	11	1,032,566	2,311,552
Trade and other receivables	12	-	32,156
Other current assets		167,237	320,735
Total current assets		<u>1,199,803</u>	<u>2,664,443</u>
Non-current assets			
Other assets		14,632	6,757
Right-of-use assets	13	65,406	23,076
Intangibles	14	7,207,859	14,685,301
Total non-current assets		<u>7,287,897</u>	<u>14,715,134</u>
Total assets		<u>8,487,700</u>	<u>17,379,577</u>
Liabilities			
Current liabilities			
Trade and other payables	15	1,001,272	760,794
Lease liabilities		66,419	24,811
Employee benefits	16	238,961	133,075
Other liabilities	17	75,179	45,000
Total current liabilities		<u>1,381,831</u>	<u>963,680</u>
Total liabilities		<u>1,381,831</u>	<u>963,680</u>
Net assets		<u>7,105,869</u>	<u>16,415,897</u>
Equity			
Issued capital	18	99,446,432	96,066,735
Reserves	19	6,244,776	6,218,694
Accumulated losses		(98,585,339)	(85,869,532)
Total equity		<u>7,105,869</u>	<u>16,415,897</u>

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

Medibio Limited
Statement of changes in equity
For the year ended 30 June 2022



Consolidated	Issued capital \$	Foreign currency translation reserves \$	Share based payments reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	91,669,201	(123,019)	5,446,136	(84,382,930)	12,609,388
Loss after income tax expense for the year	-	-	-	(1,486,602)	(1,486,602)
Other comprehensive income for the year, net of tax	-	109,742	-	-	109,742
Total comprehensive income for the year	-	109,742	-	(1,486,602)	(1,376,860)
<i>Transactions with Owners in their capacity as Owners:</i>					
Contributions of equity (note 18)	5,549,696	-	-	-	5,549,696
Share-based payments (note 31)	-	-	785,835	-	785,835
Share issue costs	(1,152,162)	-	-	-	(1,152,162)
Balance at 30 June 2021	96,066,735	(13,277)	6,231,971	(85,869,532)	16,415,897

Consolidated	Issued capital \$	Foreign currency translation reserves \$	Share based payments reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	96,066,735	(13,277)	6,231,971	(85,869,532)	16,415,897
Loss after income tax expense for the year	-	-	-	(12,715,807)	(12,715,807)
Other comprehensive income for the year, net of tax	-	59,003	-	-	59,003
Total comprehensive income for the year	-	59,003	-	(12,715,807)	(12,656,804)
<i>Transactions with Owners in their capacity as Owners:</i>					
Contributions of equity, (note 18)	3,575,195	-	-	-	3,575,195
Share-based payments (note 31)	-	-	(32,921)	-	(32,921)
Share issue costs	(195,498)	-	-	-	(195,498)
Balance at 30 June 2022	99,446,432	45,726	6,199,050	(98,585,339)	7,105,869

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

Medibio Limited
Statement of cash flows
For the year ended 30 June 2022



	Consolidated	
Note	30 June 2022	30 June 2021
	\$	\$
Cash flows from operating activities		
	40,038	149,022
Receipts from operations		
	100,727	312,652
Government grants		
	864,768	803,168
R&D grants received		
	<u>(2,666,401)</u>	<u>(2,965,728)</u>
Payments to suppliers and employees		
Net cash used in operating activities	29 <u>(1,660,868)</u>	<u>(1,700,886)</u>
Cash flows from investing activities		
	2,270	1,330
Interest received		
	<u>(2,970,111)</u>	<u>(1,833,285)</u>
Payments for intangibles		
Net cash used in investing activities	<u>(2,967,841)</u>	<u>(1,831,955)</u>
Cash flows from financing activities		
	3,379,923	4,974,242
Proceeds from issue of shares (net of transaction costs)		
	<u>(89,203)</u>	<u>(52,094)</u>
Payment of lease liabilities		
Net cash from financing activities	18 <u>3,290,720</u>	<u>4,922,148</u>
Net increase/(decrease) in cash and cash equivalents	(1,337,989)	1,389,307
Cash and cash equivalents at the beginning of the financial year	2,311,552	812,503
Effects of exchange rate changes on cash and cash equivalents	<u>59,003</u>	<u>109,742</u>
Cash and cash equivalents at the end of the financial year	11 <u><u>1,032,566</u></u>	<u><u>2,311,552</u></u>

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

Note 1. General information

Medibio Limited ('Medibio', 'the Company', or 'the Parent') is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of Medibio Limited and the entities it controlled ('the Group') are described in the Directors' Report.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2022.

Note 2. Significant accounting policies

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

Going concern

As at 30 June 2022, the Group had a net asset position of \$7,105,869 (30 June 2021: \$16,415,897). As at 30 June 2022 it had:

- Incurred a comprehensive loss for the period of \$12,656,804 (30 June 2021 \$1,376,860)
- Net cash outflows from operations of \$1,660,868 (30 June 2021: \$1,700,886)
- Cash at bank of \$1,032,566 (30 June 2021: \$2,311,552)
- Current liabilities exceed current assets by \$182,028 (30 June 2021 current assets exceed current liabilities by: \$1,700,763)

These factors indicate a material uncertainty exists which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Group's ability to continue as a going concern is dependent upon raising of further equity and the receipt of grant funding, research and development tax incentives and to a lesser extent the generation of cash from subscriptions fee received from ilumen and LUCA, the sufficiency of current cash reserves to meet existing obligations and the ability to reschedule planned research and development activity.

