

# Cryosite Limited

ABN 86 090 919 476

## Appendix 4D

**Six months ended 31 December 2020 ('current period')  
and 31 December 2019 ('previous corresponding period')**

### Results for announcement to the market

#### 1. Details of Reporting Period

The financial information contained in this report is for the half year ended 31 December 2020. Comparative amounts (unless otherwise indicated) relate to the year ended 31 December 2019.

#### 2. Results for Announcement to the Market

				\$A'000
2.1 Revenue from ordinary activities:	Up	19%	to	4,954k
2.2a Underlying profit before tax for the period from ordinary activities (prior year excluded the legal claim)	Up	14%	to	474k
2.2b Profit (loss) from ordinary activities after tax attributable to members:	Down	77%	to	285k
2.3 Net profit (loss) for the period attributable to members:	Down	77%	to	285k

#### 2.4 Dividends

The Board of Cryosite has on the 25th February 2021 determined that no interim dividend will be paid.

#### 2.5 Commentary on the results to the market:

An explanation of the result of the current period is set out in the Directors Report contained in the attached audit reviewed half-yearly Financial Report.

#### 3.0 NTA backing

	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security	(0.03) cents	(0.66) cents

**CRYOSITE LIMITED**  
ABN 86 090 919 476

**Half-Year Financial Report**  
31 December 2020

# Cryosite Limited Half-Year Financial Report

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# Cryosite Limited Half-Year Financial Report

## Directors' Report

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Your directors submit their report for the half-year ended 31 December 2020.

### Directors

The directors in office of Cryosite Limited and its controlled entity (the "Company") during the half year and until the date of this Report are set out below. Directors were in office for this entire period unless otherwise stated.

Mr. Bryan Dulhunty (Chairman)  
Mr. Andrew Kroger (Non-Executive Director)  
Mrs. Nicola Swift (Non-Executive Director)

### Principal Activities

The company's principal activities are the provision of supply chain logistics, management of pharmaceutical products used in clinical trials, biological materials and long-term storage of cord blood and tissue samples.

Cryosite operates through two operating segments:

- **Clinical Trials and Biological Services Logistics**  
This business provides specialist temperature-controlled storage, sourcing, labelling, status management, secondary packaging, schedule drug distribution, destruction, returns and biological services to the clinical trial and research industry.
- **Cord Blood and Tissue Storage**  
This business provides long term storage for cord blood and tissue samples.

### Review of Operations

The half year ended 31st December 2020 has continued on the growth profile established over the past 18 months. The Company has moved from a loss before tax and operating cash outflows in June 2018 to 3 half years of increasing underlying profit before tax and operating cash inflows.

For the 6 months ended 31 December 2020 Profit before tax was \$474k (including a government cash boost of \$50k), an increase of \$58k or 14% from the prior corresponding period (excluding a one-off legal settlement of \$959k).

Likewise, operating cash inflow has shown a similar continuing growth with operating cash inflows for the 6 months ended 31 December 2020 of \$650k an increase of \$258k (up 152%) from the prior corresponding period (excluding a one-off legal settlement of \$955k in cash flow).

This cash inflow has enabled the Company to continue to expand its capacity and develop its infrastructure. While the company spent \$282k on fixed assets, total cash on hand during the six months ended 31 December 2020 increased by \$259k to \$4,321k (June 2020: \$4,062k).

# Cryosite Limited Half-Year Financial Report

## Directors' Report (continued)

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The Company remains debt free.

The results discussed above have been driven by growth in the clinical trial business segment. As outlined in segment note 10, clinical trials (GxP) revenue of \$3,641k (Dec 2019: \$2,808k) was an increase of \$833k (up 30%) from the prior corresponding period.

As stated in prior directors' reports, the cord blood business remains in decline following the company's exit from the collection and processing of cord blood in 2017. During the six months ended 31 December 2020, revenue declined by \$94k to \$1,255k (Dec 2019: \$1,349k). Cord blood revenues are primarily accounting entries taking to account the deferred revenue that was booked, as required by accounting standards, when the long-term contracts were entered into. Revenue is then recognised over the life of the contact. As these contracts expire revenue will decline. However, with the expiry of the original 18 and 25 year contracts the Company has commenced offering ongoing annual storage plans. While the contracts that have expired are only small in number, (the Company offered its first 18-year contracts in 2002) at this stage we are highly encouraged with the high take up rate of this offering.

