

H1 FY23 Interim Report

Microba Life Sciences Limited (ASX: MAP) (“Microba” or the “Company”) a precision microbiome company, is pleased to announce its results for the six-month period ending 31 December 2022 (“H1 FY23”).

Key Highlights

- **Global distribution expansion for Microba’s testing services**
 - Access into 35 countries with 7 operationalised to date.
 - Sonic Healthcare (ASX: SHL) invested \$17.83m to acquire a 19.99% equity and agreed initial terms for a strategic partnership to deliver Microba's microbiome testing technology into Australia, Germany, United Kingdom, Switzerland, United States, New Zealand and Belgium.
 - SYNLAB expansion executed with a major amendment to the master agreement, new country agreements signed, and first sales achieved in Italy and Portugal.
 - New distribution partnerships (Genova, G42, Midnight Health) live in the United States, Middle East and Australia with initial sales and revenue achieved.
- **Therapeutic program advancement**
 - Inflammatory Bowel Disease program – Clinical GMP manufacturing progressing to schedule and positive formal feedback received from the FDA. Program remains on track for upcoming Phase I clinical trial scheduled for Q4 FY23.
 - Immuno-oncology program – pre-clinical animal models progressed on schedule. First results expected February – March 2023.
 - Autoimmune disease program – program on track and robust dataset being generated with Ginkgo Bioworks (NYSE: DNA). First data expected throughout January - March 2023.
- **Additional achievements**
 - Second data package delivered in research partnership with International Flavors & Fragrances Inc. (NYSE: IFF) delivering therapy leads for food allergy and atopic dermatitis.
 - Company funded to drive revenue growth and therapeutic program advancement.
 - Sonic Healthcare strategic investment provided further strength to Microba’s balance sheet enabling Microba to:
 - Invest with confidence to accelerate our therapeutic programs over the coming years towards major milestones and big pharma transactions; and
 - Further support the international expansion and scaling of the Company’s testing services.
- **Financial metrics**
 - \$41.95 million in cash and equivalents as at 31 December 2022.
 - H1 revenue result of \$2.15m, on track with internal budget, and tracking towards positive growth for FY23.
 - H1 cash receipts from customers totalling \$3.29m.
 - \$2.62m in R&D Tax Incentive received for research & development Activities.

CEO Dr Luke Reid said:

"We are continuing to deliver on our FY23 goals towards another year of positive growth. For Microba's testing services, our new strategic partnership with global medical diagnostics leader Sonic Healthcare further supports global distribution expansion for our testing services, and bolsters our balance sheet enabling the Company to continue executing with confidence. Sonic, SYNLAB, Genova Diagnostics and G42 Healthcare give us access into major healthcare markets across the globe and position Microba for growth over the coming years.

For Microba's therapeutics, a major catalyst for the sector occurred with the first FDA approval of a live microbiome drug received by Ferring Pharmaceuticals. A second approval is expected next quarter for Seres Therapeutics. These approvals demonstrate a clear path to market for microbiome drugs, an important catalyst for further investment into the sector. With Microba's progress into the clinic with MAP 315 and Microba's growing intellectual property portfolio we are in a strong position to advance the Company's pipeline towards out-licensing deals"

Microba delivers strong progress in H1 FY23

Microba has announced strong progress in the first half of FY23, achieving a H1 revenue result of \$2.15m and cash receipts from customers of \$3.29m, up 71% on the prior corresponding period. The company's gross margin remained healthy at 48% and is expected to grow further with the increased proportion of sales from its high-margin, scalable testing services for international distribution partners.

In addition to its growth in testing services, Microba has made significant progress in its three therapeutic programs, including Inflammatory Bowel Disease, Immuno-oncology, and Autoimmune diseases. The company's net loss for H1 FY23 decreased to \$5.68m from \$6.03m, principally driven by increased grant coverage of R&D activities, a positive outcome following increased investment in these programs.

Microba's strong progress has been further bolstered by a strategic partnership with Sonic Healthcare, which includes a \$17.83m investment to acquire 19.99% of the company and a global commercial partnership spanning seven major regions.

As at 31 December 2022, Microba had \$41.95m in cash and equivalents, providing a robust runway to support the company's growth strategy and therapeutic programs.

Outlook

With the foundations set in H1 FY23, Microba is executing to deliver another year of positive growth. There are a range of important milestones scheduled for the remainder of FY23 which are expected to advance the company and unlock value for shareholders.

With a healthy balance sheet, the Company is in a strong position to execute its services growth strategy and advancement of the Company's therapeutic programs.

This announcement has been authorised for release by the Board of Directors

For further information, please contact:

Dr Luke Reid

Chief Executive Officer

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Simon Hinsley

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About Microba Life Sciences Limited

Microba Life Sciences is a precision microbiome company driven to improve human health. With world-leading technology for measuring the human gut microbiome, Microba is driving the discovery and development of novel therapeutics for major chronic diseases and delivering gut microbiome testing services globally to researchers, clinicians, and consumers. Through partnerships with leading organisations, Microba is powering the discovery of new relationships between the microbiome, health and disease for the development of new health solutions.

For more information visit: www.microba.com

Microba encourages all current investors to go paperless by registering their details with the designated registry service provider, Automic Group.

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Microba Life Sciences Limited and controlled entities
Appendix 4D
Half-year report

1. Company details

Name of entity: Microba Life Sciences Limited
ABN: 82 617 096 652
Reporting period: For the half-year ended 31 December 2022
Previous period: For the half-year ended 31 December 2021

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	2.2% to	2,151,498
Loss from ordinary activities after tax attributable to the owners of Microba Life Sciences Limited	down	5.8% to	(5,679,188)
Loss for the half-year attributable to the owners of Microba Life Sciences Limited	down	5.8% to	(5,679,188)

Dividends

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

Comments

The loss for the Group after providing for income tax amounted to \$5,679,188 (31 December 2021: \$6,030,461).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>12.71</u>	<u>11.97</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

Microba Life Sciences Limited and controlled entities
Appendix 4D
Half-year report

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Financial Report.

