

Cryosite Limited

ABN 86 090 919 476

Appendix 4D

**Six months ended 31 December 2021 ('current period')
and six months 31 December 2020 (previous corresponding period')**

Results for announcement to the market

1. Details of Reporting Period

The financial information contained in this report relates to the half year ended 31 December 2021. Comparative amounts (unless otherwise indicated) relate to the year ended 31 December 2020.

2. Results for Announcement to the Market

				\$A'000
2.1 Revenue from ordinary activities:	Up	19%	to	5,824
2.2a Underlying profit before tax for the period from ordinary activities	Up	88%	to	894
2.2b Profit (loss) from ordinary activities after tax attributable to members:	Up	175%	to	782
2.3 Net profit (loss) for the period attributable to members:	Up	175%	to	782

2.4 Dividends

The Board of Cryosite has on the 22nd of February 2022 determined that no interim dividend will be paid.

2.5 Commentary on the results to the market:

The six months ended 31 December 2021 was a strong operational period for Cryosite.

Revenue of \$5,824k up 19% on the prior period.

Profit after tax of \$782 was up 175% on the prior period

Cash on hand increased by \$1,393k to \$5,274k with operational cash inflow for the six-month period of \$1,938k (Dec 2020: \$669k).

3.0 NTA backing

	31 December 2021	30 June 2021
Net tangible asset backing per ordinary security	2.6 cents	0.8 cents



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Cryosite Half-Year Financial Report
31 December 2021



Cryosite Limited Half-Year Financial Report

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Cryosite Limited Half-Year Financial Report

Directors' Report

The directors present their report together with the financial statements on the consolidated entity (the Group) consisting of Cryosite Limited (the Company) and the entity it controlled for the year ended 31 December 2021.

DIRECTORS

The following persons were directors of Cryosite Limited during the financial year and up to date of this report unless otherwise stated:

Mr. Bryan Dulhunty (appointed 2 March 2018)	Non-Executive Chairman
Mr. Andrew Kroger (appointed 21 November 2011)	Non-Executive
Mrs. Nicola Swift (appointed 31 October 2016)	Non-Executive
Mr. Steven Waller (appointed 19 November 2021)	Non-Executive

PRINCIPAL ACTIVITIES

Cryosite operates through two operating segments:

- Clinical Trials, Biological Storage and Logistics

Cryosite provides specialist temperature-controlled storage, labelling, status management, secondary packaging, schedule drug distribution, destruction, returns management, comparator sourcing, import, export, validated transport solutions and biological storage to the clinical trials, research and pharmaceutical industry

- Cord Blood and Tissue Storage

This business provides long term storage for cord blood and tissue samples.

REVIEW OF OPERATIONS

Overview

The six months ended 31 December 2021 was a strong operational period for Cryosite.

- Revenue of \$5,824k up 19% on the prior period.
- Net profit before tax of \$894 up 88% on the prior period
- Profit after tax of \$782k was up 175% on the prior period.
- Cash on hand increased by \$1,393k to \$5,274k with operational cash inflow for the six-month period of \$1,938k (Dec 2020: \$669k).

Overall, the results for the half year ended 31st December 2021 continue the growth profile established over the past three years.

Cryosite Limited Half-Year Financial Report

Directors' Report (continued)

Segment profit

- **Clinical Trials, Biological Storage and Logistics**

This segment continues to perform strongly and continues to drive the growth of Cryosite

Revenue:

This segment performed strongly with sales revenue of \$4,602k, up \$961k, or 26% on the prior corresponding period. This represents the sixth half year of continued growth. The Company's depot capabilities continue to expand as the number of clinical trials taking place in Australia / New Zealand increase. Investments in additional capacity and enhanced services make it a clear choice to support clinical trial / pharmaceutical companies in ANZ.

Expenses:

The company has invested in the modernisation of plant and equipment. During the year, Cryosite have integrated the latest technology into the operations, installed solar panel, added additional security and upgraded processing power to the servers and updated a few operational systems. While these expenditure items have given the company the capacity for future expansion, at same time, it enhanced overall productivity and efficiency. The expenses/revenue ratio was improved compared to last period.

Profit:

Net profit before tax from Clinical Trials, Biological Storage and Logistics was \$2,019k, up \$498k or 32% on the prior corresponding period.