### Near term Outlook

We believe the trend set in the past 18 months will continue in the second half of the year.

As stated in the 30 June 2020 directors review of operations, Cryosite currently operates predominately in the clinical trial logistics market. This is subject to very stringent international standards and Australian government mandated compliance and licensing requirements. This creates very high barriers to entry. These same standards and barriers to entry apply to products listed on the Register of Therapeutic Goods. These products represent a much larger market than clinical trial logistics. This is a natural market for the Company to expand into. Our focus will be on attracting low volume, high value, temperature controlled, highly regulated drugs, Cryosite's specialty.

This strategy is proving successful as demonstrated with a new contract being entered into, subsequent to 31 December 2020, with a major international company. While this contract has no minimum sales qualities, this opportunity has the potential to contribute to the growth of Cryosite group in FY2022 and beyond.

The pandemic has the potential to be a significant influence on the Company, the ongoing effects remains an unknown.

There is much to be done at Cryosite to ensure shareholders receive an appropriate return on their investment. We continue to drive higher standards and remain excited by the opportunities.

The Board and Management are grateful for the continuing support of the Company by employees and shareholders.



Bryan Dulhunty  
Chairman  
Sydney  
25<sup>th</sup> February 2021

**AUDITORS' INDEPENDENCE DECLARATION**

In relation to our review of the financial report of Cryosite Limited and its controlled entity for the half-year ended 31 December 2020, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Cryosite Limited and its controlled entity during the half-year ended 31 December 2020.

**MAZARS RISK & ASSURANCE PTY LTD**



**Rose Megale**

Director

Sydney, 25th February 2021

# Cryosite Limited Half-Year Financial Report

## Directors' Declaration

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The Directors of Cryosite Limited declare that:

- The financial statements and notes thereto of Cryosite Limited and its controlled entity for the half-year ended 31 December 2020 are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
  - compliance with Accounting Standards.
  
- There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Bryan Dulhunty  
Chair  
Sydney  
25<sup>th</sup> February 2021

# Cryosite Limited Half-Year Financial Report

## Consolidated Statement of Profit and Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	31 Dec 2020 \$	31 Dec 2019 \$
Sales of goods and rendering of services	5(i)	4,896,921	4,157,619
Other revenue	5(ii)	57,106	21,656
<b>Revenue</b>		<b>4,954,027</b>	<b>4,179,275</b>
Costs of providing services		(2,051,925)	(1,622,193)
Depreciation and amortisation expense		(292,023)	(263,437)
Marketing expenses		(31,492)	(51,005)
Occupancy expenses		(309,223)	(171,835)
Administration expenses		(1,794,910)	(1,654,017)
Legal claim	14	-	958,983
<b>Total expenses</b>		<b>(4,479,573)</b>	<b>(2,803,504)</b>
<b>Profit (loss) before tax</b>		<b>474,454</b>	<b>1,375,771</b>
Income tax (expense) benefit		(189,878)	(130,257)
<b>Profit (loss) after tax</b>		<b>284,576</b>	<b>1,245,514</b>
<b>Net comprehensive profit (loss) for the half-year</b>		<b>284,576</b>	<b>1,245,514</b>
<b>Earnings per share (cents per share)</b>			
Basic EPS for the half-year		0.607	2.658
Diluted EPS for the half-year		0.583	2.518

The above interim consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Cryosite Limited Half-Year Financial Report

## Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2020

	Notes	31 Dec 2020 \$	30 Jun 2020 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	10	4,320,954	4,061,832
Trade and other receivables		960,867	962,717
Inventories		39,974	47,880
Prepayments		195,339	353,672
Other assets		-	167,937
Deferred costs		1,314,232	1,332,574
<b>Total Current Assets</b>		<b>6,831,366</b>	<b>6,926,612</b>
<b>Non-Current Assets</b>			
Trade and other receivables		103,666	138,253
Deferred tax asset, net		1,945,262	2,135,141
Right of use assets	4	1,099,592	1,213,340
Plant and equipment	11	1,294,841	1,168,465
Intangible assets	13	18,268	20,317
Prepayment		20,954	-
Other assets		167,937	-
Deferred costs		11,251,833	11,899,778
<b>Total Non-Current Assets</b>		<b>15,902,353</b>	<b>16,575,294</b>
<b>TOTAL ASSETS</b>		<b>22,733,719</b>	<b>23,501,906</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		751,941	731,963
Unearned income		94,817	78,692
Provisions		216,349	178,263
Other liabilities	14	50,311	50,311
Lease Liability	4	206,212	197,301
Deferred revenue		2,088,533	2,129,237
<b>Total Current Liabilities</b>		<b>3,408,163</b>	<b>3,365,767</b>
<b>Non-Current Liabilities</b>			
Trade and other payables		441,682	441,682
Unearned income		32,835	-
Provisions		237,868	240,963
Other liabilities	14	527,833	527,833
Lease Liability	4	959,741	1,065,018
Deferred revenue		17,123,537	18,147,450
<b>Total Non-Current Liabilities</b>		<b>19,323,496</b>	<b>20,422,946</b>
<b>TOTAL LIABILITIES</b>		<b>22,731,659</b>	<b>23,788,713</b>
<b>NET ASSETS</b>		<b>2,061</b>	<b>(286,807)</b>