11. Attachments

Details of attachments (if any):

The Financial Report of Microba Life Sciences Limited for the half-year ended 31 December 2022 is attached.

12. Signed

Signed _____



Date: 23 February 2023

Pasquale Rombola
Director
Brisbane

Authorised for release by the Board.

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MICROBA™

Interim Financial Report

For the six months ended 31 December 2022

Microba Life Sciences Limited
and controlled entities

Performance Highlights

MICROBA™



\$41.95m

Global distribution expansion for Microba's testing services

- Access into 35 countries with 7 operationalised to date through global distribution partners.
- Sonic Healthcare (ASX: SHL) invested \$17.8m to acquire a 19.99% equity and agreed initial terms for a strategic partnership to deliver Microba's microbiome testing technology into Australia, Germany, United Kingdom, Switzerland, United States, New Zealand, and Belgium.
- SYNLAB expansion executed with a major amendment to the Master Agreement, new country agreements and first sales achieved in Italy and Portugal.
- New distribution partnerships (Genova, G42 and Midnight Health) live in the US, Middle East and Australia with initial sales and revenue achieved.

Therapeutic program advancement

- Inflammatory Bowel Disease program – Clinical GMP manufacturing progressing to schedule and positive formal feedback received from the FDA. Program remains on track for upcoming Phase I clinical trial scheduled for Q4 FY23.
- Immuno-oncology program – pre-clinical animal models progressed on schedule. First results expected Q3 FY23.
- Autoimmune disease program – program on track and robust dataset being generated with Ginkgo Bioworks (NYSE: DNA). First data expected throughout Q3 FY23.

Additional achievements

- Second data package delivered in research partnership with International Flavors & Fragrances Inc. (NYSE: IFF) delivering therapeutic leads for food allergy and atopic dermatitis.

Company funded to drive revenue growth and therapeutic program advancement

- Sonic Healthcare strategic investment provided further strength to Microba's balance sheet.
- \$41.95 million in cash and equivalents as at 31 December 2022 enabling Microba to:
 - Invest with confidence to accelerate our therapeutic programs over the coming years towards major milestones and big pharma transactions; and
 - Further support the international expansion and scaling of the Company's testing services.

Financial metrics

- H1 FY23 revenue result of \$2.15m, on track with internal budget, and tracking towards positive growth for FY23.
- H1 FY23 cash receipts from customers totalling \$3.29m.
- \$2.62m in R&D Tax Incentives received for research and development activities.

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Corporate Directory

MICROBA™

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Directors

Pasquale Rombola
Ian Frazer
Gene Tyson
Richard Bund
Hyungtae Kim
Caroline Popper
Jacqueline Fernley

Key management personnel

Luke Reid (Chief Executive Officer)
James Heath (Chief Financial Officer)

Company secretaries

James Heath
Peter Webse

Registered office and principal place of business

Microba Life Sciences Limited
Level 10
324 Queen Street
Brisbane QLD
Australia

Share register

Automic Pty Ltd
Level 35
477 Collins Street
Melbourne VIC
Australia

Auditor

Pitcher Partners
Level 38
345 Queen Street
Brisbane QLD
Australia

Solicitors

Thomson Geer
Level 28
1 Eagle Street
Brisbane QLD
Australia

Stock exchange listing

Microba Life Sciences Limited shares are listed on the Australian Securities Exchange (ASX code: MAP)

Website

www.microba.com

Corporate Governance Statement

The Company's corporate governance statement is located at the Company's website: ir.microba.com/corporate-governance/

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01

Review of Operations

Review of Operations

The Directors of Microba Life Sciences Limited (ASX: MAP) ("Microba" or the "Company") are pleased to present their Review of Operations for the half-year ended 31 December 2022 ("H1 FY23") in conjunction with the financial statements of Microba Life Sciences Limited and its subsidiaries (together referred to as the "Group"), and the auditor's report thereon. The financial statements have been reviewed by the Company's auditor and approved by the Directors.

With the foundations laid in FY22, Microba has continued to advance in building a globally leading microbiome company through growth and expansion of the Company's testing services, and rapid advancement of the Company's therapeutic programs.

Microba's strong progress during H1 FY23 was underpinned by the achievement of a number of value generating milestones, together with the Company's major strategic partnership with Sonic Healthcare (ASX: SHL) which included a \$17.83m investment to acquire 19.99% of the Company and a global commercial partnership spanning 7 major regions.

The Company achieved \$2.15m in revenue for H1 FY23, with cash receipts from customers for H1 FY23 totalling \$3.29m, a 71% increase on the prior corresponding period (PCP), H1 FY22. Gross margin remained healthy at 48%, with this margin anticipated to grow in line with the increased proportion of sales from Microba's high margin, scalable, testing services for newly onboarded international distribution partners.

The net loss before income tax for H1 FY23 was \$5.68m, a decrease on the prior period loss of \$6.03m.

This loss has decreased as the company has been able to achieve greater grant coverage over its research & development activities.

Following continued positive progress across the Company's three therapeutic programs, the Company

continues to invest in accelerating these programs spanning Inflammatory Bowel Disease, Immunology and Autoimmune diseases.

As at 31 December 2022, Microba had \$41.95m in cash and equivalents. This places the Company in a strong position to execute its growth strategy and provides a robust runway to support the advancement of the Company's therapeutic programs.