The Directors have assessed the operating and research costs along with future research and development activities in order to establish future funding requirements. Medibio undertook a comprehensive review of internal operations to identify costs savings, these savings being applied predominantly to the monetisation of ilumen™ and LUCA and focusing the Group's resources in the interim period on the FDA approval process for MEB-001 programme, including engaging with technology contractors possessing the specific skills needed for such work, thereby providing greater flexibility in managing future outflows.

The Group has historically demonstrated a strong record of securing funding in order to fund the Group's operations and the Board is confident that it will be able to secure additional funding, as and when needed, in the foreseeable future.

Accordingly, the directors believe the Group will be able to pay its debts as and when they fall due for a period of at least 12 months from the date of signing the financial statements.

As a consequence of the above, the directors believe that notwithstanding the results for the year, the Group will be able to continue as a going concern and therefore, these financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Basis of preparation

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

Note 2. Significant accounting policies (continued)

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

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

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 26.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Medibio Limited ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Medibio Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

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

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

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

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

Foreign currency translation

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

Foreign currency transactions

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

Foreign operations

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

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

Note 2. Significant accounting policies (continued)

Income tax

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

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

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

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

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

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

Current and non-current classification

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

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

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

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

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

The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 14. The estimate of recoverable amount involves significant judgement.

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

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

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

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

Note 2. Significant accounting policies (continued)

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

Lease Liabilities

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

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

Right-of-use assets

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2022. The Consolidated Entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'). These standards did not have an impact on the Group.

Note 3. Critical accounting judgements, estimates and assumptions

In applying the Group's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Estimation of useful lives of assets

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

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

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

The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The estimate of recoverable amount involves inherent uncertainty and significant judgement. Development costs and work in progress intangible assets the ability to generate sufficient future economic benefits is subject to greater uncertainty as the assets are not yet available for use.

Impairment of assets and investments

The Group determines whether non-current assets (excluding goodwill and indefinite useful life intangible assets) should be tested for impairment based on identified impairment triggers. At the end of each reporting period management assesses the impairment triggers based on their knowledge and judgement. Where an impairment trigger is identified, an estimate of the recoverable amount is determined and a conclusion reached as to the necessity to recognise an impairment. For development costs and work in progress intangible assets the ability to generate sufficient future economic benefits is subject to greater uncertainty as the assets are not yet available for use.

Capitalisation of Development costs

The Group capitalises development costs when it is probable that the project will be a success; the Group is able to use or sell the asset; has sufficient resources; the intent to complete the development and costs can be measured reliably. This involves significant judgement.

Share based payments

The Group measures the cost of equity-settled transactions with employees, directors and advisors with reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Binomial or Black-scholes method taking into account the terms and conditions upon which they were granted. These calculations can involve significant estimates and judgements.

Note 4. Operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Company has one operating segment, being the research, development and commercialisation of its Software as a Service product, and two geographical locations, being Australia and the United States. The US based subsidiary is maintained to support US and Canadian research, development, and commercialisation activities.

Revenue earned during 2022 was sourced from both Australia and USA.

All assets reside in two geographical regions being Australia \$7,584,164 (2021: \$17,212,030) and USA -\$478,295 (2021: \$167,547).

Note 5. Sales

Sales from operations

Consolidated	
30 June 2022	30 June 2021
\$	\$
40,038	101,656

Revenue recognition

The Consolidated Entity recognises revenue as follows:

Note 5. Sales (continued)

Revenue from contracts with customers

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

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

Sale of goods

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

Rendering of services

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

Interest

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

Other revenue

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

Government grants and assistance

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. From 1 July 2011, the Australian Government has provided a tax incentive, in the form of a refundable tax offset of 43.5%, for eligible research and development activities and expenditure during the period. For the period ended 30 June 2022, the Group has received research and development tax incentive income of \$864,694 (2021: \$803,168). In addition, during the year ended 30 June 2022 the Group also received Covid-19 financial support from the US Government amounting to \$100,718 (2021: \$312,652).

Note 6. Other income

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
R&D grant received	864,694	803,168
Other income	-	47,017
Interest received	2,270	1,330
Government grants	100,718	312,652
	<u>967,682</u>	<u>1,164,167</u>

Note 7. Employee costs

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Wages and salaries	618,053	352,921
Share-based compensation expense	(32,921)	221,625
Payroll taxes and benefits	53,697	41,126
Other employee expenses	-	6,170
Superannuation	66,825	13,014
	<u>705,654</u>	<u>634,856</u>

Disclosures relating to share-based payment are set out in note 31

Note 8. Finance costs

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Lease financing costs	3,373	9,991
Other finance costs	5,318	6,291
	<u>8,691</u>	<u>16,282</u>

Note 9. Other expenses

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Consulting and advisory expenses	770,479	620,573
Business development and travel related costs	261,538	22,728
Insurance	158,611	111,484
Listing fees and share registry charges	153,372	58,412
Legal fees	72,026	62,542
Sales and marketing	20,155	7,092
Other administration expenses	348,751	418,468
	<u>1,784,932</u>	<u>1,301,299</u>

Note 10. Income tax expense

	Consolidated	30 June 2021
	30 June 2022	30 June 2021
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(12,715,807)	(1,486,602)
Tax at the statutory tax rate of 25% (2021: 26%)	(3,178,952)	(386,517)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax effect of temporary differences and current year loss not brought to account	3,178,952	386,517
Income tax expense	<u>-</u>	<u>-</u>

The potential deferred tax asset will only be obtained if:

- (i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- (iii) no changes in tax legislation adversely affect the Group in realising the benefit.