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

# Cryosite Limited Half-Year Financial Report

## Consolidated Statement of Financial Position continued

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<b>AS AT 31 DECEMBER 2020</b>		<b>31 Dec 2020</b>	30 Jun 2020
	<b>Notes</b>	<u>\$</u>	<u>\$</u>
<b>EQUITY</b>			
Contributed equity		<b>5,861,788</b>	5,861,788
Share rights reserves		<b>22,908</b>	18,616
Accumulated losses		<b>(5,882,635)</b>	(6,167,211)
<b>TOTAL EQUITY</b>		<b><u>2,061</u></b>	<u>(286,807)</u>

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

# Cryosite Limited Half-Year Financial Report

## Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Notes	Contributed capital \$	Accumulated losses \$	Reserves \$	Total equity \$
<b>At 1 July 2020</b>	<b>5,861,788</b>	<b>(6,167,211)</b>	<b>18,616</b>	<b>(286,807)</b>
<b>Profit (loss) for the period</b>	-	<b>284,576</b>	-	<b>284,576</b>
<b>Share based expense</b>	-	-	<b>4,292</b>	<b>4,292</b>
<b>At 31 December 2020</b>	<b>5,861,788</b>	<b>(5,882,635)</b>	<b>22,908</b>	<b>2,061</b>
At 1 July 2019	5,861,788	(7,647,390)	69,532	(1,716,070)
Profit (loss) for the period	-	1,245,514	-	1,245,514
Performance rights cancelled	-	-	(59,388)	(59,388)
At 31 December 2019	5,861,788	(6,401,876)	10,144	(529,944)

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

# Cryosite Limited Half-Year Financial Report

## Consolidated Statement of Cashflows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	31 Dec 2020 \$	31 Dec 2019 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		4,038,106	3,150,013
Payments to suppliers and employees		(3,388,349)	(2,892,125)
Legal settlement, net		-	954,881
<b>Net cash flows from operating activities</b>		<b>649,757</b>	<b>1,212,769</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		(282,011)	(69,102)
Finance Income		20,904	11,535
<b>Net cash flows (used in) from investing activities</b>		<b>(261,107)</b>	<b>(57,567)</b>
<b>Cash flows from financing activities</b>			
Payments on lease liability		(129,528)	(125,930)
<b>Net cash flows (used in) financing activities</b>		<b>(129,528)</b>	<b>(125,930)</b>
Net increase/(decrease) in cash and cash equivalents		259,122	1,029,272
Cash and cash equivalents at beginning of period		4,061,832	3,919,897
<b>Cash and cash equivalents at end of period</b>	<b>10</b>	<b>4,320,954</b>	<b>4,949,169</b>

The above interim consolidated statement of cashflows should be read in conjunction with the accompanying notes.

# Cryosite Limited Half-Year Financial Report

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

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### 1. CORPORATE INFORMATION

The financial report of Cryosite Limited and the controlled entity (the Group) for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the directors on 25<sup>th</sup> February 2021.

Cryosite Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

This general purpose condensed financial report for the half-year ended 31 December 2020 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 *Interim Financial Reporting* ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2020 and considered together with any public announcements made by Cryosite Limited during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations of the ASX listing rules.

The same accounting policies and methods of computation have been followed in this financial report as were applied in the most recent annual financial statement.

#### (a) Compliance with IFRS

The financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### (b) Changes in accounting policy, accounting standards and interpretations

- (i) Amendments to AASBs and the new Interpretation that are mandatorily effective for the current period.

