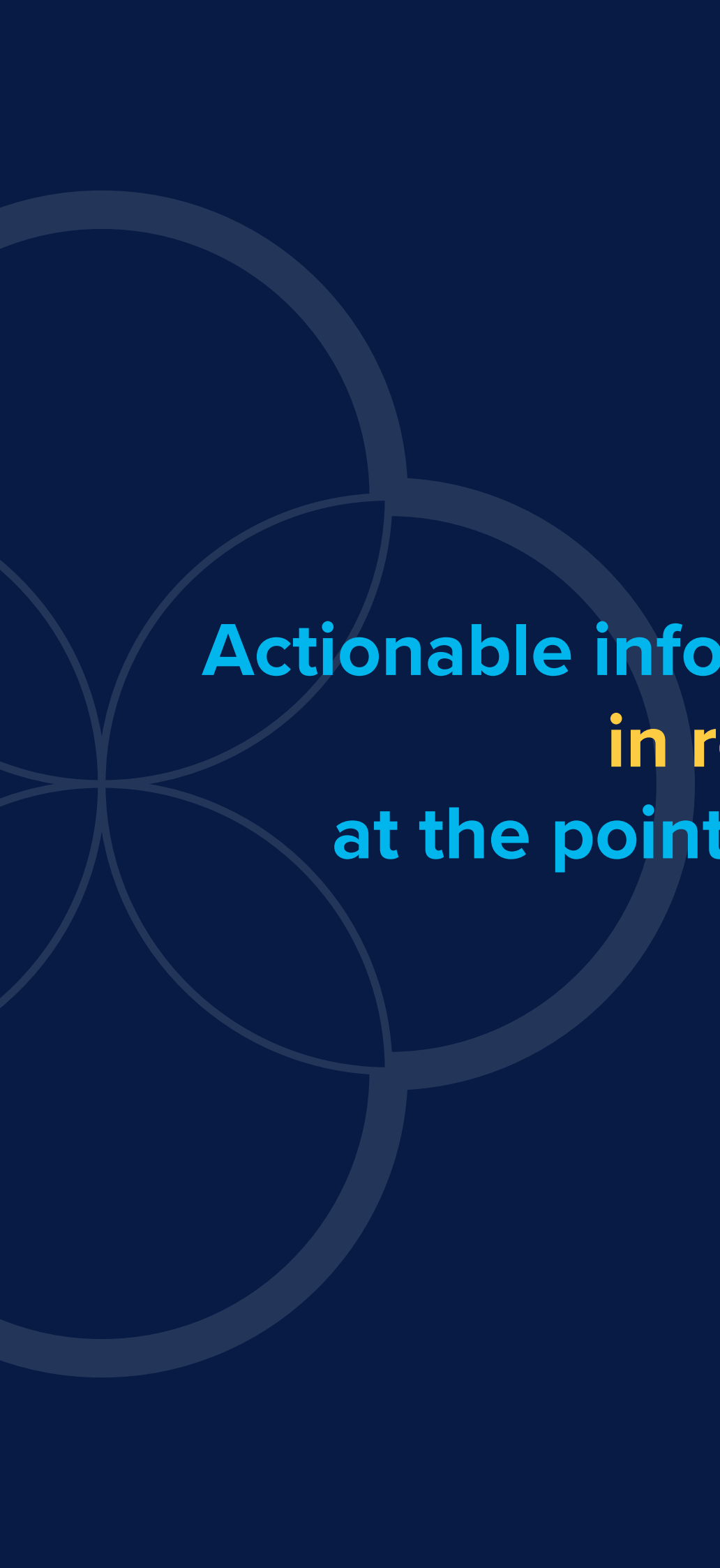




2022

Lumos Diagnostics Holdings Annual Report

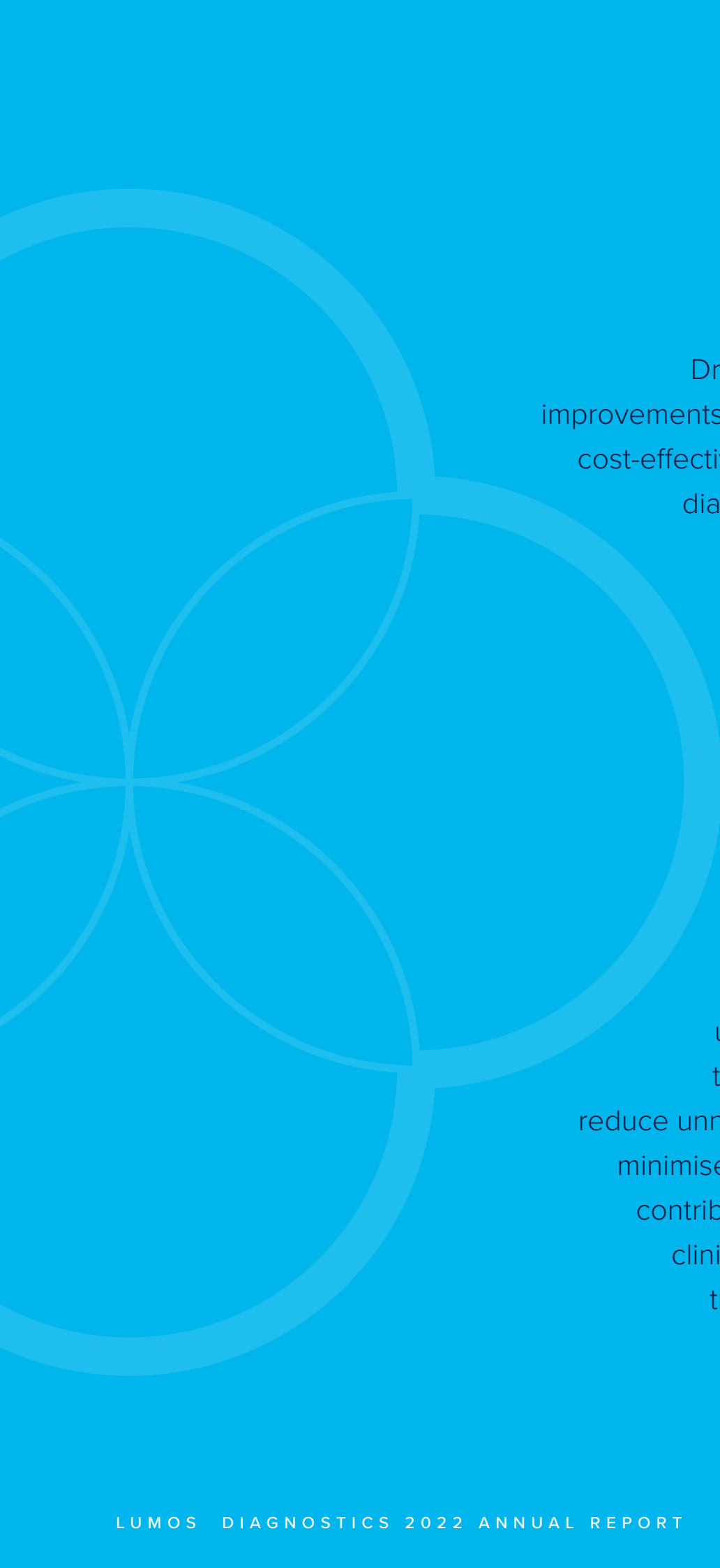
Innovation at the point-of-care



**Actionable information
in real time
at the point-of-care**

Contents

Board of directors and leadership team	5
Business model	6
Chairperson's letter	7
CEO's letter	8-9
Product portfolio	10
Technology platform	11
Point-of-care testing (feature)	13
Q&A with CEO Doug Ward	14-15
FY22 highlights	17
Financial statements (standalone document)	19 > onwards



Vision

Driving impactful health improvements as a global leader in cost-effective rapid, near patient diagnostic test solutions

Mission

To develop, manufacture and provide access to rapid, accurate and actionable diagnostic solutions for a diverse range of unmet needs in order to improve outcomes, reduce unnecessary treatments, minimise disease spread and contribute to more effective clinical management and therapeutic decisions.

Board of Directors and Leadership Team



Sam Lanyon
EXECUTIVE CHAIR



Doug Ward
CHIEF EXECUTIVE
OFFICER



Bronwyn Le Grice