At 30 June 2022, there is no recognised or unrecognised deferred tax liability (2021: nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, as the Group has no liability for additional taxation should such amounts be remitted.

Tax consolidation

Effective 1 July 2003, for the purposes of income taxation, Medibio Limited and its 100% owned subsidiaries have formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

Tax accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding arrangement. The tax funding arrangement provides for the allocation of current taxes to members of the tax consolidated group in accordance with the available fractions belonging to each subsidiary, which is directly linked to prior year losses that have been accumulated. In the event of the Company generating future taxable profits, the tax losses will be absorbed according to the available fractions within the group.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' intercompany accounts with the tax consolidated group head company, Medibio Limited. The Group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

Note 11. Current assets - cash and cash equivalents

	Consolidated	30 June 2021
	30 June 2022	30 June 2021
	\$	\$
Cash at bank	<u>1,032,566</u>	<u>2,311,552</u>

Accounting policy for cash and cash equivalents

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

Note 12. Current assets - trade and other receivables

	Consolidated	30 June 2021
	30 June 2022	30 June 2021
	\$	\$
Trade receivables	<u>-</u>	<u>32,156</u>

Accounting policy for trade and other receivables

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

The Consolidated Entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

Note 13. Non-current assets - right-of-use assets

	Consolidated	30 June 2021
	30 June 2022	30 June 2021
	\$	\$
Right-of-use assets - land and buildings	130,811	230,762
Less: Accumulated depreciation	<u>(65,405)</u>	<u>(207,686)</u>
	<u>65,406</u>	<u>23,076</u>

The Consolidated Entity lease land and buildings for its offices under agreement of 18 months with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations

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

Consolidated	Land and buildings
	\$
Balance at 1 July 2021	23,076
Additions	130,811
Depreciation expense	<u>(88,481)</u>
Balance at 30 June 2022	<u>65,406</u>

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

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

Note 14. Non-current assets - intangibles

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Goodwill - at cost	444,999	444,999
Goodwill - Acquisition of Vital Conversations Pty Ltd	309,100	309,100
Goodwill - Impairment	(754,099)	(754,099)
	<u>-</u>	<u>-</u>
Capitalized Development Costs	4,247,051	4,381,065
Less: Impairment	(2,241,972)	-
	<u>2,005,079</u>	<u>4,381,065</u>
Luca Consumer app Development - at cost	1,456,214	-
Less: Accumulated amortisation	(145,033)	-
	<u>1,311,181</u>	<u>-</u>
Ilumen Application Development - at cost	750,772	750,772
Less: Accumulated amortisation	(300,308)	(150,154)
	<u>450,464</u>	<u>600,618</u>
MEB-001 Application Development - at cost	<u>3,441,135</u>	<u>1,908,974</u>
Data files - at cost	7,794,644	7,794,644
Less: Impairment	(7,794,644)	-
	<u>-</u>	<u>7,794,644</u>
	<u><u>7,207,859</u></u>	<u><u>14,685,301</u></u>

Reconciliations

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

	Goodwill	Capitalised Development Costs	Luca Consumer app	Ilumen Application	MEB-001 Application	Data file	Total
Consolidated	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	-	3,283,941	-	750,772	1,172,813	7,794,644	13,002,170
Additions	-	1,097,124	-	-	736,161	-	1,833,285
Amortisation expense	-	-	-	(150,154)	-	-	(150,154)
	<u>-</u>	<u>4,381,065</u>	<u>-</u>	<u>600,618</u>	<u>1,908,974</u>	<u>7,794,644</u>	<u>14,685,301</u>
Balance at 30 June 2021	-	4,381,065	-	600,618	1,908,974	7,794,644	14,685,301
Additions	-	1,322,200	-	-	1,532,161	-	2,854,361
Impairment of assets	-	(2,241,972)	-	-	-	(7,794,644)	(10,036,616)
Transfers in/(out)	-	(1,456,214)	1,456,214	-	-	-	-
Amortisation expense	-	-	(145,033)	(150,154)	-	-	(295,187)
	<u>-</u>	<u>2,005,079</u>	<u>1,311,181</u>	<u>450,464</u>	<u>3,441,135</u>	<u>-</u>	<u>7,207,859</u>
Balance at 30 June 2022	<u><u>-</u></u>	<u><u>2,005,079</u></u>	<u><u>1,311,181</u></u>	<u><u>450,464</u></u>	<u><u>3,441,135</u></u>	<u><u>-</u></u>	<u><u>7,207,859</u></u>

Note 14. Non-current assets - intangibles (continued)

Accounting policy for intangible assets

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

Goodwill

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

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Consolidated Entity is able to use or sell the asset; the Consolidated Entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Luca consumer App and ilumen application are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years. Other capitalised development costs are not yet available for use but will have a finite life once completed and ready for use.

Based on an impairment assessment of capitalised development costs done on an individual assets basis, the continuing development of a number of projects is uncertain, as a result of which capitalised development costs of \$2,241,972 has been impaired to reflect the current expectations of future economic benefits achievable. No further impairment was required on the remaining costs capitalised.