# Cryosite Limited Half-Year Financial Report

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the current half-year, the Group has applied the amendments to Australian Accounting Standards [and Interpretations] issued by the Australian Accounting Standards Board (the Board) in the below table, that are effective for the Group's annual reporting period that began on 1 July 2020.. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group are:

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia
- AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions.

The adoption of amending Standards does not have any impact on the disclosures or the amount recognised in the Group's interim consolidated financial statements.

#### **New Standards, interpretations and amendments adopted by the Group**

**AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions**  
The amendments introduce a practical expedient into AASB 16 which permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification and therefore treating it in the same way it would account for the change applying AASB 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

The Company did not receive any waiver of lease payments.

# Cryosite Limited Half-Year Financial Report

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Impact of the initial application of other news and amended Standards that are effective for the current period**

In the current half-year, the Group has applied the amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board as outlined below, that are effective for the Group's annual reporting period that began on 1 July 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

#### ***AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business***

This Standard amends AASB 3 Business Combinations. The Group has adopted the amendments for the first time in the current year. The amendments clarify that outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

#### ***AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material***

This Standard amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The Group has adopted these amendments for the first time in the current year. The amendments clarify the definition of material and are not intended to alter the underlying concept of materiality in Australian Accounting Standards.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020.

#### **(c) Basis of consolidation**

The consolidated financial statements comprise the financial statements of Cryosite Limited and its subsidiary ('the Group') as at the half-year ended 31 December 2020.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group 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 group. They are deconsolidated from the date that control ceases.

The financial statements of the subsidiary are prepared for the same reporting year as the parent company, using consistent accounting policies.

# Cryosite Limited Half-Year Financial Report

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Cryosite Limited are accounted for at cost in the separate financial statements of the parent entity, less any impairment charges.

#### (d) Foreign currency translation

Both the functional and presentation currency of Cryosite Limited and its Australian subsidiary is Australian dollars (\$AUD). Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

#### (e) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant & equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the statement of comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

<b>Major depreciation rates are:</b>	<b>2020</b>	<b>2019</b>
Leasehold improvements	Lease term- October 2025	Lease term- October 2025
Plant and equipment:		
- Fixtures and fittings	5 – 10 years	5 – 10 years
- Information technology	3 - 5 years	2 - 3 years
- Warehouse equipment	4 - 10 years	4 - 10 years
- Office furniture & equipment	2.5 – 8 years	2.5 – 8 years
Plant & equipment under lease	5 years	5 years

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

# Cryosite Limited Half-Year Financial Report

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

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### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board.

#### (g) Intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives are recognised in the statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Software development costs are capitalised at the direct costs and amortised on a straight-line basis over the period of their expected benefit being their finite life of 5 years. Amortisation starts at the time that the technology is activated and is used by both internal and external customers. The capitalised costs of platform technology include the direct costs of external consultants and any supporting software acquired from a third party.

The assessment of useful life is reviewed annually by the Board to determine whether the assumptions made continue to be appropriate and supportable. If not, the useful life assessment is changed on a prospective basis.

#### (h) Prepayments

Payments made in advance of services are recognized at the time of payment and classed as prepayments on the balance sheet. As the services are incurred, the relevant amounts are recognised as an expense in the profit and loss statement.

Costs incurred in relation to the implementation & development of applications are capitalised as a prepayment reflecting the economic benefits to be consumed over the contract service period. Any costs in relation to training & data conversion are expensed as incurred.

# Cryosite Limited Half-Year Financial Report

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (i) Inventories

Inventories consist of consumables used in the provision of services. Inventories are valued at the lower of cost and net realisable value. Cost is determined by actual purchase price. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### (j) Trade and other receivables

Trade receivables (current), which generally have 30-day terms, are recognised initially at fair value less expected credit loss and any allowance for impairment.

The adoption of AASB 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing AASB 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

AASB 9 requires the Group to record an allowance for ECL's for all loans and other debt financial assets not held at FVPL (fair value through profit or loss).

The Group's ECL is based on an estimated percentage of past due receivables that are expected to default based on historical experience.

#### (k) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank, in hand and short-term deposits with an original maturity 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.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### (l) Trade and other payables

Trade and other payables are carried at amortised costs and due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

# Cryosite Limited Half-Year Financial Report

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (m) Employee leave benefits

##### *Wages, salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. Unused sick leave on termination of employment is forfeited.