NON-EXECUTIVE
DIRECTOR



Lawrence Mehren
NON-EXECUTIVE
DIRECTOR



Catherine Robson
NON-EXECUTIVE
DIRECTOR



Melanie Leydin
COMPANY SECRETARY

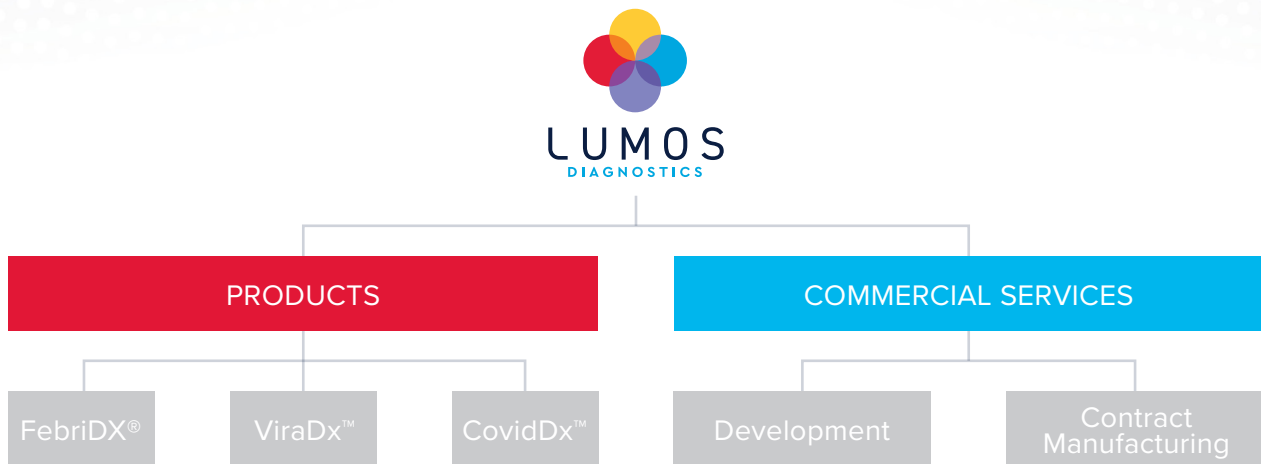
Leadership Team

Chief Executive Officer
Chief Technology Officer
Chief Financial Officer
Senior Vice President Commercial Operations
Vice President Technology Transfer and Pilot Manufacturing
Senior Director of Human Resources
Senior Director of Medical Affairs
Senior Director of Regulatory Affairs

Doug Ward
Sacha Dopheide, PhD
Barrie Lambert
Paul Kase
Kepa Oyarbide
Sarah Glubka
Annie Bell
Sue Hibbeln

Get to know our leadership team at lumosdiagnostics.com/team

Our Business



Strategic Focus Drives Growth



Strategic Innovation

Initial evaluation of a POC diagnostic test product concept and the development of new diagnostic test assay.



Development and Manufacturing Transfer

Development of new POC diagnostic test products, including use of Lumos' technology platform and the customisation and integration of Lumos' digital reader technology when requested by Lumos' clients.