- **Cord Blood and Tissue Storage**

Cryosite securely stores cord blood and tissue samples - with 17,700 active cord blood storage clients. Storage contracts are a mixture of long term and annual contracts.

Until 2017 Cryosite offered 18 and 25 year contracts to collect, process and store cord blood. In 2017 Cryosite made the decision to no longer collect and process cord blood, to only offer storage services to our existing clients. These long-term storage contracts continue to have a significant accounting impact on the Company's financial performance. The accounting of these long-term storage contracts is complex but essentially the contract revenue and associated costs arising when entering the contract are treated as deferred revenue and costs and are recorded as significant items on the balance sheet. Each year Cryosite then books to the profit and loss, a portion of the deferred revenue and costs reflecting one year's portion of the storage contract. As these contracts expire, the reported amount booked to profit and loss each year naturally reduces. The last storage contracts expire in 2043.

Of the reported cord blood revenue of \$1,222k for the 6-month period ended 31 December 2021, \$1,024k is of a deferred nature (non-cash) (see note 5, 6 and note 11).

Since 2020 Cryosite offers extension storage contracts to each customer on the expiry of their initial long-term contracts. These extension contracts add revenue, provide cash flow and over time we expect they will add to the segment's profitability. The encouraging take up rate of the newly offered extension contracts is already contributing approximately \$100k a year additional revenue. While deferred revenue and costs reflecting one years' portion of the long-term storage contracts, will decline over the life of the contract, the aim is for the extension contracts to gradually offset this

Cryosite Limited Half-Year Financial Report

Directors' Report (continued)

continued decline in deferred profit. We are investing to support this strategy. Over time the mix change will benefit the cash generation potential of the cord blood segment.

Revenue:

Revenue from Cord Blood and Tissue Storage was \$1,222k (deferred revenue of \$1,024k). Revenue in the corresponding previous period was \$1,255k (deferred revenue of \$1,065k)

Expenses:

Cord Blood expenses increased as additional resources have been engaged to support our growing extension contract business and position it for future growth. Additional costs have been incurred to upgrade our CRM software.

Profit:

Net profit before tax from Cord Blood and Tissue Storage was \$346k, down \$97k or 22% on the prior corresponding period.

Cashflow

Cash on hand as at 31 December 2021 was \$5,274k. An increase of \$1,393k from the 30 June 2021 balance. The company has no borrowings.

For the six months ended 31 December 2021 cash from operations generated a cash inflow of \$1,938k (Dec2020: \$669k), cash outflows from investing activities (fixed asset purchases) were \$514k (Dec 2020: \$282k) and financing activities of \$15k (2020: \$130k).

The main drivers of the strong inflow of cash from operations is operational profit and the add back of depreciation - however timing issues with both debtor and creditor payments added a one-time boost.

The company is on track to meet the timelines and costs on its capital expenditure project with \$442K of the total budget of \$860K being expended by the half year ended 31 December 2021. (The budget increased from \$760k to \$860k with additional investments to improve capacity).

Outlook

The trading results of the last three years have proven that our strategy, to refocus, reinvest and revitalise the business, is being successful and is positively shaping Cryosite's new service offerings.

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. The company is set to expand its marketing offering from its traditional clinical trial logistics market to goods listed on the Australian Register of Therapeutic Goods (ARTG). Cryosite's focus is to attract low volume, high value, temperature controlled, highly regulated ARTG drugs. This area of the market represents a much larger market than clinical trial logistics and has the same high barriers to entry as does the clinical trial logistics business, due to government licenses required to operate in this area

Cryosite Limited Half-Year Financial Report Directors' Report (continued)

and specialised infrastructure requirements. This expanded market becomes a natural area for the company to operate in.

While we are confident in our strategy's continued ability to deliver growth, trading conditions may be impacted by the ongoing Covid pandemic. Geopolitical events, inflation, national elections and supply chain constraints are headwinds moving forward with unknown impact on the business.

Ensuring that shareholders can receive an appropriate return on their investment remains our priority. We continue to drive higher standards and embrace the new the opportunities as well as challenges.