##### *Long service leave*

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

#### (n) Provisions

Provisions are recognised when the Group has a present obligation (legal, or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### (o) Share-based payment transactions

The group provides benefits to employees (including executive directors) of the Group in the form of share-based payment transactions, whereby the employees render services in exchange for rights over shares ('equity-settled transactions') under the Cryosite Employee Incentive Plan (CEIP) or individually negotiated share-based payment arrangements.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions').

# Cryosite Limited Half-Year Financial Report

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired; and
- (ii) the number of awards that, in the opinion of directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it was granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

In the case where outstanding equity-settled awards have expired, the relevant amounts in respect to these awards in the share option reserves are transferred to retained earnings.

#### **(p) Leases**

AASB 16 has been applied as of 1 July 2019 and the Company used what is known as the "modified retrospective" transition method, under which a liability is recognised at the transition date for an amount equal to the present value of the residual lease payments alone, offset against a right-of-use asset adjusted for the amount of prepaid lease payments or within accrued expenses; all the impacts of the transition were deducted from equity.

The standard provides for various simplification measures during the transition phase; in particular, the Group has opted to apply the measures allowing it to exclude leases with a residual term of less than twelve months, exclude leases of low-value assets, continue applying the same treatment to leases that qualify as finance leases under AASB 17, and not capitalise costs directly related to signing leases.

# Cryosite Limited Half-Year Financial Report

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

#### (q) Revenue from contracts with customers

##### Rendering of services

The Group provides the following services:

- a. specialist temperature-controlled storage, sourcing, labelling, status management, secondary packaging, schedule drug distribution, destruction, returns and biological services and;
- b. long term storage for cord blood and tissue samples.

The Group identified that the above services are distinct and have assessed the revenue recognition in accordance with AASB 15 separately.

##### Revenue from clinical trials and biological services logistics services

Revenue from clinical trials pertain to processing and distribution of samples for clinical testing. The Group has assessed that each sample processed is distinct from each other and that asset is transferred to the customer at the completion of the service. Accordingly, the Group assessed that the performance obligation is satisfied at that point in time and revenue is recognised as and when the customer obtains control of the asset.

The revenue recognition policy for clinical trials under AASB 15 is consistent with the provisions of the old standard, AASB 118 – Revenue; hence, clinical trials revenue is not impacted by the adoption of AASB 15.

##### Revenue from cord blood and cord tissue storage

Prior to the adoption of AASB 15, the Group accounted for the collection and processing of cord blood and tissue samples as a separate performance obligation from the storage service. Accordingly, upfront fees and costs related to collection and processing activities were recognised immediately as revenue and costs at the inception of the contract while the storage fee component is recognised as unearned revenue and amortised throughout the contract term of either 18 or 25 years.

Under AASB 15, the Group assessed that the collection, processing and storage services for cord blood and tissue samples constitute a single performance obligation because none of the services are distinct and marketed independently of the others.

# Cryosite Limited Half-Year Financial Report

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition, it was determined that the performance obligation is performed over time (i.e. throughout the storage contract period of 18 or 25 years).

The Group performed a re-allocation of the contract consideration to recognise upfront revenue and costs throughout the life of the storage contract. This resulted in the recognition of “Deferred revenue” and “Deferred costs” in the statement of financial position as at 1 July 2018. These balance sheet items will unwind to revenue and costs for the remaining contract period.

#### Interest revenue

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.

#### Dividend income

Dividends: revenue is recognised when the Company’s right to receive the payment is established.

#### **(r) Income tax and other taxes**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period’s taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

# Cryosite Limited Half-Year Financial Report

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future tax profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

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

# Cryosite Limited Half-Year Financial Report

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (s) Contributed equity

Contributed capital bears no special terms or conditions affecting income or capital entitlements of the shareholders. Ordinary share capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

#### (t) Share options reserve

The share options reserve captures the equity component of the company's equity settled transactions of the share-based payments schemes.

#### (u) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### (v) Earnings per share

Basic EPS is calculated as net profit attributable to members of the parent, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares.

Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

#### (w) Fair value measurement

Fair value is 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

# Cryosite Limited Half-Year Financial Report

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- In the principle market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Group.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in the highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For the purpose of fair value disclosure, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

#### **(x) Current versus non-current classification**

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

# Cryosite Limited Half-Year Financial Report

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

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### **3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, ASSUMPTIONS AND SIGNIFICANT EVENTS**

#### **(a) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements requires management to make judgements, estimates that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from the source. Actual results may differ from these estimates and estimates under different assumptions and conditions.