Sector achieves first FDA approval – the start of a therapeutic revolution

A major milestone occurred in the microbiome therapeutics sector during the H1 FY23. Live microbial cell therapies, also known as "Live Biotherapeutic Products" (LBPs), are an entirely new class of drug. These drugs represent an attractive new treatment option for patients with potential novel therapeutic activities and strong safety profiles, however prior to November 2022, no LBPs had been approved by the U.S. Food and Drug Administration (FDA). A clear regulatory path to market is critical for drug developers and pharma companies to invest with confidence to bring these drugs to patients. On 30 November 2022, Ferring-Rebiotix received full FDA approval of their First Generation¹, donor derived, enema delivered LBP for the treatment of recurrent *C. difficile* infection (rCDI). This approval represents an important catalyst for the sector and supports a path to market for Microba's Next Generation² microbiome drugs. In H2 FY23, the second FDA approval is expected to be granted to Seres Therapeutics Inc.'s (NASDAQ: MCRB) First Generation, donor derived, oral LBP for the treatment of rCDI. Seres has been granted an FDA priority review action date³ and is expecting approval on 26 April 2023. These approvals are well timed as Microba transitions into the clinic with Microba's Next Generation⁴ microbiome drug, MAP 315, for the treatment of Inflammatory Bowel Disease.

¹ Human fecal donor derived drug products which are reliant on ongoing donor material supply to manufacture

² Single strain LBP or microbiome derived small molecule drugs amenable to scalable cGMP manufacturing

³ Priority Review designation with a Prescription Drug User Fee Act (PDUFA)

⁴ Single strain LBP or microbiome derived small molecule drugs amenable to scalable cGMP manufacturing.

Review of Operations

IBD Program – MAP 315 progressing towards Phase I

During H1 FY23, the Company made substantial progress in developing its novel microbial cell therapy lead candidate, MAP 315, into its first human Phase I clinical trial. Over the period, manufacturing of MAP 315 was progressed with Bacthera in Switzerland. Bacthera has completed engineering production through to full encapsulated drug product for MAP 315, ready for clinical GMP manufacturing, which is on track for Q3 FY23. In addition, positive formal feedback was received from the FDA on the Company's Pre-IND briefing book and pre-clinical package. The report supports the Company's upcoming HREC submission for Phase I study initiation, scheduled for Q4 FY23, and provides a roadmap toward a global Phase II study for MAP 315. MAP 315 is being developed for the treatment of Ulcerative Colitis, a debilitating form of Inflammatory Bowel Disease with >50% of patients unable to achieve sustained remission. The global market for Ulcerative Colitis treatments is forecast to grow to \$9b USD by 2028⁵.

Immuno-Oncology Program – positive first animal results support acceleration

Following Microba's discovery of therapeutic leads, during H1 FY23 Microba successfully isolated 3 lead candidates and commenced preclinical animal model experiments with Eurofins. On 1 February 2023, the Company announced that it had received the first positive animal efficacy data demonstrating a significant reduction in tumor volume for mice treated with an immune checkpoint inhibitor (ICI) together with Microba's therapeutic leads. These preliminary animal model results support further acceleration of preclinical work towards lead candidate selection and clinical testing. Microba's immuno-oncology program is targeting the development of a therapeutic to improve response rates in cancer patients receiving ICI

therapy. Global ICI sales have grown substantially since Microba has commenced the program, with Merck announcing sales of the market leading drug Keytruda in excess of \$5b USD in Q2 2022⁶.

Autoimmune Disease Program – tracking towards first data

In H1 FY23, the Company commenced and made positive progress on its Autoimmune Disease Program in partnership with Ginkgo Bioworks (NYSE: DNA). Selected bacterial strains were supplied from Microba's biobank, and characterisation and screening activities were activated at Ginkgo's laboratories in Boston, USA. Core technical competencies were established with Ginkgo which enables progression into the next stage of broad bioassay testing. Microba is pleased with the early data readouts showing reproducibility and first in vitro screening data is expected to be available throughout Q3 FY23 as part of the 2-year discovery program which kicked off in mid-2022. Microba's Autoimmune Disease program is targeting three autoimmune disorders: lupus, psoriatic arthritis, and autoimmune liver diseases. The global market for autoimmune disease treatments was estimated to be \$53.2b USD in 2019 and forecast to grow to \$90.7b USD by 2024⁷.

Grant Funding

During H1 FY23, the Company received \$2.69m in grant funding to support its commercial and research and development initiatives, these grants included \$2.62m from the Federal Government's Research & Development Tax Incentive, \$24.6k from the Export Market Development Grant (EMDG), and \$35.0k from the TIQ Go Global and New Market Programs. The Company also received approval for two R&D Tax Incentive Advanced Overseas Findings with eligible expenditure up to \$13.4m which enables R&D Tax Incentive cash rebates to the Company of up to \$5.83m across financial years 2022, 2023 and 2024 for overseas

⁵ <https://www.reportlinker.com/p06283472/Global-Ulcerative-Colitis-Market-Size-Share-Industry-Trends-Analysis-Report-By-Molecule-Type-By-Disease-Type-By-Route-of-Administration-By-Regional-Outlook-and-Forecast-.html>

⁶ [https://s21.q4cdn.com/488056881/files/doc_financials/2022/q2/v2/Q2-2022-Merck-Earnings-Deck-\(update-8.9.2022\).pdf](https://s21.q4cdn.com/488056881/files/doc_financials/2022/q2/v2/Q2-2022-Merck-Earnings-Deck-(update-8.9.2022).pdf)

⁷ BCC Research. Autoimmune Disorder Therapies: Global Markets (2020).

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Review of Operations

IBD and Autoimmune program expenditure. Microba sincerely appreciates this significant grant support from the Australian Government.