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

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

On behalf of the directors

Bryan Dulhunty
Non - Executive Chairman



Date: 22nd February 2022

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 2021, 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 2021.

MAZARS RISK & ASSURANCE PTY LTD



Rose Megale

Director

Sydney, 22nd February 2022

Cryosite Limited Half-Year Financial Report

Directors' Declaration

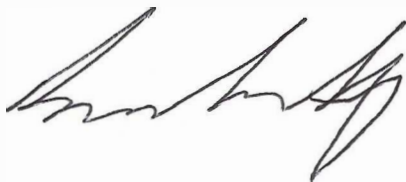
The Directors of Cryosite Limited declare that:

- The financial statements and notes thereto of Cryosite Limited and its controlled entity for the half-year ended 31 December 2021 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 2021 and of its performance for the half-year ended on that date; and
 - compliance with Australian Accounting Standards and Corporations Regulations 2001.

- 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)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Bryan Dulhunty
Non - Executive Chairman
Sydney
22nd February 2022

Cryosite Limited Half-Year Financial Report

Consolidated Statement of Profit and Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Notes	31 Dec 2021 \$	31 Dec 2020 \$
Sales of goods and rendering of services	5(i)	5,823,941	4,896,921
Revenue		5,823,941	4,896,921
Costs of providing services		(2,435,168)	(2,051,925)
Depreciation and amortisation expense		(280,523)	(292,023)
Marketing expenses		(3,225)	(31,492)
Occupancy expenses		(269,942)	(247,154)
Administration expenses		(1,884,896)	(1,747,191)
Total expenses		(4,873,754)	(4,369,785)
Finance income/(expense)		(42,676)	(62,069)
Other income/(expense)	5(ii)	(13,613)	9,387
Profit (loss) before tax		893,898	474,454
Income tax (expense) benefit	7(i)	(111,494)	(189,878)
Profit (loss) after tax		782,404	284,576
Total comprehensive Profit (loss)		782,404	284,576
Earnings per share (cents per share)			
Basic EPS for the half-year		1.603	0.607
Diluted EPS for the half-year		1.603	0.583

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 2021

		31 Dec 2021	30 Jun 2021
	Notes	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	12	5,274,044	3,881,126
Trade and other receivables	13	1,107,558	1,670,234
Inventories		78,563	52,508
Prepayments		240,713	387,317
Other assets		-	5,892
Deferred costs – cord blood		1,274,218	1,295,890
Total Current Assets		7,975,096	7,292,967
Non-Current Assets			
Trade and other receivables		56,710	80,251
Deferred tax asset, net	7	1,555,773	1,667,266
Right of use assets	4	872,089	985,839
Plant and equipment	14	1,455,970	1,163,218
Intangible assets	16	14,202	16,251
Prepayment		9,525	15,239
Other assets		167,937	167,937
Deferred costs – cord blood		9,977,612	10,603,887
Total Non-Current Assets		14,109,818	14,699,888
TOTAL ASSETS		22,084,914	21,992,855
LIABILITIES			
Current Liabilities			
Trade and other payables		982,964	787,539
Unearned income		237,807	138,385
Provisions		256,892	235,530
Other liabilities	17	53,330	53,330
Lease Liability	4	224,284	215,253
Deferred revenue- cord blood		1,993,450	2,047,829
Total Current Liabilities		3,748,727	3,477,866
Non-Current Liabilities			
Trade and other payables		441,682	441,682
Unearned income		16,856	28,148
Provisions		258,088	243,724
Other liabilities	17	474,502	474,502
Lease Liability	4	735,457	849,765
Deferred revenue -cord blood		15,130,092	16,099,625
Total Non-Current Liabilities		17,056,677	18,137,446
TOTAL LIABILITIES		20,805,404	21,615,312
NET ASSETS		1,279,510	377,543

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

AS AT 31 DECEMBER 2021		31 Dec 2021	30 Jun 2021
	Notes	\$	\$
EQUITY			
Contributed equity		5,978,788	5,861,788
Share rights reserves		-	30,392
Accumulated losses		(4,699,278)	(5,514,637)
TOTAL EQUITY		1,279,510	377,543