Management has not identified any changes in critical accounting estimates and judgements except for the below:

#### *Estimated useful life of assets*

The estimation of the useful lives of assets and their residual values has been based on historical experience as well as manufacturers' warranties. In addition, the condition of assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary. The estimated useful life of licenses acquired has been based upon the useful life of the patents and associated methodologies underpinning the license. The assessment of useful life is reviewed annually by the Board to determine whether the assumptions made continue to be appropriate and supportable given the license conditions and underlying patents. If the useful life assessment is assessed as inappropriate, either due to a change in license conditions or patents, it is changed on a prospective basis.

#### *Estimated Income Tax Expense*

The tax expense and corresponding provision and deferred tax balance for the half year period has been estimated.

#### **(b) SIGNIFICANT EVENTS AND TRANSACTIONS**

No significant events and transactions have arisen during the half year ending 31 December 2020.

### **4. LEASES – AASB 16**

The entity leases the premises housing its principal place of business. From 1 July 2019, in line with AASB 16, leases are recognised as a right-of-use asset and a corresponding liability at the date at which

# Cryosite Limited Half-Year Financial Report

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

#### 4. LEASES – AASB 16 (continued)

the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is amortised over the lease term on a straight-line basis.

Lease liabilities have been measured at the present value of the remaining lease payments, discounted using the RBA June 2019 Lending Rate - Small business variable rate as of 1 July 2019.

The recognised right-of-use assets relates to property and is comprised as follows:

	Right of use asset	
<b>Property right of use as at June 30, 2020</b>		<b>1,213,340</b>
Amortisation Right of use asset		(113,748)
<b>Property right of use as at December 31, 2020</b>		<b>1,099,592</b>
	<b><u>31 Dec 2020</u></b>	<b><u>30 June 2020</u></b>
	\$	\$
Lease asset – non-current	<b>1,099,592</b>	1,213,340
Lease liability – current	<b>206,212</b>	197,301
Leases liability – non-current	<b>959,741</b>	1,065,018
Total Liabilities	<b>1,165,953</b>	1,262,319

#### 5. REVENUE AND EXPENSES

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

##### (i) Customer contract revenue

	31 Dec 2020	31 Dec 2019
	\$	\$
<i>Customer contract revenues</i>		
Clinical Trials and Biological Services Logistics	<b>3,641,423</b>	2,808,174
Cord Blood and Tissue Storage	<b>1,255,498</b>	1,349,445
	<b>4,896,921</b>	4,157,619

##### (ii)

##### Other revenue

Bank interest	<b>7,106</b>	21,656
Government incentive – cash boost	<b>50,000</b>	-
	<b>57,106</b>	21,656
	<b>4,954,027</b>	4,179,275

##### (iii) Expenses

Major items included within expenses follow:

Employee benefits	<b>1,157,718</b>	1,037,182
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# Cryosite Limited Half-Year Financial Report

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

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### 6. DIVIDENDS PAID OR PROPOSED

No dividends have been provided for at the reporting date (30 June 2020: Nil).

### 7. CONTINGENT LIABILITIES

The Company is not aware of any contingent liabilities or contingent assets at reporting date.

### 8. SUBSEQUENT EVENTS

The Company is not aware of any material subsequent events since reporting date.

### 9. SEGMENT INFORMATION

#### Identification of Reportable Segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The segment information provided is consistent with the internal management reporting.

Two reportable segments have been identified as follows:

- a) **Clinical Trials and Biological Services Logistics**  
Specialist temperature-controlled storage, sourcing, labelling, status management, secondary packaging, schedule drug distribution, destruction, returns and biological services.
- b) **Cord Blood and Tissue Storage**  
Storage for cord blood and tissue samples.

The accounting policies used by the Company in reporting segments internally are the same as those contained in note 1 to the accounts and in the 30 June 2020 annual financial report.