Validation and Commercial Manufacturing

Clinical and product validation and commercial-scale manufacture of test strips and readers.

From the Chairperson

To our valued shareholders and supporters,

As I write to you, our shareholders, at the end of our first year as a publicly listed company on the Australian Stock Exchange (ASX), I reflect on what a challenging time it has been on the world stage. Not only are we continuing to deal with an ever-changing global pandemic of the SARS-CoV-2 virus, which has affected all levels of society in every country, we have also experienced extraordinary geo-political upheavals and socio-economic consequences of climate change. These have contributed to an uncertain business environment, impacting on healthcare services, supply chains, capital markets, and all aspects of our daily lives.

As with other companies in the Point-of-Care (POC) diagnostics industry, global and market volatility has resulted in Lumos experiencing operational and commercial challenges during FY2022. In particular, the changing nature of the SARS-CoV-2 pandemic and the continual emergence of new variants of concern has provided a difficult regulatory environment for new infectious disease diagnostic products – particularly as public health initiatives to manage the pandemic evolve, dynamically. This impacted the timing and review of regulatory applications for some of Lumos' point-of-care products, together with the progression of selected projects Lumos was conducting on behalf of its Commercial Services customers. As a consequence, we fully acknowledge that the Company is not where we, or our shareholders, had hoped to be at this time.

However, over the last six months, we have worked hard to implement a significant number of changes to our operating environment at Lumos, which we believe aligns the Company well with the current commercial environment in our industry. We are operating strategically and with great focus.

With the recent appointment of an industry veteran in Doug Ward as Chief Executive Officer, and the adoption of a much more targeted and lean business model, we believe we are going into FY23 well positioned to leverage our specialist capabilities to explore a range of great commercial opportunities. We are committed to getting the Company back on a firm growth trajectory – and thank you for your support and patience.



Sam Lanyon
CHAIRPERSON



From the CEO

The Lumos team faced commercial and operational challenges in FY22 as it dealt with a dynamic global business environment and changing regulatory landscape for point-of-care (POC) diagnostics.

As Lumos' newly appointed CEO, I believe the Company has now recognised and made adjustments to key aspects of its operations to harness its strengths and better target opportunities within this space – with efficiency and commercial rigour.

Having come from a long career in the diagnostics industry, I joined Lumos with a deep understanding of the needs of the industry and of the Company's capabilities, strengths and technology base – and I foresee a tremendous opportunity for Lumos to build a robust and growing business.

In FY22, Lumos generated revenue of US\$11.6 million with US\$9.4 million from the provision of development and contract manufacturing services to its customers, and US\$2.2 million from the sale of Lumos' own POC diagnostic products.

During FY21, Lumos Commercial Services experienced unprecedented demand due to a large number of customers wanting to develop new POC diagnostic tests to leverage commercial opportunities for the ongoing management of the SARS-CoV-2 pandemic. As forecasted, industry demand for diagnostic test development services re-aligned closer to pre-pandemic levels during FY2022. This dynamic also impacted on the transition of development projects into longer term manufacturing contracts.

Despite these challenging headwinds, Lumos Commercial Services delivered a solid, operational result during the year generating US\$9.4 million in revenue. From this base, Lumos Commercial Services is now expanding its pipeline of non-Covid commercial development and contract manufacturing projects, with the recent signing of a new contract with Aptatek and other potential partnerships in the concluding stages of negotiation. We believe this pipeline will provide a foundation for future growth leveraging Lumos' proprietary technology platform of connected readers for diagnostic tests in FY23.

A key focus for Lumos during FY22 was advancing the commercialisation of its own POC diagnostic tests. The benefits of Lumos' FebriDx® test as an aid to differentiate bacterial from viral infection by identifying a host immune response was recognised in key markets during the year. This reflects the growing awareness of the need for improved antibiotic stewardship in the face of increasing resistance to antimicrobial drugs – a global problem that only got worse during the SARS-CoV-2 pandemic.

FebriDx received regulatory clearance in Brazil and the United Arab Emirates. In addition, the test was incorporated in plans for the Pharmacy First trial to be conducted in Liverpool, UK, to enable rapid diagnoses and appropriate antibiotic prescribing – without the need for a general practitioner (GP) appointment first. A number of studies on FebriDx, including a U.S. healthcare economic study, were published in peer-reviewed journals and highlighted the international interest in this test and its utility in the clinic. In view of this, Lumos was both surprised and disappointed with the FDA's decision not to provide clearance to market FebriDx in the U.S. in July 2022. The Company is currently working to secure U.S. clearance for FebriDx through filing an appeal or a new submission.

During the year, Lumos secured authorisation to market its CoviDx™ test in Canada. CoviDx is a rapid, point-of-care test for the identification of SARS-CoV-2. Following the initial outbreak of the omicron strain of SAR-CoV-2, Lumos received and fulfilled several orders for CoviDx from its distributors and a large-scale healthcare provider in Canada which generated US\$1.5 million in revenue.

With changes across the POC diagnostics industry at large, Lumos undertook an extensive operational review and cost reduction program during the year to improve its alignment with current market conditions. This resulted in a significant reduction of Lumos' operational cash burn and ensured that the Company's resources are aligned with its focused commercial and business objectives. At the end of FY22, Lumos also undertook a A\$11.2 million (US\$7.9 million) capital raising to strengthen its balance sheet.

While acknowledging the challenges that Lumos negotiated during FY22, I believe we are entering the new financial year in a stronger position, as a much more focused and streamlined company. There is little doubt in my mind that POC diagnostic tests are going to become an ever-increasing part of our lives. With its unique capabilities, technology and products, Lumos has an important and valuable role to play in that future, and I look forward to ensuring it is fulfilled.