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 2021

	Contributed capital	Accumulated losses	Reserves	Total equity
	\$	\$	\$	\$
At 1 July 2021	5,861,788	(5,514,637)	30,392	377,543
Profit (loss) for the period	-	782,404	-	782,404
Share based compensation	-	-	2,563	2,563
Issue of share capital on exercise of employee share option	117,000	-	-	117,000
Transfer of reserves to retained earnings	-	32,955	(32,955)	-
At 31 December 2021	5,978,788	(4,699,278)	-	1,279,510
At 1 July 2020	5,861,788	(6,167,211)	18,616	(286,807)
Profit (loss) for the period	-	284,576	-	284,576
Performance rights cancelled	-	-	4,292	4,292
At 31 December 2020	5,861,788	(5,882,635)	22,908	2,061

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 2021

	Notes	31 Dec 2021 \$	31 Dec 2020 \$
Cash flows from operating activities			
Receipts from customers		5,719,094	4,038,106
Payments to suppliers and employees		(3,780,646)	(3,368,835)
Net cash flows from operating activities		1,938,448	669,271
Cash flows from investing activities			
Purchase of plant and equipment		(513,663)	(282,011)
Interest Income		1,866	20,904
Net cash flows (used in) from investing activities		(511,797)	(261,107)
Cash flows from financing activities			
Lease payments		(132,117)	(129,528)
Proceeds from option conversion		117,000	-
Net cash flows (used in) financing activities		(15,117)	(129,528)
Net increase/(decrease) in cash & cash equivalents		1,411,534	278,636
Effect of exchange rate changes on cash		(18,616)	(19,514)
Cash and cash equivalents at beginning of period		3,881,126	4,061,832
Cash and cash equivalents at end of period	10	5,274,044	4,320,954

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 2021

1. CORPORATE INFORMATION

The financial report of Cryosite Limited and the controlled entity (the Group) for the half-year ended 31 December 2021 was authorised for issue in accordance with a resolution of the directors on 22nd February 2022.

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

(a) Statement of Compliance

This general purpose condensed financial report for the half-year ended 31 December 2021 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 2021 and considered together with any public announcements made by Cryosite Limited during the half-year ended 31 December 2021 in accordance with the continuous disclosure obligations of the ASX listing rules.

Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except if relevant, for the revaluation of certain non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise stated.

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.

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

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

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The adoption of the following new and amended standard have not had any material impact on the disclosures or on the amounts reported in these financial statements. These amendments applicable to the Group include:

- AASB2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2.

(ii) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 31 December 2021. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

- AASB 17 Insurance Contracts effective for financial years commencing on or after 1 January 2023.
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, effective for financial years commencing on or after 1 January 2022.
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates.
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- AASB 2021-1 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.

The adoption of these amending Standards has not had any material impact on the policies that affect the measurement of the results or the financial position of the Group for the half year.

(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 2021.

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 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(e) 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')

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.

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(f) 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.

(g) Share options reserve

The share options reserve captures the grant date fair value of options issued but not exercised at the half year.

(h) 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.

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2021

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.

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2021

4 LEASES

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:

	31 Dec 2021	30 Jun 2021
	\$	\$
Property right of use at the beginning of the period	985,839	1,213,340
Amortisation Right of use asset	(113,750)	(227,501)
Property right of use as at the half year ended December 31, 2021	872,089	985,839
At 1 July	1,065,018	1,262,319
Accretion of interest	26,840	63,476
Payments	(132,117)	(260,777)
At December/June	959,741	1,065,018
Lease liability – current	224,284	215,253
Leases liability – non-current	735,457	849,765
Total Liabilities	959,741	1,165,018

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 2021	31 Dec 2020
	\$	\$
Customer contract revenues:		
Clinical Trials and Biological Services Logistics	4,601,628	3,641,423
Cord Blood and Tissue Storage	1,222,313	1,255,498
	5,823,941	4,896,921
Cord Blood and Tissue Storage is comprised of:		
Cord Blood revenue (cash items)	198,401	190,882
Cord Blood deferred revenue (non-cash items)	1,023,912	1,064,616
	1,222,313	1,255,498
*Cord blood deferred revenues and costs are comprised of:		
Cord Blood deferred revenue (non-cash)	1,023,912	1,064,616
Cord Blood deferred cost (non-cash)	(647,946)	(666,288)
Cord Blood deferred Income Tax expense (non-cash)	(156,466)	(109,542)
Cord Blood deferred net Income (non-cash)	219,500	288,786