Global distribution growth for the Company's personal testing services

H1 FY23 added important foundations to Microba's strategy in building a world leading testing services business. Major new partners were added to the distribution network which now provide Microba with access into 35 countries across the globe, with 7 operationalised to date.

During H1 FY23, Genova and G42, two major new distribution partners, commenced operations with their Microba powered tests in the US and Gulf Cooperation Countries respectively. Midnight Health, an Australian provider of innovative online healthcare solutions, also launched a world first personalised consumer health service into the Australian market called Vidality, powered by Microba's technology. These three new partnerships have launched and are generating sales driving towards new revenue growth in H2 FY23.

Further during the half, Microba's partnership with SYNLAB (FRA: SYAB), the largest European clinical laboratory and medical diagnostic services company, continued to accelerate. With positive sales results in Spain, in October 2022, SYNLAB further activated their rights to pursue formal expansion into additional countries across Europe and Latin America through a major amendment to the master agreement. Following this, in December, a first group of new agreements were signed with SYNLAB affiliate organisations Synlab Italia Srl and SYNLABHEALTH II S.A. for Italy and Portugal respectively. These countries were quickly operationalised with their Microba powered test, and first sales achieved. Expansion into both Italy and Portugal, two important European markets, delivers another positive advancement in distribution with SYNLAB. More affiliate country agreements are anticipated to be completed in the near term to continue this rapid expansion activity with SYNLAB.

A major achievement for the half was Microba's transformational new partnership with Sonic Healthcare (ASX: SHL), a globally trusted leader in

medical diagnostics. Sonic is the second largest healthcare company in Australia, which globally employs more than 41,000 people and generated revenue of \$9.3b in FY22. In November 2022, Microba entered into a strategic partnership with Sonic which deeply aligned the interests of both companies to bring microbiome testing and therapeutics into the hands of clinicians and patients globally to improve standard of care. Firstly, Sonic invested \$17.8m to acquire a 19.99% shareholding in Microba. In addition, Sonic received shareholder approval to acquire options for an additional 5% equity position. Further, Microba and Sonic entered into initial terms of an agreement which enables Sonic and its subsidiaries to distribute Microba's microbiome testing products to its customers, including general practitioners and specialists, across Australia, Germany, United Kingdom, Switzerland, United States, New Zealand and Belgium. This major global partnership with one of the world's leading providers of medical diagnostics delivered another significant expansion in global distribution for Microba's leading microbiome testing technology. The full license and distribution arrangements are now being progressed with a Stage 1 focus on Sonic federation companies in Australia and Germany, with border engagement across other regions in parallel in preparation for Stage 2.

Other H1 FY23 highlights include:

- Appointment of Jacqueline Fernley to the Microba Board of Directors
 - On 8 September 2022, the Company appointed Jacqueline Fernley an Independent Non-Executive Director to the Microba Board. Jacqueline brings over 25 year's financial markets and capital raising experience to the Microba board. Jacqueline currently serves as the Chief Investment Officer (CIO) of Mason Stevens where she leads the asset management division of the firm. Jacqueline's experience has been a positive addition to the Microba board.
- Progress with IFF
 - In H1 FY23, a second data package was delivered to International Flavors & Fragrances Inc. ("IFF") (NYSE: IFF) in a joint discovery project

Review of Operations

which seeks to identify novel allergy treatments leveraging Microba's proprietary Databank. The new data package identified multiple microbial therapy leads for food allergy and atopic dermatitis. This built on the first data package delivered in June 2022 for asthma and allergic rhinitis and marked a step towards a potential longer-term commercial relationship between the parties, leveraging Microba's Therapeutic Platform to develop novel allergy treatments.

Outlook

With the foundations set in H1 FY23, Microba is executing to deliver another year of positive growth. There are a range of important milestones scheduled for the remainder of FY23 which are expected to advance the Company and unlock value for shareholders.

With a healthy balance sheet, the Company is in a strong position to execute its services growth strategy and advancement of the Company's therapeutic programs.

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02

Directors' Report

**Microba Life Sciences Limited and controlled entities
Directors' report
For the half-year ended 31 December 2022**

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'Microba') consisting of Microba Life Sciences Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors and Company Secretaries

The following persons were Directors of Microba Life Sciences Limited during the half-year period and up to the date of this report, unless otherwise stated:

Pasquale Rombola	Independent Non-Executive Director
Ian Frazer	Independent Non-Executive Director
Gene Tyson	Non-Executive Director
Richard Bund	Non-Executive Director
Hyungate Kim	Non-Executive Director
Caroline Popper	Independent Non-Executive Director
Jacqueline Fernley (Appointed: 8 September 2022)	Independent Non-Executive Director

The names of the Company Secretaries in office at any time during or since the end of the half-year are:

James Heath
Peter Webse

The Company Secretaries have been in office since the start of the period to the date of this report unless otherwise stated.

Results

The loss for the Group after providing for income tax amounted to \$5,679,188 (31 December 2021: \$6,030,461).

Review of operations

Information on the operations and financial position of the Group is set out in the Review of Operations and Activities on pages 6 to 10 of this Interim Report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the Group during the year was providing world class microbiome testing and analysis services as well as developing new pathology services, therapeutics and diagnostics based on the human gut microbiome.

No significant change in the nature of these activities occurred during the half-year period.

After balance date events

On 1 February 2023, Microba held a General Meeting to seek shareholder approval for the issue of 22,863,168 Options at an Exercise Price of \$0.33 pursuant to the Microba and Sonic Healthcare Subscription Deed executed in November 2022. The issuance of these Options was approved at the General Meeting and the Options have been issued to Sonic Healthcare.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Dividends

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

Auditor's independence declaration

A copy of the auditor's independence declaration is set out immediately after this Directors' report.