With thanks,



Doug Ward
CHIEF EXECUTIVE OFFICER



Lumos Products

Lumos has three rapid, point-of-care diagnostic test products that have received regulatory clearances in one or more markets.



CoviDx™

CoviDx is a rapid antigen test that detects antigens present on the COVID-19 virus from a nasal swab of patients suspected of having COVID-19.

CoviDx has been granted CE Mark in Europe and Interim Order authorisation by Health Canada

FebriDx®

FebriDx is a POC diagnostic test for acute respiratory infections that uses a first-of-its-kind dual biomarker technology to rapidly determine if an infection is caused by viral or bacterial pathogens. Viral and bacterial infections can be hard to differentiate as their symptoms are often very similar — however, only patients with a bacterial infection will benefit from treatment with antibiotics.

FebriDx is cleared for sale in Europe, UK, Canada, Australia, Brazil and UAE. Lumos is currently appealing a decision from the US FDA that declined clearance for FebriDx.

ViraDx™

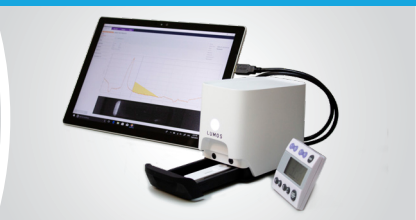
ViraDx is three-in-one rapid antigen test for three common, acute viral respiratory infections: COVID-19, influenza A and influenza B.

ViraDx has received Interim Order authorisation in Canada and an application for Emergency Use Authorisation (EUA) is currently being reviewed by the US FDA.

Lumos Technology Platform

As healthcare becomes more connected, electronic readers for diagnostic tests are increasingly important. Lumos has invested over US\$10M in the development of a mature proprietary digital reader platform with customisable software applications to meet the specific needs for its own or its clients' POC diagnostic tests. The Lumos family of readers vary in terms of their size, portability, cost and complexity and can be further customised for different tests or for use in different settings by leveraging different sensing technologies and connectivity solutions.

CURRENT PRODUCTS¹



Desktop Readers

Lumos' desktop reader format can be used to read a suite of different POC diagnostic tests using a single reader. It uses high precision camera optics that can analyse an entire test strip. This reader is suitable for qualitative, semi-quantitative and quantitative applications and a variety of assay detector chemistries such as colorimetric or fluorescent signals.

Disposable Readers

Lumos has developed two disposable reader formats: a single-use disposable reader with the test strip fully integrated with the reader in a single-use, disposable system, and a multi-use disposable reader, in which the device is supplied in kit form with 20-50 disposable tests. Data generated by the reader can be reported as qualitative (positive or negative) or semi-quantitative (specific range) readouts depending on the nature of the test and the needs of the end user.

Lumos Leelu Reader

The Lumos Leelu Reader is an industrial reader used for research applications or quality control purposes. It is a lateral flow reader that allows users to set and adjust key parameters for the capture, analysis and reporting of results from POC diagnostic tests. This enables users to establish an optimal combination of settings for their specific POC diagnostic tests.

¹. In various global markets based on required regulatory clearances.

The Point-of-Care Diagnostic Testing Revolution

One of the major changes to healthcare as a result of the recent pandemic is the increasing adoption of point-of-care (POC) testing. POC, or near-patient, testing is not done by a laboratory, but is conducted and provides a result while the patient is still present.

Lumos is exceptionally well-positioned to benefit from this healthcare trend through providing:

- expertise to develop new POC products for customers;
- access to a variety of connected reader platforms;
- its own POC diagnostic test products.

The big advantage of POC tests is they are simple to conduct; provide a quick, actionable result; and can be used across a wide variety of settings, providing greater and easier access to patients.

Point-of-care testing is increasingly being used in three key settings:

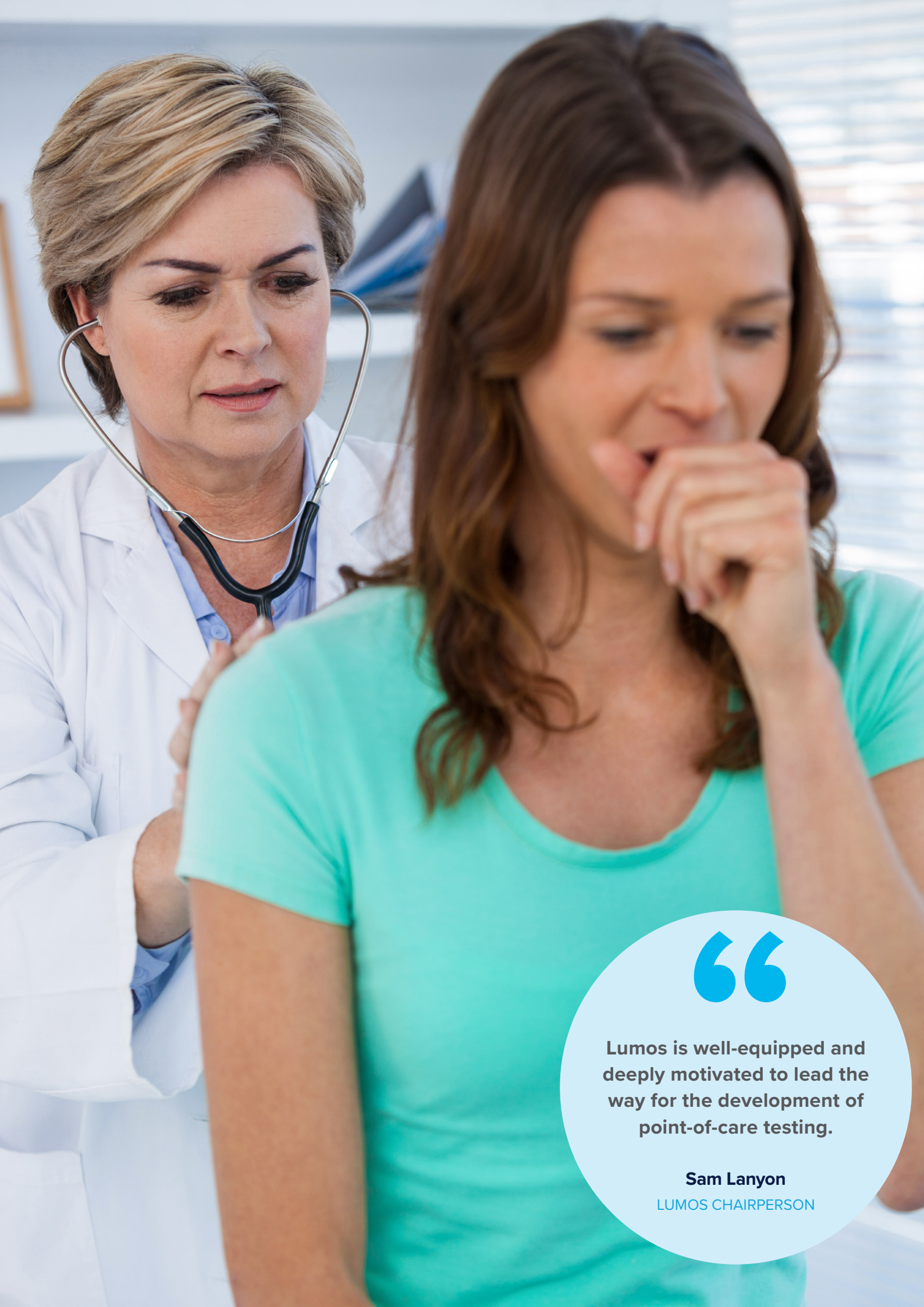
- **Critical care settings:** for rapid identification of acute disease progression and management of therapeutic interventions
- **Doctors' offices:** for efficiency of interaction with the primary care system to that diagnosis and initiation of treatment or referral can be carried out with a single visit
- **Patients' homes:** carried out by the patient for the identification of infectious diseases and the effective management of chronic diseases

However, because POC tests are designed to be easy to use and do not require access to a centralised pathology laboratory, they can be used in a greater variety of settings including in ambulances, remote locations, community healthcare, aged care and on cruise ships.

Integrating the ease of use, speed and accessibility of POC testing with digital connectivity will further drive its use into routine, mainstream healthcare practice. Over many years, Lumos has invested in the development of connected readers and reader technologies for POC testing. These readers can link the results from a POC test with:

- hospital and laboratory information systems;
- a patient's electronic medical records;
- healthcare data surveillance systems.

Not only does making POC tests digitally connected improve workflow, it ensures this data is properly collected, recorded and available through multiple digital platforms for multiple healthcare stakeholders.



“

Lumos is well-equipped and deeply motivated to lead the way for the development of point-of-care testing.

Sam Lanyon
LUMOS CHAIRPERSON

Meet Lumos' New CEO, Doug Ward

Doug Ward was appointed as CEO of Lumos Diagnostics in June 2022. Doug has more than 30 years of diagnostic and medical technology experience at notable global healthcare companies including Roche, GE, Siemens, Bayer, Chiron, and Hologic.

During his career, Doug has held executive positions in which he developed and implemented novel business strategies and introduced transformational products to the practice of medicine. Prior to joining Lumos, he was Vice President, Strategy and Business Development at Hologic. He previously served as the CEO of Personal Genome Diagnostics (PGDx) where he led its transformation from a clinical laboratory testing service into a fully functional molecular in vitro diagnostics (IVD) company.

With a deep understanding of the life sciences ecosystem, Doug excels at setting the strategic direction for global companies. He brings experience across all company functions, including Commercial Leadership, R&D, Operations, Quality, Regulatory, Service, and Support.

Doug earned his Bachelor of Arts in Pre-medicine Studies from Ohio Wesleyan University.

What attracted you to Lumos?

I had personal experience working with Lumos as a customer in a previous role and was very impressed with the Company. While it is a small organisation, Lumos has a very comprehensive skill set and functional capabilities across R&D, manufacturing, quality, regulatory and through to clinical.

What do you feel will make Lumos successful?

People make a company and its culture. There are so many excellent people within Lumos and I believe great people deliver and make a company successful, even when you have a few challenges in front of you.

Do you see Lumos as a products business or services business?

Personally I really like Lumos' business model which incorporates both a services business and a diagnostic products business. This model is very familiar to me from my previous roles, and I have directly witnessed the significant benefits it can generate. These activities are synergistic and provide multiple opportunities for success for the Company.

Q&A



Q&A

What do you see is the role of diagnostics in healthcare?

Diagnostics is playing an ever increasing and critical role in healthcare management. The use of multiple, synergistic technologies and tests to understand a patient's condition is becoming more and more common, and plays an increasingly important role in disease management. It is well recognised that early identification and intervention of healthcare conditions provide the best and most economic outcomes for patients, and diagnostic tests play a critical and fundamental role in this approach.

How do you see Lumos contributing to this?

The pandemic has accelerated the adoption and recognition of the benefits of POC testing. I think Lumos has an important role in the next stage of this revolution, which is

integrating the convenience of POC testing together with the data and information management systems in mainstream healthcare, through the use of digitally connected readers. This is something that Lumos does exceptionally well, and I think is going to be key to driving the adoption of POC testing at the next level.