*Refer to note 10 Segment Information

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2021

5 REVENUE AND EXPENSES (continued)

(ii) Other income/(expenses)

Foreign currency gains/(loss)	(14,754)	(47,719)
Government incentive – cash boost	-	50,000
Bank interest	1,141	7,106
	<u>(13,613)</u>	<u>9,387</u>

(iii) Expenses

Employee benefits	<u>1,311,525</u>	<u>1,157,718</u>
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6 CORD BLOOD DEFERRED REVENUE AND COST MOVEMENT

Total Deferred revenue cord blood movement	\$
At June 30, 2021	18,147,454
Movement	<u>(1,023,912)</u>
Balance at December 31, 2021	<u>17,123,542</u>

Total Deferred cost cord blood movement	\$
At June 30, 2021	11,899,777
Movement	<u>(647,947)</u>
Balance at December 31, 2021	<u>11,251,830</u>

Total Deferred tax assets cord blood movement	\$
At June 30, 2021	4,718,338
Movement	<u>(437,452)</u>
Balance at December 31, 2021	<u>4,280,886</u>

Total Deferred tax liabilities cord blood movement	\$
At June 30, 2021	3,093,945
Movement	<u>(280,987)</u>
Balance at December 31, 2021	<u>2,812,958</u>

7 INCOME TAX EXPENSE

(i) Income tax expense

Income Tax Expense -deferred revenue	(93,992)	(109,542)
Effect on tax due to rate change from 26% to 25%	(62,472)	-
Income tax expense - other	44,970	(80,336)
	<u>(111,494)</u>	<u>(189,878)</u>

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2021

(ii) Net Deferred Tax Assets

	31 Dec 2021
	\$
Deferred tax assets – Deferred income 30 June 2021	1,624,392
Tax effect of change in effective tax rate from 26% to 25%	(62,472)
Movement in deferred tax for the half year ended 31 December 2021:	(93,992)
Deferred tax assets – Deferred income 31 December 2021	1,467,928
Deferred tax assets - Other timing differences:	\$87,845
Net carrying value of deferred tax assets at the half year ended 31 December 2021:	1,555,773

(iii) Balance of Unrecognised Tax Loss

Closing Balance of Tax Losses as at 30 Jun 2021:	2,509,170
Current period tax losses recouped at 25% tax rate in the half year ended 31 December 2021:	(727,786)
Remaining tax losses carried forward at half year end:	1,781,384
Tax losses capitalised in previous financial periods	(231,429)
Balance of Unrecognised Tax Loss as at 31 December 2021	1,549,956

8 DIVIDENDS PAID OR PROPOSED

No dividends have been provided for at the reporting date (30 June 2021: Nil).

9 CONTINGENT LIABILITIES

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

10 SUBSEQUENT EVENTS

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

11 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.

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2021

11 SEGMENT INFORMATION (continued)

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 2021 annual financial report.

	Clinical Trials and Biological Services Logistics	Cord Blood and Tissue Storage	Unallocated	Total
	\$	\$	\$	\$
Operating Segment 2021				
Revenue	4,601,628	1,222,313	-	5,823,941
Net profit before tax	2,019,630	345,725	(1,471,457)	893,898
Tax	-	(156,466)	44,972	(111,494)
Net profit after tax	<u>2,019,630</u>	<u>189,259</u>	<u>(1,426,485)</u>	<u>782,404</u>
Total Comprehensive Income net of tax	2,019,630	189,259	(1,426,485)	782,404
Segment Assets 31 December 2021	1,987,613	12,886,853	7,210,448	22,084,914
Segment Liabilities 31 December 2021	920,966	17,607,629	2,276,809	20,805,404
Depreciation and Amortisation	133,459	2,128	144,936	280,523
	Clinical Trials and Biological Services Logistics	Cord Blood and Tissue Storage	Unallocated	Total
	\$	\$	\$	\$
Operating Segment 2020				
Revenue	3,641,423	1,255,498	-	4,896,921
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	<u>1,522,021</u>	<u>332,976</u>	<u>(1,570,421)</u>	<u>284,576</u>
Total Comprehensive Income net of tax	1,522,021	332,976	(1,570,421)	284,576
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)