**Microba Life Sciences Limited and controlled entities
Directors' report
For the half-year ended 31 December 2022**

On behalf of the Directors



Pasquale Rombola
Chairman

23 February 2023
Brisbane, Queensland

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The Directors
Microba Life Sciences Limited
Level 10, 324 Queen Street
Brisbane QLD 4000

Auditor's Independence Declaration

In relation to the independent auditor's review of the half-year ended 31 December 2022, to the best of my knowledge and belief there have been:

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

This declaration is in respect of Microba Life Sciences Limited and the entities it controlled during the year.

Pitcher Partners
PITCHER PARTNERS



CHERYL MASON
Partner

Brisbane, Queensland
23 February 2023

Brisbane Sydney Newcastle Melbourne Adelaide Perth

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NETWORK MEMBER

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NIGEL FISCHER
MARK NICHOLSON
PETER CAMENZULI

JASON EVANS
KYLIE LAMPRECHT
NORMAN THURECHT

BRETT HEADRICK
WARWICK FACE
COLE WILKINSON

SIMON CHUN
JEREMY JONES
TOM SPLATT

JAMES FIELD
DANIEL COLWELL
ROBYN COOPER

FELICITY CRIMSTON
CHERYL MASON
KIERAN WALLIS

MURRAY GRAHAM
ANDREW ROBIN
KAREN LEVINE

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03

Financial Statements

Microba Life Sciences Limited and controlled entities
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	31 Dec 2022 \$	31 Dec 2021 \$
Revenue			
Revenue from contracts with customers	3	2,151,498	2,198,808
Cost of sales		<u>(1,116,357)</u>	<u>(1,026,030)</u>
Gross profit		1,035,141	1,172,778
Other income			
Grant and subsidies income		2,939,226	1,604,668
Interest income		145,630	30,727
Other income		2,942	-
Expenses			
Employee benefits and other related costs		(3,732,756)	(3,905,986)
Research and development expense		(3,540,344)	(2,818,398)
Depreciation and amortisation expense		(748,202)	(685,018)
Consulting fees		(440,346)	(305,482)
Marketing and advertising expense		(369,576)	(251,345)
Travel expense		(241,591)	(12,857)
Legal and intellectual property advisory fees		(78,455)	(262,828)
Finance costs		(30,046)	(26,832)
Foreign currency gain/(loss)		236,514	(9,257)
Other expenses		<u>(857,325)</u>	<u>(560,631)</u>
Total expenses		(9,802,127)	(8,838,634)
Loss before income tax expense		(5,679,188)	(6,030,461)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Microba Life Sciences Limited		(5,679,188)	(6,030,461)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>23,573</u>	<u>(3,722)</u>
Other comprehensive income/(loss) for the half-year, net of tax		23,573	(3,722)
Total comprehensive loss for the half-year attributable to the owners of Microba Life Sciences Limited		<u>(5,655,615)</u>	<u>(6,034,183)</u>
		Cents	Cents
Basic earnings per share	11	(1.98)	(3.78)
Diluted earnings per share	11	(1.98)	(3.78)

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

Microba Life Sciences Limited and controlled entities
Consolidated statement of financial position
As at 31 December 2022

	Note	31 Dec 2022 \$	30 Jun 2022 \$
Assets			
Current assets			
Cash and cash equivalents	4	41,953,961	30,580,673
Receivables	5	3,358,098	3,422,518
Inventories		562,104	360,033
Financial assets	6	204,436	204,436
Prepayments		813,278	1,249,266
Total current assets		46,891,877	35,816,926
Non-current assets			
Property, plant and equipment		1,925,717	2,013,052
Right-of-use assets		905,158	795,305
Intangible assets	7	1,917,929	853,934
Total non-current assets		4,748,804	3,662,291
Total assets		51,640,681	39,479,217
Liabilities			
Current liabilities			
Payables		2,797,921	2,879,112
Borrowings		127,663	364,063
Lease liabilities		594,438	477,301
Employee benefits		478,413	486,467
Other liabilities		67,914	177,336
Contract liabilities		1,502,569	880,132
Total current liabilities		5,568,918	5,264,411
Non-current liabilities			
Lease liabilities		465,074	483,766
Employee benefits		144,791	99,496
Other liabilities		105,468	95,340
Total non-current liabilities		715,333	678,602
Total liabilities		6,284,251	5,943,013
Net assets		45,356,430	33,536,204
Equity			
Issued capital	8	80,121,653	62,884,010
Reserves		2,116,448	1,854,677
Accumulated losses		(36,881,671)	(31,202,483)
Total equity		45,356,430	33,536,204

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

Microba Life Sciences Limited and controlled entities
Consolidated statement of changes in equity
For the half-year ended 31 December 2022

	Contributed equity \$	Share-based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	33,482,960	1,190,937	(5,741)	(19,732,054)	14,936,102
Loss after income tax expense for the half-year	-	-	-	(6,030,461)	(6,030,461)
Other comprehensive loss for the half-year, net of tax	-	-	(3,722)	-	(3,722)
Total comprehensive loss for the half-year	-	-	(3,722)	(6,030,461)	(6,034,183)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	1,306,005	-	-	-	1,306,005
Share-based payments (note 9)	-	320,841	-	-	320,841
Balance at 31 December 2021	34,788,965	1,511,778	(9,463)	(25,762,515)	10,528,765
	Contributed equity \$	Share-based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	62,884,010	1,776,510	78,167	(31,202,483)	33,536,204
Loss after income tax expense for the half-year	-	-	-	(5,679,188)	(5,679,188)
Other comprehensive income for the half-year, net of tax	-	-	23,573	-	23,573
Total comprehensive income/(loss) for the half-year	-	-	23,573	(5,679,188)	(5,655,615)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 8)	17,237,643	-	-	-	17,237,643
Share-based payments (note 9)	-	238,198	-	-	238,198
Balance at 31 December 2022	80,121,653	2,014,708	101,740	(36,881,671)	45,356,430