What is your longer-term vision for Lumos?

I am committed to establishing Lumos as leading POC technology and product development company, and to build enterprise value through strategic co-development and contract manufacturing collaborations. All while launching an emerging portfolio of Lumos-branded point-of-care tests.

Financial Year 2022 Highlights



Successful **Capital raise**



New **CEO** appointed



Generated revenue of **US\$11.6 million**



Commercial Services generated revenue of **US\$9.4 million**



Canadian clearances for **CoviDx and ViraDx**



FebriDx cleared in Brazil and UAE





Lumos Diagnostics Ltd
Financial Statements (standalone document)



Lumos Diagnostics Holdings Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Lumos Diagnostics Holdings Limited
ABN:	66 630 476 970
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

2. Results for announcement to the market

			US\$'000
Revenues from ordinary activities	down	38.3% to	11,630
Loss from ordinary activities after tax attributable to the owners of Lumos Diagnostics Holdings Limited	up	>100% to	(45,724)
Loss for the year attributable to the owners of Lumos Diagnostics Holdings Limited	up	>100% to	(45,724)

Comments

The loss for the consolidated entity after providing for income tax amounted to \$45,724,000 (30 June 2021: loss of \$15,030,000).

3. Net tangible assets

	Reporting period US\$ Cents	Previous period US\$ Cents
Net tangible assets per ordinary security	2.42	21.56

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable. All foreign entities have adopted the same accounting standards as the Australian parent entity.

10. Audit qualification or review

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

The financial statements have been audited and an unmodified opinion has been issued. A material uncertainty related to going concern is included in the auditor's report and auditor's opinion is not modified in respect of this matter.

11. Attachments

Details of attachments (if any):

The Annual Report of Lumos Diagnostics Holdings Limited for the year ended 30 June 2022 is attached.

12. Signed

Signed



Date: 25 August 2022

Samuel Lanyon
Executive Chairman

Lumos Diagnostics Holdings Limited

ABN 66 630 476 970

Annual Report - 30 June 2022

Lumos Diagnostics Holdings Limited

Contents

30 June 2022

Corporate directory	2
Directors' report	3
Auditor's independence declaration	17
Consolidated statement of profit or loss and other comprehensive income	18
Consolidated statement of financial position	19
Consolidated statement of changes in equity	20
Consolidated statement of cash flows	21
Notes to the consolidated financial statements	22
Directors' declaration	50
Independent auditor's report to the members of Lumos Diagnostics Holdings Limited	51

Lumos Diagnostics Holdings Limited
Corporate directory
30 June 2022

Directors	Samuel Lanyon (Executive Chairman) Lawrence Mehren (Non-Executive Director and Deputy Chair) Bronwyn Le Grice (Non-Executive Director) Catherine Robson (Non-Executive Director)
Chief Executive Officer	Doug Ward - appointed on 20 June 2022
Chief Financial Officer	Barrie Lambert - appointed on 16 February 2022
Joint company secretaries	Melanie Leydin Tracy Weimar
Registered office	Level 4, 96-100 Albert Road SOUTH MELBOURNE VIC 3205 Australia
Principal place of business	2724 Loker Ave West Carlsbad, California 92010 USA
Auditor	William Buck Level 20 181 William Street Melbourne VIC 3000
Solicitors (USA)	Foley & Lardner LLP 100 North Tampa Street, Suite 2700 Tampa, FL 33602 USA
Solicitors (Australia)	Clayton Utz 1 Bligh St SYDNEY NSW 2000
Stock exchange listing	Lumos Diagnostics Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: LDX)
Website	https://lumosdiagnostics.com/

Lumos Diagnostics Holdings Limited

Directors' report

30 June 2022

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

Directors

The following persons were directors of Lumos Diagnostics Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Samuel Lanyon (Executive Chairman)

Robert Sambursky (Executive Director and CEO)*

Lawrence Mehren (Non-Executive Director and Deputy Chair)

Bronwyn Le Grice (Non-Executive Director)

Catherine Robson (Non-Executive Director)

** Robert Sambursky resigned from the Board on 11 February 2022.*

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of providing contract research & development services specialising in the innovation, development, commercialisation and manufacturing of point-of-care (POC) diagnostic solutions for clinical and consumer applications.

Lumos is also developing and commercialising its own suite of rapid, point-of-care diagnostic products which are primarily focused on the diagnosis and management of infectious diseases. These include: FebriDx®, a POC test for detecting and differentiating viral and bacterial respiratory infections; CoviDx™, a rapid antigen test for COVID-19; and ViraDx™, a three-in-one POC test for influenza A, influenza B and COVID-19.

Change in presentation currency

The Company voluntarily elected to change its presentation currency in accordance with AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' from Australian dollars ('A\$') to United States dollars ('US\$'), effective from 1 July 2020.

The Directors believe that the change provides investors and other stakeholders with a clearer and more reliable understanding of Lumos' global business performance as a whole and is more comparable to the Company's peers, most of which are presented in US\$. The change is accounted for retrospectively and as such comparative information has been restated in US\$, including presentation of Statement of Financial Position as at 1 July 2020.

Dividends

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

Review of operations

Refer to the Chairperson's and CEO reports preceding the directors' report.

Significant changes in the state of affairs

On 1 July 2021, Lumos Diagnostics Holdings Limited ('LDX') was admitted to the Official List of ASX Limited ('ASX'). Official quotation of LDX's ordinary fully paid shares commenced at 12:30 PM AEST on 5 July 2021.

On 22 September 2021, 137,229 options over fully paid ordinary shares with an exercise price of A\$0.57 per fully paid ordinary share, expiring on 12 August 2026, were forfeited upon the option holder's cessation of employment.