Data files

The Company has conducted a review for indicators of impairment and conducted an impairment test on the Invatec data files. The Invatec data files were acquired by Medibio Limited (formerly BioProspect) in a business combination transaction in April 2015. At that time, the data files were assigned a value of A\$7.79 million as part of the purchase price allocation. These original files consisted of all the data collected by Invatec over the 15 years prior to acquisition.

Management has performed a review of the ongoing relevance of the Invatec files to its active projects and concluded that in the current circumstances and based on the current stage of development, the Invatec files intrinsically do not potentially generate future economic benefits nor do they play a material role in this process for any of the Company's focus areas. Accordingly, the data files would be impaired in full. Impairment losses are recognised in the Statement of Profit or Loss.

Note 15. Current liabilities - trade and other payables

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Trade payables	<u>1,001,272</u>	<u>760,794</u>

Refer to note 21 for further information on financial instruments.

Accounting policy for trade and other payables

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

Note 16. Current liabilities - employee benefits

	Consolidated	30 June 2021
	30 June 2022	\$
Employee benefits	238,961	133,075

Accounting policy for 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.

Note 17. Current liabilities - Other liabilities

	Consolidated	30 June 2021
	30 June 2022	\$
Accrued director fees	75,179	45,000

Note 18. Equity - issued capital

	Consolidated			
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	2,756,490,117	1,795,061,498	99,446,432	96,066,735

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	1,094,796,705		91,669,201
Underwritten Non-Renounceable Entitlement Offer	13 July 2020	252,865,843	\$0.006	1,517,195
Exercise of options	26 August 2020	21	\$0.030	1
Shares issued via placement	15 February 2021	222,222,222	\$0.009	2,000,000
Shares issued via placement	8 April 2021	111,111,111	\$0.009	1,000,000
Shares issued via SPP	8 April 2021	111,111,051	\$0.009	1,000,000
Shares issued for settlement of payables	18 May 2021	2,954,545	\$0.011	32,500
Share issue costs				(1,152,162)
Balance	30 June 2021	1,795,061,498		96,066,735
Issue of Shares in lieu of Director Fee for a Non-Executive director for the period 1 July 2020 to 30 September 2021	10 December 2021	5,989,625	\$0.009	56,250
Issue of shares	20 December 2021	260,000,000	\$0.005	1,300,000
Issue of shares	18 February 2022	190,049,250	\$0.005	950,246
Issue of shares	11 March 2022	145,889,750	\$0.005	729,449
Issue of shares	28 June 2022	359,499,994	\$0.002	539,250
Share issue costs				(195,498)
Balance	30 June 2022	2,756,490,117		99,446,432

Note 18. Equity - issued capital (continued)

Ordinary shares

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

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

Share buy-back

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

Capital risk management

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

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

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 capital risk management policy remains unchanged from the 2021 Annual Report.

Accounting policy for issued capital

Ordinary shares are classified as equity.

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

Note 19. Equity - reserves

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Share based payment reserve	6,199,050	6,231,971
Foreign currency translation reserve	45,726	(13,277)
	<u>6,244,776</u>	<u>6,218,694</u>

Note 19. Equity - reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below (Disclosures for share based payment please refer to Note 31):

Consolidated	Foreign currency translation reserve \$	Share Based payments reserve \$	Total \$
Balance at 1 July 2020	(123,019)	5,446,136	5,323,117
Foreign currency translation	109,742	-	109,742
Share options issued	-	785,835	785,835
Balance at 30 June 2021	(13,277)	6,231,971	6,218,694
Foreign currency translation	59,003	-	59,003
Share based payments	-	(32,921)	(32,921)
Balance at 30 June 2022	<u>45,726</u>	<u>6,199,050</u>	<u>6,244,776</u>

Note 20. Equity - dividends

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

Note 21. Financial instruments

Financial risk management objectives

The Group's principal financial instruments comprise receivables, payables, cash, investments and short-term deposits.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, foreign exchange risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring the levels of exposure to interest rates and assessments of market forecast for interest rates.

Market risk

Foreign currency risk

The Group is exposed to fluctuations in foreign currencies on purchases of goods in currencies other than the Group's functional currency. The Group manages the risk by monitoring the level of exposure to foreign currency transactions and limiting where possible.

The average exchange rates and reporting date exchange rates applied were as follows:

Australian dollars	Average exchange rates		Reporting date exchange rates	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
US dollars	0.7258	0.7468	0.6889	0.7518

The carrying amount of the Consolidated Entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

Consolidated	Assets	
	30 June 2022	30 June 2021
	\$	\$
US dollars	<u>468,796</u>	<u>151,665</u>

Note 21. Financial instruments (continued)

Interest rate risk

The Group had no interest-bearing financial liabilities at the reporting date. The variance in market interest rates on interest income is not material.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's maximum exposures to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position. The Group minimises concentrations of credit risk in relation to trade receivables by having payment terms of 30 days and receivable balances are monitored on an ongoing basis with the result that the Group has currently never had an exposure to bad debts.

Liquidity risk

The Group's objective is to maintain sufficient funds to finance its current operations and additional funds to ensure its long-term survival. The Group has no finance facilities in place and therefore it is currently dependent on capital raisings and government tax incentives for short-term survival. Liquidity risk is monitored through the development of future rolling cash flow forecasts that are tabled and reviewed at each board meeting. All liabilities are due and payable within 12 months.