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

Microba Life Sciences Limited and controlled entities
Consolidated statement of cash flows
For the half-year ended 31 December 2022

	Note	31 Dec 2022 \$	31 Dec 2021 \$
Cash flows from operating activities			
Receipts from customers		3,291,594	1,925,321
Payments to suppliers and employees		<u>(10,092,341)</u>	<u>(6,637,252)</u>
		(6,800,747)	(4,711,931)
Other income received		2,942	-
Interest received		145,630	30,727
Subsidies and grants received		2,647,842	914,317
Interest and other finance costs paid		<u>(30,046)</u>	<u>(26,832)</u>
Net cash used in operating activities	10	<u>(4,034,379)</u>	<u>(3,793,719)</u>
Cash flows from investing activities			
Payments to term deposits		-	(204,436)
Payments for property, plant and equipment		(227,086)	(54,278)
Payments for intangible assets		(1,275,982)	(118,895)
Subsidies and grants received		38,087	190,474
Proceeds from disposal of property, plant and equipment		<u>-</u>	<u>8,750</u>
Net cash used in investing activities		<u>(1,464,981)</u>	<u>(178,385)</u>
Cash flows from financing activities			
Proceeds from issue of shares	8	17,833,269	1,250,005
Repayment of borrowings		(224,985)	(70,872)
Repayment of leases		(258,806)	(103,198)
Share issue transaction costs	8	<u>(595,626)</u>	<u>-</u>
Net cash from financing activities		<u>16,753,852</u>	<u>1,075,935</u>
Net increase/(decrease) in cash and cash equivalents		11,254,492	(2,896,169)
Cash and cash equivalents at the beginning of the financial half-year		30,580,673	13,028,906
Effects of exchange rate changes on cash and cash equivalents		<u>118,796</u>	<u>-</u>
Cash and cash equivalents at the end of the financial half-year	4	<u><u>41,953,961</u></u>	<u><u>10,132,737</u></u>

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

Microba Life Sciences Limited and controlled entities
Notes to the consolidated financial statements
For the half-year ended 31 December 2022

Note 1. General information

The financial statements cover Microba Life Sciences Limited as a consolidated group (referred to hereafter as the 'Group' or 'Microba') consisting of Microba Life Sciences Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year.

Microba Life Sciences Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 10, 324 Queen Street, Brisbane, Queensland, Australia.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 23 February 2023.

Note 2. Significant accounting policies

Basis of preparation

These general purpose financial statements for the half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 '*Interim Financial Reporting*', and the requirements of the members and Directors. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'.

The half-year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss from ordinary activities of \$5,679,188 during the half-year ended 31 December 2022 (31 Dec 2021: loss of \$6,030,461) and has a net cash outflow from operating activities of \$4,034,379 (31 Dec 2021: \$3,793,719). The Group held cash and cash equivalents of \$41,953,961 at 31 December 2022 (30 June 2022: \$30,580,673).

The Directors are of the view that the going concern assumption is valid. This view has been reached after making due enquiry, including reviewing forecast cash flows and have regard to the circumstances which the Directors consider will occur and those which are reasonably likely to affect the Group during the period of one year from the date the financial report is approved.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to "rounding off". Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

New or amended Accounting Standards and Interpretations adopted

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

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

Microba Life Sciences Limited and controlled entities
Notes to the consolidated financial statements
For the half-year ended 31 December 2022

Note 3. Revenue from contracts with customers

Disaggregation of revenue from contracts with customers is as follows:

	31 Dec 2022 \$	31 Dec 2021 \$
Personal Testing - revenue recognised at a point in time	940,081	813,753
Personal Testing - revenue recognised over time	241,210	314,943
Research Testing - revenue recognised over time	970,207	1,070,112
	<u>2,151,498</u>	<u>2,198,808</u>

Microba recognises revenue from contracts with customers as follows:

Personal Testing

Recognised at a point in time

Revenue from Personal Testing which is recognised at a point in time is recognised when Microba's performance obligation, being the delivery of a microbiome testing report to the customer, is satisfied.

Recognised over time

Revenue from Personal Testing which is recognised over time is recognised as the agreed goods and services are delivered and the contracted performance obligations are met.

Research Testing

Revenue from Research Testing services contracts is recognised over time as the contracted goods and services are delivered and the performance obligations are satisfied.

Note 4. Cash and cash equivalents

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current assets</i>		
Cash at bank	5,250,431	26,229,530
Cash on deposit	34,500,000	-
Restricted cash	2,203,530	4,351,143
	<u>41,953,961</u>	<u>30,580,673</u>

The restricted cash balance held at 31 December 2022 represents cash held in escrow to meet the Group's payment obligations under the Technical Development Agreement (TDA) between the Group and Ginkgo Bioworks, Inc. Under the TDA, cash sufficient to pay for development activities over the next 6 months is to be held in an escrow bank account until the development activity payments become due.

Microba Life Sciences Limited and controlled entities
Notes to the consolidated financial statements
For the half-year ended 31 December 2022

Note 5. Receivables

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current assets</i>		
Receivables from contracts with customers	262,386	589,084
Contract assets from contracts with customers	56,535	50,518
Research and Development Tax Incentive receivable	2,746,012	2,592,009
Other receivables	293,165	190,907
	<u>3,358,098</u>	<u>3,422,518</u>

The Group's income from Research and Development Tax Incentive receivable for the interim period has been accrued based on the Group's estimated eligible research and development expenditure during the period. The Research and Development Tax Incentive will be lodged after the close of the current financial year, and will be received after year end.