On 30 September 2021, the Company issued 120,000 unquoted options over fully paid ordinary shares exercisable at A\$1.25, expiring 1 June 2024.

On 28 October 2021, the Company issued the following securities:

- 144,000 fully paid ordinary shares to the Company's Directors for nil consideration, of which 120,000 fully paid ordinary shares were issued to Sam Lanyon and 24,000 fully paid ordinary shares were issued to Rob Sambursky;
- 130,577 fully paid ordinary shares to the Company's employees for nil consideration.

On 24 December 2021, the Company issued the following securities:

Lumos Diagnostics Holdings Limited

Directors' report

30 June 2022

- 121,273 fully paid ordinary shares to the Company's employees for nil consideration;
- 10,000 unquoted options over fully paid ordinary shares exercisable at A\$0.80, expiring 15 November 2026;
- 3,539,424 unquoted options over fully paid ordinary shares exercisable at A\$1.25, expiring 30 June 2025.

On 9 February 2022, the Company issued 228,715 fully paid ordinary shares on conversion of 228,715 unlisted options exercisable at A\$0.57 per fully paid ordinary share.

On 11 February 2022, Robert Sambursky resigned from the Lumos Board of Directors to focus on the management of the Company's operations as the Chief Executive Officer (CEO).

On 16 February 2022, Barrie Lambert was appointed as the Chief Financial Officer for Lumos.

On 19 March 2022, 45,743 options over fully paid ordinary shares with an exercise price of A\$0.57 per fully paid ordinary share, expiring on 12 August 2026, were forfeited upon the option holder's cessation of employment.

On 1 April 2022, the Company issued 321,514 unquoted options over fully paid ordinary shares exercisable at A\$1.25, expiring 30 June 2025.

On 11 April 2022, Executive Chairman Sam Lanyon was appointed as Interim CEO and Robert Sambursky was appointed as Chief Medical Officer.

On 21 April 2022, 379,911 options over fully paid ordinary shares with an exercise price of A\$1.25 per fully paid ordinary share, expiring on 20 June 2025, were forfeited upon the option holder's cessation of employment.

On 6 June 2022, Doug Ward was appointed as Chief Executive Officer. On the same day, the Company announced that it is undertaking a 1 for 2.55 pro rata accelerated non-renounceable entitlement offer (Entitlement Offer). Eligible shareholders under the Entitlement Offer will be able to subscribe for 1 fully paid ordinary shares for every 2.55 fully paid ordinary shares held at the record date. For each new share issued, 1 free listed tradeable option over fully paid ordinary shares with an expiry date of 30 November 2022 and an exercise price of A\$0.30 was attached.

As a result, on 14 June 2022, the Company issued 41,890,708 fully paid ordinary shares at A\$0.19 per fully paid ordinary share and 41,890,708 quoted options with an expiry date of 30 November 2022 and an exercise price of A\$0.30.

On 30 June 2022, the Company issued a further 17,238,760 fully paid ordinary shares at A\$0.19 per fully paid ordinary share and 17,238,760 quoted options with an expiry date of 30 November 2022 and an exercise price of A\$0.30.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 11 July 2022, the Company was advised by the US Food and Drug Administration (FDA) that, following its review of Lumos' 510(k) application, FebriDx® did not demonstrate substantial equivalence to the predicate device and consequently has not been granted clearance for marketing in the U.S.

After reviewing the feedback provided by the FDA and evaluating its options to secure a potential regulatory clearance by the U.S. FDA for FebriDx, Lumos lodged an appeal with the FDA on 8 August 2022, with a decision expected within 90 days of submission, or guidance on whether a potential new 510(k) submission is required. The senior management team completed a deep dive into relevant correspondence between Lumos and the FDA to ensure Lumos has the most comprehensive and appropriate evidence to address the FDA's feedback as part of its appeal process, involving appropriate legal, industry experts and key opinion leaders.

On 2 August 2022, the Company has taken steps to further reduce its future commitments to expenditure and investment through the closure of its facility in Sarasota, FL. Lumos expects to complete this process in late September/early October. Based on an initial assessment, it is expected that the proceeds from the return and sale of assets will cover the majority of costs associated with the wind-up process for Lumos' Sarasota facility. This means the closure is expected to be close to cost neutral. However, it will reduce the going cash burn for the Company through the elimination of the ongoing leasing and operating costs associated with the Sarasota site.

On 8 August 2022, the Company advised the Victorian State Government that it no longer intends to participate in the establishment of a Diagnostics Manufacturing Facility in Victoria, as part of its ongoing restructuring and rationalisation program.

Likely developments and expected results of operations

Refer to the Review of Operations report preceding the directors report for additional information on the likely developments and expected results of operations.

Further information have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

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

Information on directors

Name:	Samuel Lanyon
Title:	Executive Chairman
Experience and expertise:	Sam has served as Chairman of the Board since 2019 and has over 25 years' experience in business strategy, R&D and operational roles in the healthcare and technology markets. Sam is a co-founder and director of Planet Innovation, a technology and commercialisation company focussed on global health-tech markets. Planet Innovation has assisted in the development/ creation of four standalone businesses (Lumos Diagnostics, Visus Therapeutics, Zen Ecosystems and Atmo Biosciences) since 2015. Sam previously served as an executive at ASX listed Vision Systems, where he was responsible for establishing and growing international commercial operations for its Vision Systems division until its acquisition by Danaher Corporation in 2007. Sam currently serves on the boards of Visus Therapeutics, Planet Innovation and Paragon Funds, and previously served on the boards of Zen Ecosystems and Waterwerx. Sam holds an Honours degree in Mechanical Engineering from the University of Melbourne and Post Graduate Diploma in Management from Melbourne Business School and has undertaken governance training from the Australian Institute of Company Directors (AICD).
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairperson, Member of the Disclosure Committee, Member of the Audit and Risk Committee
Interests in shares:	579,719 (share are held by spouse)
Interests in options:	163,302

Lumos Diagnostics Holdings Limited
Directors' report
30 June 2022

Name: Lawrence Mehren
 Title: Non-Executive Director and Deputy Chair
 Experience and expertise: Lawrence joined the Lumos Board in November 2020 and has over 20 years' experience working in the diagnostics industry, in both operational and financial roles.