Note 22. Fair value measurement

Accounting policy for fair value measurement

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

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

Note 23. Key management personnel disclosures

Directors

The following persons were Directors of Medibio Limited during the financial year:

- Ms Melanie Leydin, Non-Executive Director
- Mr Stephen Mitchley Non-Executive Director (appointed as on 17 February 2022)
- Dr Matt Mesnik M.D., Non-Executive Director (appointed as on 05 March 2022)
- Mr Peter Carlisle, Non-Executive and Lead Independent Director (resigned as on 10 June 2022)
- Mr Claude Solitario, Managing Director (resigned as on 22 June 2022)

Other key management personnel

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, during the financial year:

Mr Mathew Watkins

Note 23. Key management personnel disclosures (continued)

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Consolidated Entity is set out below:

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
Short-term employee benefits	328,564	302,931
Post-employment benefits	22,901	13,013
Share-based payments	30,000	137,025
Termination benefits	45,248	-
	<u>426,713</u>	<u>452,969</u>

Note 24. Remuneration of auditors

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

	Consolidated	
	30 June 2022	30 June 2021
	\$	\$
<i>Audit services -</i>		
Audit or review of the financial statements	<u>38,500</u>	<u>37,000</u>
<i>Other services -</i>		
Tax compliance	<u>12,650</u>	<u>13,125</u>
	<u>51,150</u>	<u>50,125</u>

Note 25. Related party transactions

Parent entity

Medibio Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 27.

Key management personnel

Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the Directors' report.

Transactions with related parties

Disclosures relating to related party payable/accrued are set out in note 17 and the remuneration report included in the Directors' report.

Note 26. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2022	30 June 2021
	\$	\$
Loss after income tax	(10,818,465)	(707,413)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	(10,818,465)	(707,413)

Statement of financial position

	Parent	
	30 June 2022	30 June 2021
	\$	\$
Total current assets	693,874	2,457,927
Total non-current assets	7,740,684	19,353,328
Total assets	8,434,558	21,811,255
Total current liabilities	340,026	605,839
Total non-current liabilities	-	6,149,563
Total liabilities	340,026	6,755,402
Net assets	<u>8,094,532</u>	<u>15,055,853</u>
Equity		
Issued capital	99,445,002	96,066,735
Share based payment reserve	5,115,378	5,148,298
Accumulated losses	(96,465,858)	(86,159,180)
Total equity	<u>8,094,532</u>	<u>15,055,853</u>

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 and 30 June 2021.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

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 27. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2022 %	30 June 2021 %
BioProspect Australia Pty Ltd*	Australia	100%	100%
Australian Phytochemicals Pty Ltd*	Australia	100%	100%
BioProspect America Pty Ltd*	Australia	100%	100%
Medibio Limited – USA**	USA - Delaware	100%	100%
Invatec Health Pty Ltd*	Australia	100%	100%
Annapanna Pty Ltd**	Australia	100%	100%

* Dormant entities

** Human health – CHR diagnostic development

Note 28. Events after the reporting period

On 21 July 2022, the Consolidated Entity announced Sleep Analysis of Depressive Burden Study Clinical Trial Commencement. The study's goal is to re-train the algorithm based on the additional primary endpoint (MINI) and test algorithm performance for sensitivity, specificity, and negative and positive predictive values; and algorithm lockdown will take place after the FDA pre-submission meeting upon completion of the study, expected to be completed in 15-16 weeks from commencement.

On 15 August 2022, the Consolidated Entity held a General Meeting at which it approved the issue of 564,103,677 fully paid ordinary shares at an issue price of \$0.0015 (1.5 cents) per share, subsequent to which on 25 August 2022, the Consolidated Entity announced the issue of 564,103,677 fully paid ordinary shares at an issue price of \$0.0015 (1.5 cents) per share. This is the second tranche of the issue announced on 22 June 2022 above.

On 19 September 2022, the Consolidated Entity appointed Mr. Tom Young as CEO of the Company.

No other 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.

Note 29. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 30 June 2022 \$	30 June 2021 \$
Loss after income tax expense for the year	(12,715,807)	(1,486,602)
Adjustments for:		
Interest received	(2,270)	(1,330)
Impairment expense	10,036,616	-
Share-based payments and share-based compensation expense	(32,921)	254,126
Depreciation and amortisation	383,668	198,518
Change in operating assets and liabilities:		
Decrease/(increase) in prepayments	153,498	(232,533)
(Increase) / decrease in trade and other receivables	24,281	349
(Decrease) / increase in trade and other payables	386,181	(443,426)
(Decrease) / increase in employee entitlements	105,886	10,012
Net cash used in operating activities	<u>(1,660,868)</u>	<u>(1,700,886)</u>

Note 30. Earnings per share

	Consolidated	Consolidated
	30 June 2022	30 June 2021
	\$	\$
Loss after income tax attributable to the Owners of Medibio Limited	<u>(12,715,807)</u>	<u>(1,486,602)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	<u>2,050,209,902</u>	<u>1,471,728,946</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>2,050,209,902</u>	<u>1,471,728,946</u>
	Cents	Cents
Basic earnings per share	(0.62)	(0.10)
Diluted earnings per share	(0.62)	(0.10)

Accounting policy for earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Note 31. Share-based payments