Note 6. Financial assets

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current assets</i>		
Cash on deposit	<u>204,436</u>	<u>204,436</u>

Financial assets held by the Group are term deposits with a maturity of greater than 90 days, which relate to the Group's bank guarantees for leased premises. Financial assets are held at amortised cost.

Note 7. Intangible assets

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Non-current assets</i>		
Capitalised system development at cost	2,323,963	1,847,350
Accumulated amortisation	(1,370,616)	(1,202,984)
	<u>953,347</u>	<u>644,366</u>
Intellectual property at cost	404,747	414,841
Accumulated amortisation	(202,730)	(205,273)
	<u>202,017</u>	<u>209,568</u>
Capitalised product development at cost	762,565	-
	<u>1,917,929</u>	<u>853,934</u>

Microba Life Sciences Limited and controlled entities
Notes to the consolidated financial statements
For the half-year ended 31 December 2022

Note 7. Intangible assets (continued)

Reconciliations

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

	Capitalised system development \$	Intellectual property \$	Capitalised product development \$	Total \$
Balance at 1 July 2022	644,366	209,568	-	853,934
Additions	476,774	36,643	762,565	1,275,982
Disposals	(149)	(16,113)	-	(16,262)
Amortisation expense	(167,644)	(28,081)	-	(195,725)
Balance at 31 December 2022	953,347	202,017	762,565	1,917,929

No amortisation has been recorded against capitalised product development, as this asset has continuing development at 31 December 2022.

Note 8. Issued capital

	31 Dec 2022 Shares	30 Jun 2022 Shares	31 Dec 2022 \$	30 Jun 2022 \$
Ordinary shares	342,947,496	274,357,998	80,121,653	62,884,010

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2022	274,357,998	62,884,010
Ordinary shares issued on 1 December 2022 at \$0.26		68,589,498	17,833,269
Transaction costs relating to shares issued		-	(595,626)
Balance	31 December 2022	342,947,496	80,121,653

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called.

Share buy-back

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

Note 9. Share-based payments

Equity-settled share-based payments

Employee option plan

The Group has approved an employee share and option plan titled the 'Microba Employee Share and Option Plan' ('ESOP') designed, to provide eligible persons with the opportunity to participate at the discretion of the directors. The shares and options issued under the plan are subject to vesting conditions and disposal restrictions. Options issued under the ESOP are issued at a premium to the last share issuance price to align employee and shareholder interests.

Details of the options granted are provided below:

Microba Life Sciences Limited and controlled entities
Notes to the consolidated financial statements
For the half-year ended 31 December 2022

Note 9. Share-based payments (continued)

Grant date	Expiry date	Exercise price	Balance at 1 Jul 2022	Granted during the period	Forfeited during the period	Expired during the period	Balance at 31 Dec 2022
15/10/2018	15/10/2023	\$0.180	6,900,000	-	-	-	6,900,000
15/02/2019	15/10/2023	\$0.180	400,000	-	-	-	400,000
01/03/2019	15/10/2023	\$0.180	150,000	-	-	-	150,000
05/04/2019	15/10/2023	\$0.180	400,000	-	-	-	400,000
25/11/2019	24/11/2024	\$0.300	5,100,000	-	-	-	5,100,000
13/01/2020	24/11/2024	\$0.255	400,000	-	-	-	400,000
31/01/2020	24/11/2024	\$0.300	200,000	-	-	-	200,000
30/06/2020	29/06/2024	\$0.300	400,000	-	-	-	400,000
01/04/2021	04/04/2026	\$0.336	3,650,000	-	-	-	3,650,000
05/04/2022	05/05/2025	\$0.675	1,200,000	-	-	-	1,200,000
			18,800,000	-	-	-	18,800,000

Options granted to Directors and Employees under the ESOP are dependent upon continuous service to the Company, and are to be settled by equity once exercisable.

At 31 December 2022, there are no exercisable options as all option holders have entered into a voluntary escrow agreement.

There were no options issued during the half-year ended 31 December 2022.

Expenses recognised from share-based payment transactions

The expense recognised in relation to the share-based payment transactions was recognised within employee benefit expense within the statement of profit or loss were as follows:

	31 Dec 2022 \$	31 Dec 2021 \$
Options issued under ESOP	238,198	320,841
Shares issued under ESOP	-	56,000
Total expenses recognised from share-based payment transactions	238,198	376,841

Microba Life Sciences Limited and controlled entities
Notes to the consolidated financial statements
For the half-year ended 31 December 2022

Note 10. Reconciliation of loss after income tax to net cash used in operating activities

	31 Dec 2022 \$	31 Dec 2021 \$
Loss after income tax expense for the year	<u>(5,679,188)</u>	<u>(6,030,461)</u>
Adjustments for:		
Depreciation and amortisation expense (non-cash)	748,202	685,018
Share-based payments (non-cash)	238,198	376,841
Write-off of fixed assets and intangible assets (non-cash)	37,337	-
Capital portion of grants and subsidies received (investing cash flow)	(47,941)	(190,474)
Foreign currency exchange differences	(118,796)	(208)
	<u>857,000</u>	<u>871,177</u>
Movement in receivables	64,420	(407,533)
Movement in inventories	(202,071)	78,190
Movement in prepayments	435,988	445,236
Movement in payables	(70,912)	1,376,298
Movement in employee benefits	37,241	27,374
Movement in contract liabilities	622,437	(154,000)
Movement in other liabilities	(99,294)	-
	<u>(4,034,379)</u>	<u>(3,793,719)</u>