# Cryosite Limited Half-Year Financial Report

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

### 9 SEGMENT INFORMATION (continued)

Operating Segment 2020	Clinical Trials and Biological Services Logistics	Cord Blood and Tissue Storage	Unallocated	Total
	\$	\$		
Revenue	3,641,422	1,255,498	57,106	4,954,027
Net profit before tax	1,522,021	442,518	(1,490,085)	474,454
Tax	-	(109,542)	(80,336)	(189,878)
Net profit after tax	1,522,021	332,976	(1,570,421)	284,576
<b>Total Comprehensive Income net of tax</b>	<b>1,522,021</b>	<b>332,976</b>	<b>(1,570,421)</b>	<b>284,576</b>
Segment Assets 31 December 2020	2,016,587	14,523,382	6,193,750	22,733,719
Segment Liabilities 31 December 2020	575,985	19,658,446	2,497,228	22,731,659
Depreciation and Amortisation	(151,250)	(2,050)	(138,723)	(292,023)
Operating Segment 2019	Clinical Trials and Biological Services Logistics	Cord Blood and Tissue Storage	Unallocated	Total
	\$	\$		
Revenue	2,808,174	1,349,445	21,656	4,179,275
Net profit before tax	1,220,840	509,709	(1,313,761)	(416,788)
Tax	-	(119,532)	(10,725)	(130,257)
Net profit after tax	1,220,840	390,177	(1,324,486)	(286,531)
Legal Settlement ACCC, net of tax	-	-	958,983	958,983
<b>Total Comprehensive Income net of tax</b>	<b>1,220,840</b>	<b>390,177</b>	<b>(365,503)</b>	<b>(1,245,514)</b>
Segment Assets 31 December 2019	790,222	16,923,534	6,661,450	24,382,440
Segment Liabilities 31 December 2019	338,472	21,843,255	2,730,657	24,912,384
Depreciation and Amortisation	(32,075)	(57,369)	(173,994)	(263,437)

Tax comparative for 2019 has been and split between Cord Blood & Tissue and Corporate in line with 2020.

# Cryosite Limited Half-Year Financial Report

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

### 10. CASH AND CASH EQUIVALENTS

For the purposes of the Condensed Cash Flow Statement, cash and cash equivalents comprise the following at 31 December 2020:

	31 Dec 2020	30 June 2020
	\$	\$
Cash at bank and in hand	1,320,954	60,076
Short-term deposits	3,000,000	4,001,756
	<b>4,320,954</b>	<b>4,061,832</b>

### 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2020, the Company acquired assets with a cost of \$397,429. (30 June 2020: \$984,358).

	Leasehold improvements	Fixtures and fittings	Information technology	Warehouse equipment	Office furniture & equipment	Total
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
At 30 June 2020	31,467	133,829	190,829	4,198,384	41,636	4,596,145
Additions	84,058	-	35,993	277,378	-	397,429
Disposals	-	-	(53,219)	(926,130)	(5,905)	(985,254)
<b>At 31 December 2020</b>	<b>115,525</b>	<b>133,829</b>	<b>173,603</b>	<b>3,549,632</b>	<b>35,731</b>	<b>4,008,320</b>
<b>Accumulated Depreciation</b>						
At 30 June 2020	(5,169)	(92,974)	(101,359)	(3,195,451)	(32,729)	(3,427,682)
Depreciation charge for the 6 months	(4,015)	(3,479)	(12,516)	(151,250)	(4,963)	(176,223)
Disposals	-	-	53,219	831,302	5,905	890,426
<b>At 31 December 2020</b>	<b>(9,184)</b>	<b>(96,453)</b>	<b>(60,656)</b>	<b>(2,515,399)</b>	<b>(31,787)</b>	<b>(2,713,479)</b>
<b>Net book value 30 June 2020</b>	<b>26,298</b>	<b>40,856</b>	<b>89,470</b>	<b>1,002,933</b>	<b>8,907</b>	<b>1,168,465</b>
<b>Net book value 31 December 2020</b>	<b>106,341</b>	<b>37,376</b>	<b>112,947</b>	<b>1,034,233</b>	<b>3,944</b>	<b>1,294,841</b>

# Cryosite Limited Half-Year Financial Report

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

### 12. RELATED PARTY TRANSACTIONS

CoSA Pty Ltd is a party related to Bryan Dulhunty. During the six months CoSa Pty Ltd charged the Company \$87,506 (2019 \$37,506) for consulting services and company secretary services provided by Bryan Dulhunty.