Expense recognised for employee services received during the year

	Consolidated	Consolidated
	2022	2021
	\$	\$
Share-based compensation related to options granted to employees	<u>(39,926)</u>	<u>84,601</u>

Expense recognised for consulting services received during the year

	Consolidated	Consolidated
	2022	2021
	\$	\$
Share-based compensation related to options granted to directors	<u>-</u>	<u>92,025</u>

Expense recognised for other services received during the year

	Consolidated	Consolidated
	30 June 2022	30 June 2021
	\$	\$
Share-based compensation related to options granted for settlement of services	<u>7,005</u>	<u>609,209</u>

Note 31. Share-based payments (continued)

Set out below are summaries of options granted:

30 June 2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
19/08/2019	01/12/2021	\$0.030	836,328,519	-	-	(836,328,519)	-
11/09/2017	11/10/2022	\$0.450	2,000,000	-	-	-	2,000,000
06/06/2018	18/06/2022	\$0.440	3,637,113	-	-	(3,637,113)	-
21/06/2018	18/06/2023	\$0.450	1,350,000	-	-	-	1,350,000
15/05/2019	13/06/2023	\$0.014	14,500,000	-	-	-	14,500,000
19/07/2019	14/06/2023	\$0.014	9,500,000	-	-	-	9,500,000
19/08/2019	19/08/2023	\$0.020	2,600,000	-	-	-	2,600,000
19/08/2019	19/08/2024	\$0.015	7,750,000	-	-	-	7,750,000
22/11/2019	20/12/2023	\$0.011	8,800,000	-	-	-	8,800,000
06/02/2020	02/06/2022	\$0.030	7,500,000	-	-	(7,500,000)	-
18/06/2020	02/06/2022	\$0.030	20,000,000	-	-	(20,000,000)	-
18/06/2020	06/10/2023	\$0.012	1,800,000	-	-	-	1,800,000
09/10/2020	06/10/2023	\$0.012	16,000,000	-	-	(10,489,500)	5,510,500
08/12/2020	06/12/2023	\$0.012	2,900,000	-	-	-	2,900,000
08/12/2020	08/12/2025	\$0.011	11,250,000	-	-	-	11,250,000
15/02/2021	28/02/2024	\$0.015	55,555,555	-	-	-	55,555,555
15/02/2021	28/02/2024	\$0.015	59,114,285	-	-	-	59,114,285
08/04/2021	28/02/2024	\$0.015	27,777,778	-	-	-	27,777,778
08/04/2021	28/02/2024	\$0.015	27,777,676	-	-	-	27,777,676
08/04/2021	28/02/2024	\$0.015	34,885,715	-	-	-	34,885,715
18/01/2022	01/10/2025	\$0.010	-	2,000,000	-	-	2,000,000
18/02/2022	28/02/2024	\$0.005	-	225,024,625	-	-	225,024,625
11/03/2022	28/02/2024	\$0.005	-	72,944,876	-	-	72,944,876
11/05/2022	28/02/2024	\$0.015	-	22,502,462	-	-	22,502,462
			1,151,026,641	322,471,963	-	(877,955,132)	595,543,472
Weighted average exercise price			\$0.025	\$0.006	\$0.000	\$0.032	\$0.012

30 June 2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
15/04/2021	06/10/2023	\$0.012	-	1,800,000	-	-	1,800,000
11/09/2017	11/10/2022	\$0.450	2,000,000	-	-	-	2,000,000
30/11/2017	30/11/2020	\$0.400	3,000,000	-	-	(3,000,000)	-
06/06/2018	18/06/2022	\$0.440	3,637,113	-	-	-	3,637,113
21/06/2018	18/06/2023	\$0.450	1,350,000	-	-	-	1,350,000
21/06/2018	11/10/2020	\$0.800	3,000,000	-	-	(3,000,000)	-
15/05/2019	13/06/2023	\$0.014	14,500,000	-	-	-	14,500,000
19/07/2019	14/06/2023	\$0.014	9,500,000	-	-	-	9,500,000
19/08/2019	19/08/2023	\$0.020	2,600,000	-	-	-	2,600,000
19/08/2019	19/08/2024	\$0.015	7,750,000	-	-	-	7,750,000
22/11/2019	20/12/2023	\$0.011	8,800,000	-	-	-	8,800,000
02/06/2020	02/06/2022	\$0.300	7,500,000	-	-	-	7,500,000
18/06/2020	02/06/2022	\$0.300	20,000,000	-	-	-	20,000,000
09/10/2020	06/10/2023	\$0.012	-	16,000,000	-	-	16,000,000
08/12/2020	08/12/2025	\$0.011	-	11,250,000	-	-	11,250,000
08/12/2020	06/10/2023	\$0.012	-	2,900,000	-	-	2,900,000
15/02/2021	28/02/2024	\$0.015	-	55,555,555	-	-	55,555,555
15/02/2021	28/02/2024	\$0.015	-	59,114,285	-	-	59,114,285
08/04/2021	28/02/2024	\$0.015	-	27,777,778	-	-	27,777,778
08/04/2021	28/02/2024	\$0.015	-	34,885,715	-	-	34,885,715
08/04/2021	28/02/2024	\$0.015	-	27,777,676	-	-	27,777,676
			83,637,113	237,061,009	-	(6,000,000)	314,698,122
Weighted average exercise price			\$0.097	\$0.012	\$0.000	\$0.600	\$0.025

Note 31. Share-based payments (continued)

Weighted average contractual maturities for options at 30 June 2022 was 1.66 years (2021: 2.47 years).