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2021

12 CASH AND CASH EQUIVALENTS

For the purposes of the Condensed Cash Flow Statement, cash and cash equivalents comprise the following as at 31 December 2021:

	31 Dec 2021	30 June 2021
	\$	\$
Cash at bank and in hand	2,274,044	1,881,126
Short-term deposits	3,000,000	2,000,000
	5,274,044	3,881,126

13 TRADE AND OTHER RECEIVABLE

Trade receivable	1,108,236	1,608,337
Allowance for impairment loss	(66,657)	(88,990)
	1,041,579	1,519,347
Other receivable	65,979	150,887
Carrying amount of trade and other receivables	1,107,558	1,670,234

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Fixtures and fittings	Information technology	Warehouse equipment	Office furniture & equipment	Leasehold improvement under construction	Total
	\$	\$	\$	\$			
Cost							
At 30 June 2021	115,525	153,552	186,999	3,492,173	36,149	5,892	3,990,290
Additions	6,348	-	9,495	89,783	-	345,957	451,583
Disposals	-	-	-	-			
At 31 December 2021	121,873	153,552	196,494	3,581,956	36,149	351,849	4,441,873
Accumulated Depreciation							
At 30 June 2021	(20,654)	(99,827)	(75,752)	(2,591,096)	(33,851)	-	(2,821,180)
Depreciation charge for the 6 months	(11,817)	(3,790)	(16,816)	(130,505)	(1,795)	-	(164,723)
Disposals	-	-	-	-			
At 31 December 2021	(32,471)	(103,617)	(92,568)	(2,721,601)	(35,646)	-	(2,985,903)
Net book value							
30 June 2021	94,871	53,725	111,247	901,077	2,298	-	1,515,067

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2021

14 PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvements	Fixtures and fittings	Information technology	Warehouse equipment	Office furniture & equipment	Leasehold improvement under construction	Total
	\$	\$	\$	\$			
Net book value 31 December 2021	89,402	49,935	103,926	860,355	503	351,849	1,455,970

15 RELATED PARTY TRANSACTIONS

CoSA Pty Ltd is a party related to Bryan Dulhunty. During the six months CoSA Pty Ltd invoiced the Group \$12,500 for corporate secretarial services (2020: \$87,506 for consulting services and corporate secretarial services) provided by Bryan Dulhunty.

There were no transactions entered into with the wholly owned subsidiary for the six-month period ending 31 December 2021 (December 2020: \$NIL). Balances held with the subsidiary are as follows

	31 Dec 2021	31 Dec 2020
	\$	\$
Receivable/(Payable) from/to Cryosite Distribution Pty Ltd	nil	nil

16 NON-CURRENT ASSETS - INTANGIBLE ASSETS

	Software	Total
	\$	\$
Cost		
At 30 June 2021	20,317	20,317
Additions	-	-
At 31 December 2021	20,317	20,317
Amortisation and impairment		
At 30 June 2021	(4,066)	(4,066)
Amortisation for the 6 months	(2,049)	(2,049)
At 31 December 2021	(6,115)	(6,115)
Net book value – 30 June 2021	16,251	16,251
Net book value – 31 December 2021	14,202	14,202

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.

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2021

17 OTHER LIABILITIES

In 2019 Company had commitment of \$1.1M under a deferred settlement arrangement with the Australian Competition and Consumer Commission (ACCC), with \$250k repaid within 30 days and remaining balance payable in 10 equal annual instalments of \$85k a year until 2029. The balance was reduced to \$528k as at 31 December 2021.

The balance as at 31 December 2021 is made up of:

	31 Dec 2021	30 June 2021
	\$	\$
Other Liabilities – current	53,330	53,330
Other Liabilities – non-current	474,502	474,502
Total	527,832	527,832

18 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.