The following table provides the total amount of transactions which have been entered into with its wholly owned subsidiary at arm's length during the six-month periods ending 31 December 2020 and 31 December 2019 as well as balances with the subsidiary as at 31 Dec 2020 and 31 Dec 2019

	31 Dec 2020	31 Dec 2019
	\$	\$
Owed to Cryosite Distribution Pty Ltd	<b>nil</b>	483,478

### 13 NON-CURRENT ASSETS - INTANGIBLE ASSETS

	Website \$	Total \$
<b>Cost</b>		
At 30 June 2020	20,317	20,317
Additions	-	-
<b>At 31 December 2020</b>	<b>20,317</b>	<b>20,317</b>
<b>Amortisation and impairment</b>		
At 30 June 2020	-	-
Amortisation for the 6 months	(2,049)	(2,049)
<b>At 31 December 2020</b>	<b>(2,049)</b>	<b>(2,049)</b>
<b>Net book value – 30 June 2020</b>	<b>20,317</b>	<b>20,317</b>
<b>Net book value – 31 December 2020</b>	<b>18,268</b>	<b>18,268</b>

The Company assesses the impairment of non-financial assets at each reporting date. The Company assessed these software assets and concluded that these assets were not impaired.

### 14 OTHER LIABILITIES

On the 13<sup>th</sup> February 2019, the Company settled with the Australian Competition and Consumer Commission (ACCC) in relation to the proceeding against Cryosite in the Federal Court of Australia. Under the terms of the settlement, the Company agreed to pay a pecuniary penalty of \$1.1m (including costs) to the ACCC, with Cryosite being allowed to pay the penalty in instalments with \$250,000 (including \$50,000 in legal costs) to be paid within 30 days of the Court's order and the balance to be paid in 10 equal annual instalments from 2020 to 2029.

# Cryosite Limited Half-Year Financial Report

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2020

### 14 OTHER LIABILITIES (continued)

The balance at 31 December 2020 is made up of:

	<b>31 Dec 2020</b>	30 June 2020
	\$	\$
Other Liabilities – current	<b>50,311</b>	50,311
Other Liabilities – non-current	<b>527,833</b>	527,833
Total	<b>578,144</b>	578,144

Arising from the ACCC settlement as outlined in Note 15 of December 2019 Financial Report Cryosite entered into a deed of settlement under which the company was paid \$1,000,000 on 30 September 2019, in settlement of the claim for loss and damage relating to legal services received by Cryosite in connection with the proposed 2017 transaction.

The settlement sum is in full and final settlement of all claims by Cryosite relating to this matter.

	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	\$	\$
Legal Settlement	-	<b>1,000,000</b>
Legal fees incurred	-	<b>(41,017)</b>
Net legal settlement	-	<b>958,983</b>

### 15 COMMITMENTS AND CONTINGENCIES

#### *Commercial Property Security deposits*

The security deposit for the lease at Granville is covered by a bank guarantee for \$167,937 issued by the Commonwealth Bank of Australia. Cash deposit is held as security and is included in the balance sheet as part of non-current other assets.

### 16 KEY MANAGEMENT PERSONNEL

On 15<sup>th</sup> Oct 2020, Cryosite announced the appointment of Mr. John Hogg as Chief Executive Officer. At the same date, Mr. Bryan Dulhunty stepped down from his executive Chairman's role to non-executive Chairman. The remuneration arrangements of directors disclosed in the Annual Financial Report 2020 and the remuneration details of CEO disclosed in the ASX announcement of 15<sup>th</sup> Oct 2020.

In addition, during the half-year, a cash bonus of \$50,000 was paid to Cosa Pty Ltd, an entity related to the Chairman. This payment was in line with the new contract entered on 21 Oct 2020 between Cosa and Cryosite to replace and terminate the contract entered on the 23<sup>rd</sup> January 2020.

## ***Review Report on the Half-year Financial Report***

### ***Conclusion***

We have reviewed the accompanying half-year financial report of Cryosite Limited and its controlled entity (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2020 and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies, explanatory notes 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 half-year financial report of Cryosite Limited and its controlled entity is not in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (ii) 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 (ASRE 2410). Our responsibilities are further described in the Auditor's responsibilities for the review of the half-year 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 & 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.

### ***Directors' responsibility for the half-year financial report***

The directors of the company 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 presentation 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***

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 2020 and of 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.

**MAZARS RISK & ASSURANCE PTY LTD**

A handwritten signature in black ink, appearing to read 'R. Megale', written in a cursive style.

**Rose Megale**

Director

Sydney, 25th February 2021