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

Grant date	Expiry date	Share price at grant date	Exercise price	Volatility	Risk-free interest rate	Fair value
18/01/2022	01/10/2025	\$0.005	\$0.010	122.00%	1.81%	\$0.00549

The Consolidated Entity issued 2 million unlisted options over fully paid ordinary shares with various expiring dates and various prices granted to members of the Company's Growth & Advocacy Advisory Board as remuneration.

The Consolidated Entity issued 22.5 million quoted options over fully paid ordinary shares on 11 May 2022 with an exercise price of 0.001 cents per fully paid ordinary share. The options expire 28 February 2024 and were issued for services rendered for capital raising initiatives. The fair value of these options upon issue was \$225, which is based on the price on grant date for these quoted options, which has been capitalised as share raising costs.

On 31 December 2021, 10.5 million options over fully paid ordinary shares with an expiry date of 6 October 2023 lapsed due to vesting conditions having not been, or having become incapable of being, satisfied.

Other options issued during the year included in the table above are not share based payments but included to show total options on hand and exercisable at 30 June 2022.

Accounting policy for share-based payments

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

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

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

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.

Note 31. Share-based payments (continued)

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.

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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.

For and on behalf of the Directors



Melanie Leydin
Non-Executive Director

30 September 2022

Medibio Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Medibio Limited (the Company and its subsidiaries (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 other explanatory information, and the directors' declaration.

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

- (i) 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 on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a total comprehensive loss of \$12,656,804 during the year ended 30 June 2022 and had net cash outflows from operations of \$1,660,868. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Capitalisation and Impairment of intangible assets	
Refer also to notes 2, 3 and 14	How our audit addressed it
<ul style="list-style-type: none"> — The Group has \$7.2 million of identifiable intangible assets (2021: \$14.7 million) including Development Costs of \$5.4million. During the year ended 30 June 2022 it capitalised \$3.1m in development costs and impaired existing development costs and its data files by \$10.03million. It has a further \$1.8m in intangible assets which are available for use and being amortised. — These product development costs are capitalised in accordance with the requirements of AASB 138 <i>Intangible Assets</i> as they relate to development of a product that can be and is commercialised and are not research activities — The carrying values of the identifiable intangible assets calls for significant judgement by the directors as the technology behind each component is still in development. The development costs are not yet available for use. Accounting standards require that these assets be tested for impairment annually by comparing its carrying amount with its recoverable amount. — For intangible assets with finite useful lives, the Group is required to review these for impairment whenever events or changes in circumstances indicate that their carrying value amounts may not be recoverable, and at least annually review whether there is any change in their expected useful life <p>Overall due to the high level of judgement involved, and the significant carrying amounts involved, we have determined that this is a key judgemental area that our audit concentrated on.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Reviewing management’s impairment assessments — Vouching additions to either contractor invoices or payroll records to ensure that the Group could substantiate the nexus of those costs to development activities; — Recomputing the amortisation charge for the year; and — Reviewing announcements to the market and holding discussions with management to confirm the progress of the development of the technology and outcomes of studies to determine if there were any other indicators of impairment for the intangible assets. <p>We also considered the adequacy of the Group’s disclosures in relation to identifiable intangible assets and the impairment expense.</p>

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SHARE BASED PAYMENTS

Refer also to notes 2, 3 and 31	How our audit addressed it
<p>The Group grants options to its Directors, service providers and key management personnel by way of share-based payment arrangements, including the issue of shares and options.</p> <p>The arrangements require significant judgements and estimations by management, including the following:</p> <ul style="list-style-type: none"> — Identification of the grant date of each arrangement, and the evaluation of the fair value of the underlying share-based payment arrangement as at that grant date; — The evaluation of the vesting charge taken to the profit or loss in-respect of the accrual of service and performance conditions attached to those share-based payment arrangements; — The evaluation of key inputs into the Black Scholes option pricing model, including the significant judgement of the forecast volatility of the share option over its exercise period. <p>The results of these share-based payment arrangements materially affect the amounts and disclosures in the financial statements.</p> <p>Due to the judgements and estimates required in appropriately valuing the share options this matter was considered to be a Key Audit Matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Understanding the terms of the options being issued including the number of options issued, grant date, expiry date, exercise price and the presence of any market or non-market conditions; — Evaluating the fair values of share-based payment arrangements by agreeing assumptions to third party evidence; and — Reviewing the inputs and re-testing the key assumptions into the valuation of the options. <p>We also considered the adequacy of the Group's disclosures in relation to Share Based Payments.</p>

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.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the 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 has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Medibio Limited, 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.

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William Buck

William Buck (Qld)
ABN 21 559 713 106

M. Monaghan

M J Monaghan
Director

Brisbane, 30 September 2022

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The shareholder information set out below was applicable as at 26 September 2022.