Note 11. Earnings per share

	31 Dec 2022 \$	31 Dec 2021 \$
Loss after income tax attributable to the owners of Microba Life Sciences Limited	<u>(5,679,188)</u>	<u>(6,030,461)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>287,101,402</u>	<u>159,400,739</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>287,101,402</u>	<u>159,400,739</u>
	Cents	Cents
Basic earnings per share	(1.98)	(3.78)
Diluted earnings per share	(1.98)	(3.78)

Note 12. Operating segments

Identification of reportable operating segments

The Group is organised into two (2) operating segments: Testing Services, and Research & Development. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews the profit and loss before tax of the consolidated Group on a monthly basis. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Operating segment information

Segment profit and loss

Microba Life Sciences Limited and controlled entities
Notes to the consolidated financial statements
For the half-year ended 31 December 2022

Note 12. Operating segments (continued)

31 December 2022	Testing Services \$	Research and Development \$	Unallocated \$	Total \$
Revenue from contracts with customers	2,151,498	-	-	2,151,498
Cost of sales	(1,116,357)	-	-	(1,116,357)
Gross profit	1,035,141	-	-	1,035,141
Grant and subsidies income	59,600	2,879,626	-	2,939,226
Interest income	-	-	145,630	145,630
Other income	-	-	2,942	2,942
	59,600	2,879,626	148,572	3,087,798
Expenses				
Employee benefits and other related costs	(1,033,583)	(809,135)	(1,890,038)	(3,732,756)
Research and development expense	-	(3,540,344)	-	(3,540,344)
Depreciation and amortisation expense	-	-	(748,202)	(748,202)
Consulting fees	(105,096)	(56,426)	(278,824)	(440,346)
Marketing and advertising expense	(202,694)	(21,399)	(145,483)	(369,576)
Travel expense	(78,718)	(26,966)	(135,907)	(241,591)
Legal and intellectual property advisory fees	(18,815)	(11,880)	(47,760)	(78,455)
Finance costs	-	-	(30,046)	(30,046)
Foreign currency gain/(loss)	-	-	236,514	236,514
Other expenses	(90,983)	(106,312)	(660,030)	(857,325)
Total expenses	(1,529,889)	(4,572,462)	(3,699,776)	(9,802,127)
Profit/(loss) before income tax benefit/(expense)	(435,148)	(1,692,836)	(3,551,204)	(5,679,188)
Income tax benefit/(expense)	-	-	-	-
Profit/(loss) after income tax benefit/(expense)	(435,148)	(1,692,836)	(3,551,204)	(5,679,188)

Microba Life Sciences Limited and controlled entities
Notes to the consolidated financial statements
For the half-year ended 31 December 2022

Note 12. Operating segments (continued)

31 December 2021	Testing Services \$	Research and Development \$	Unallocated \$	Total \$
Revenue from contracts with external customers	2,198,808	-	-	2,198,808
Cost of sales	(1,026,030)	-	-	(1,026,030)
Gross profit	1,172,778	-	-	1,172,778
Grant and subsidies income	21,000	1,583,668	-	1,604,668
Interest income	-	-	30,727	30,727
	21,000	1,583,668	30,727	1,635,395
Expenses				
Employee benefits and other related costs	(1,174,842)	(625,497)	(2,105,647)	(3,905,986)
Research and development expense	-	(2,818,398)	-	(2,818,398)
Depreciation and amortisation expense	-	-	(685,018)	(685,018)
Consulting fees	(32,148)	(65,908)	(207,426)	(305,482)
Marketing and advertising expense	(194,159)	(176)	(57,010)	(251,345)
Travel expense	(4,196)	(349)	(8,312)	(12,857)
Legal and intellectual property advisory fees	(20,213)	(6,950)	(235,665)	(262,828)
Finance costs	-	-	(26,832)	(26,832)
Foreign currency gain/(loss)	-	-	(9,257)	(9,257)
Other expenses	(94,786)	(19,055)	(446,790)	(560,631)
Total expenses	(1,520,344)	(3,536,333)	(3,781,957)	(8,838,634)
Profit/(loss) before income tax benefit/(expense)	(326,566)	(1,952,665)	(3,751,230)	(6,030,461)
Income tax benefit/(expense)	-	-	-	-
Profit/(loss) after income tax benefit/(expense)	(326,566)	(1,952,665)	(3,751,230)	(6,030,461)

Segment assets and liabilities

Assets and liabilities of the Group are reported to the CODM at the total business level and no segment information is provided to, or used by, the CODM. As such, no segment information for assets and liabilities of the Group have been included, with the exception of non-current assets as disclosed below.

All non-current assets held by the Group are unallocated. Total non-current assets for the period ended 31 December 2022 are \$4,748,804 (30 Jun 2022: \$3,662,291).

Note 13. Related party transactions

Transactions with related parties

Details of all related party relationships have been disclosed in the annual report for the year ended 30 June 2022. There were no new transactions with related parties during the current financial half-year.

Note 14. Events after the reporting period

On 1 February 2023, Microba held a General Meeting to seek shareholder approval for the issue of 22,863,168 Options at an Exercise Price of \$0.33 pursuant to the Microba and Sonic Healthcare Subscription Deed executed in November 2022. The issuance of these Options was approved at the General Meeting and the Options have been issued to Sonic Healthcare.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Microba Life Sciences Limited and controlled entities
Directors' declaration
For the half-year ended 31 December 2022

The Directors of the company declare that:

- the attached financial statements and notes comply with Australian Accounting Standard AASB 134 '*Interim Financial Reporting*';
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-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.

Signed in accordance with a resolution of Directors.

On behalf of the Directors



Pasquale Rombola
Chairman

23 February 2023
Brisbane, Queensland

Independent Auditor's Review Report to the Members of Microba Life Sciences Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Microba Life Sciences Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Pitcher Partners
PITCHER PARTNERS



CHERYL MASON
Partner

Brisbane, Queensland
23 February 2023

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