Leasehold Improvements

Cryosite has committed to approximately \$860k in capital expenditure for the 2022 financial year to accommodate expanding operations. As at 31 December 2021 Cryosite has expended approximately \$442K of this with an amount of \$418K remaining to be spent in the second half of the financial year. (The budget increased from \$760k to \$860k to improve capacity)

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2021

19 EQUITY – ISSUED CAPITAL

Details	Dec-21 Shares	Jun-21 Shares	Dec-21 \$000	Jun-21 \$000
Ordinary shares – fully paid	<u>48,809,563</u>	<u>46,859,563</u>	<u>5,861,788</u>	<u>5,861,788</u>

Movement in ordinary shares on issue

Details	Date	Shares	Issue price	\$000
Balance	30-Jun-20	46,859,563		5,861,788
Issue of shares		-		-
Shares issue transaction cost, net of tax		-		-
Balance	30-Jun-21	46,859,563		5,861,788
Issue of share capital on exercise of employee share options	1-SEP-21	1,950,000	\$0.06	117,000
Balance	31-Dec-21	<u>48,809,563</u>		<u>5,978,788</u>

On the 1st of September 2021, Nominees Bryan Dulhunty (1,300,000 options) and John Hogg (650,000 options) exercised options issued to them under the CEIP on the 27th of June 2019 at an exercise price of 6 cents. Vesting conditions were reviewed by the board of directors who concluded that the vesting conditions were met. The exercise of the options on issue resulted in the increase of share capital by an amount of \$117,000.

20 KEY MANAGEMENT PERSONNEL

On 19th November 2021, Cryosite announced the appointment of Mr. Steven Waller as a Non – Executive Director.

On 11th January 2022, Cryosite announced that Bryan Dulhunty had stepped down from his role of Company Secretary on same date with the appointment of Kim Bradley as new Company Secretary.

21 RECLASSIFICATION AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

As a result, certain line items have been amended in the statement of Profit and Loss and other comprehensive income and in the Cashflow Statement. Comparative figures have been adjusted to conform to the current years' presentation.

The items were reclassified as follows:

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2021

(a) Consolidated Statement of Profit & Loss and Other Comprehensive Income

	Notes	31 Dec 2020 \$	31 Dec 2020 \$	Reclassification
		Reclassified	Reported in prior year	
Sales of goods and rendering of services	5(i)	4,896,921	4,896,921	-
Other revenue			57,106	57,106
Revenue		4,896,921	4,954,027	57,106
Costs of providing services		(2,051,925)	(2,051,925)	-
Depreciation and amortisation expense		(292,023)	(292,023)	-
Marketing expenses		(31,492)	(31,492)	-
Occupancy expenses		(247,154)	(309,223)	62,069
Administration expenses		(1,747,191)	(1,794,910)	47,719
Total expenses		(4,369,785)	(4,479,573)	109,788
Finance income/(expense)		(62,069)	-	(62,069)
Other income/(expense)	5(ii)	9,387	-	9,387
Profit (loss) before tax		474,454	474,454	-
Income tax (expense) benefit		(189,878)	(189,878)	-
Profit (loss) after tax		284,576	284,576	-
Total comprehensive Profit (loss)		284,576	284,576	-

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2021

(b) Consolidated Statement of Cashflow

	Note s	31 Dec 2020 \$	31 Dec 2020 \$	Reclassification
		Reclassified	Reported in prior year	
Cash flows from operating activities				
Receipts from customers		4,038,106	4,038,106	-
Payments to suppliers and employees		(3,368,835)	(3,388,349)	19,514
Net cash flows from operating activities		669,271	649,757	19,514
Cash flows from investing activities				
Purchase of plant and equipment		(282,011)	(282,011)	-
Finance income		20,904	20,904	-
Net cash flows (used in) from investing activities		(261,107)	(261,107)	-
Cash flows from financing activities				
Payments on lease liability		(129,528)	(129,528)	-
Proceeds from Option exercise		-	-	-
Net cash flows (used in) financing activities		(129,528)	(129,528)	-
Net increase/(decrease) in cash & cash equivalents		278,636	259,122	19,514
Effect of exchange rate changes on cash		(19,514)	-	(19,914)
Cash and cash equivalents at beginning of period		4,061,832	4,061,832	-
Cash and cash equivalents at end of period	10	4,320,954	4,320,954	-

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 2021 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 2021 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 2021 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



Rose Megale

Director

Sydney, 22nd February 2022

°cryosite

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- Cryo Biological Storage
- Comparator sourcing
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