Distribution of equitable securities

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

	Number of holders of ordinary shares	Number of ordinary shares held	Percentage of ordinary shares held
Fully Paid Ordinary Shares			
1 - 1,000	264	75,065	0.00%
1,001 - 5,000	400	1,102,076	0.03%
5,001 - 10,000	164	1,282,097	0.04%
10,001 - 100,000	811	45,420,710	1.37%
100,001 Over	1,366	3,272,713,846	98.56%
	<u>3,005</u>	<u>3,320,593,794</u>	
	Minimum Parcel Size	Holders	Units
	<u>333,334</u>	<u>2,187</u>	<u>155,439,644</u>
Unmarketable parcels			
	Number of holders of listed options	Number of listed options	Percentage of listed options
Listed Options @ \$0.015 Exp 28 Feb 2024 (MEBOC)			
1 - 1,000	17	8,306	0.00%
1,001 - 5,000	11	23,111	0.00%
5,001 - 10,000	5	39,486	0.01%
10,001 - 100,000	107	4,455,156	0.85%
100,001 Over	220	521,056,913	99.14%
	<u>360</u>	<u>525,582,972</u>	
	Number of holders of unlisted options	Number of unlisted options	Percentage of unlisted options
1 - 1,000	-	-	0.00%
1,001 - 5,000	-	-	0.00%
5,001 - 10,000	-	-	0.00%
10,001 - 100,000	1	100,000	0.01%
100,001 Over	82	1,021,172,282	99.99%
	<u>83</u>	<u>1,021,272,282</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:

Name	Number of ordinary shares	% of total ordinary shares issued
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	279,680,611	8.42%
ROOKHARP CAPITAL PTY LIMITED	244,550,333	7.36%
SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	130,666,667	3.94%
MS SIHOL MARITO GULTOM	130,000,000	3.91%
MRS ZI JUAN QI <CHEN FAMILY A/C>	64,000,000	1.93%
MR RYAN JAMES ROWE	58,788,689	1.77%
MR JOHN YACOUB	55,000,000	1.66%
MRS YAN WANG <AUST WEST COAST TRAVEL A/C>	54,000,000	1.63%
3M HOLDINGS PTY LIMITED <3M INVESTMENT SPEC A/C>	40,000,000	1.20%
MR CLAUDE SOLITARIO <SOLITARIO FAMILY ACCOUNT>	38,666,300	1.16%
MR IAIN MILTON MCDOUGALL	37,196,683	1.12%
VENNER SUPERANNUATION PTY LTD <VENNER SUPERANNUATION A/C>	33,700,000	1.01%
MR RUSSELL JOHN BRAMSTON <NUMBER 2 A/C>	33,466,667	1.01%
MSB CONTENT PTY LTD <SHREEVE 2017 SUPER FUND A/C>	30,000,000	0.90%
UBS NOMINEES PTY LTD	27,307,199	0.82%
MR ALEX PO-TSUN CHU	27,180,325	0.82%
MR DANNY ALLEN PAVLOVICH <PAVLOVICH FAMILY SPEC 1 A/C>	27,000,000	0.81%
BNP PARIBAS NOMS PTY LTD <DRP>	25,946,696	0.78%
MRS GLORIA MARIA PHONG	24,162,068	0.73%
MR BENJAMIN JAMES OPIE <KTG FAMILY NO 2 A/C>	23,833,333	0.72%
	<u>1,385,145,571</u>	<u>41.71%</u>

The names of the twenty largest security holders of quoted options MEBOC are listed below:

Listed Options @ \$0.015 Exp 28 Feb 2024

Name	Number MEBOC options	% of total MEBOC options issued
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	38,825,863	7.39%
DRAGAN INV PTY LTD <DN SUPER FUND A/C>	32,000,000	6.09%
MS SIHOL MARITO GULTOM	31,000,000	5.90%
SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	29,000,000	5.52%
ROOKHARP CAPITAL PTY LIMITED	24,775,167	4.71%
MR JOHN YACOUB	22,500,000	4.28%
MR BRENT JOSEPH EVITT <B&J BE FUND A/C>	18,709,585	3.56%
MR ANTHONY DELL'AQUILA	16,000,000	3.04%
MR PETER ANDREW PROKSA	14,000,000	2.66%
MERCURY ANETAC CAPITAL PTY LTD	11,635,175	2.21%
MR KEVIN TREVOR WYATT	10,250,000	1.95%
FIRST INVESTMENT PARTNERS PTY LTD	10,000,000	1.90%
MR SAMUEL GERSHON JACOBS + MRS SARITA DEVI JACOBS + MISS MANEKHA	10,000,000	1.90%
BRIDGETTE JACOBS <THE PHOENIX SUPERFUND A/C>		
MR RYAN JAMES ROWE	10,000,000	1.90%
VENUS ANETAC PTY LTD <RGC FAMILY A/C>	8,325,082	1.58%
DRAGAN GROUP PTY LTD	8,000,000	1.52%
CPS CAPITAL NO 5 PTY LTD	6,750,738	1.28%
WLP INVESTMENTS PTY LTD	6,682,222	1.27%
MRS YAN WANG <AUST WEST COAST TRAVEL A/C>	6,444,445	1.23%
MR WARREN GEORGE LAMBERTH	6,179,851	1.18%
	321,078,128	61.09%

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	1,021,272,282	83

Substantial holders

Substantial holders in the Company as disclosed in substantial holding notices given to the Company, are set out below:

	Ordinary shares Number held	% of total shares issued
FIL Limited and associated entities	215,993,951	7.84

Voting rights

The voting rights attached to securities 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.

Options (listed and unlisted)

The listed and unlisted options on issue do not carry any voting rights.

There are no other classes of equity securities.

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