Between 2007 and 2012 Lawrence served as CFO and then COO of Ventana Medical Systems, a global leader in cancer diagnostics which was acquired by Roche in 2008. In 2012 Lawrence assisted in the re-launch of Accelerate Diagnostics, a company dedicated to modernising disease diagnostics, which went public on NASDAQ in 2012. Lawrence served as President, CEO and Director of the company from 2012 to January 2020.

Lawrence has a Bachelor of Arts from the University of Arizona and a Masters of Business Administration from North-western University Kellogg School of Management.

Other current directorships: None
 Former directorships (last 3 years): None
 Special responsibilities: Member of the Audit and Risk Committee and the Remuneration and Nomination Committee
 Interests in shares: 80,000
 Interests in options: Nil

Name: Bronwyn Le Grice
 Title: Non-Executive Director
 Experience and expertise: Bronwyn joined the Lumos Board in 2020 and has over 20 years' experience in the technology and health technology sectors focussed on commercialisation, company growth, corporate development, investment and advocacy. Bronwyn previously served as a Non-executive Director for ASX listed Imagination BioSystems.

Bronwyn is the founder and managing director of ANDHealth, a leading Australian dedicated digital health commercialisation organisation. Prior to founding ANDHealth, Bronwyn served as an Investment Director and Special Advisor for Bioscience Managers Pty Ltd, a leading healthcare fund manager and as Head of Commercial Development and Corporate Affairs for Adherium Ltd, including as project leader for their IPO in 2015.

Bronwyn holds a Bachelor of Commerce from the University of Western Australia and a Master of Commercial Law from Melbourne Law School and has completed both the AICD's company director's course and the New Zealand Institute of Director's company directors course.

Other current directorships: None
 Former directorships (last 3 years): Non-executive director of Imagination BioSystems Limited (ASX: IBX) - resigned on 31 March 2020
 Special responsibilities: Chair of the Disclosure Committee, Member of the Remuneration and Nomination Committee and Member of the Audit and Risk Committee
 Interests in shares: 39,538
 Interests in options: 11,138

Lumos Diagnostics Holdings Limited

Directors' report

30 June 2022

Name: Catherine Robson
Title: Non-Executive Director
Experience and expertise: Catherine joined the Lumos Board in December 2020 and has more than 20 years' experience in management, finance and investment. Having commenced her career at Macquarie Bank, Catherine held senior roles at NAB before founding successful financial services business Affinity Private.

Catherine is a Non-executive Director of ASX-listed EQT Holdings Limited, where she is the Chair of the risk committee and a member of the audit, remuneration and strategy committees. She is also a non-executive Director of Greater Bank and SCALE Investors and chairs education technology innovator TalkiPlay.

Catherine has an Honours Degree in Law and Arts Degree majoring in Asian Studies from the Australian National University, a Graduate Diploma in Applied Finance from FINSIA, a Master's Degree in Law majoring in Tax from the University of Melbourne and is a graduate of the Australian Institute of Company Directors course.

Other current directorships: Non-executive director of EQT Holdings Limited (ASX: EQT)
Former directorships (last 3 years): None
Special responsibilities: Chair of the Audit and Risk Committee and Chair of the Remuneration and Nomination Committee
Interests in shares: 388,188 (share held by Capir Pty Ltd ATF Capir Family Trust)
Interests in options: 109,349

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

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

Company secretary

Melanie Leydin – BBus (Acc. Corp Law) CA FGIA

Melanie Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of Leydin Freyer. The practice provides outsourced company secretarial and accounting services to public and private companies across a host of industries including but not limited to the Resources, technology, bioscience, biotechnology and health sectors.

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

Tracy Weimar – GAICD FGIA

Tracy has over 20 years of commercial experience in the pharmaceutical/biotech industry in both the large and small cap sectors as well as over 10 years of Board level experience as a Company Secretary and a non-executive director, including as Vice President Operations & Finance and Company Secretary at ImmuPharma plc, a UK AIM-listed pharmaceutical drug development company.

Prior to this Tracy had several roles at GlaxoSmithKline plc including worldwide business development/licensing, sales and marketing. Prior to joining GlaxoSmithKline, Tracy was a consultant in the tax practice of Arthur Andersen in San Francisco and London. Tracy has a BA in Economics from the University of California, Berkeley and an MBA from London Business School. She is also a Graduate of the Australian Institute of Company Directors (GAICD) and a Fellow of the Governance Institute of Australia (FGIA).

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Samuel Lanyon	14	14	-	-	5	7
Robert Sambursky*	4	14	-	-	-	-
Lawrence Mehren	14	14	2	4	2	7
Bronwyn Le Grice	13	14	4	4	7	7
Catherine Robson	14	14	4	4	7	7

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

* Robert Sambursky resigned from the Board on 11 February 2022.

Remuneration report (audited)

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

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Executive Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

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

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

Lumos Diagnostics Holdings Limited

Directors' report

30 June 2022

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

Under the ASX Listing Rules, the total amount or value of remuneration paid to Non-executive Directors in any year may not exceed the amount approved by Shareholders at Lumos' general meeting. This amount is currently fixed at AU\$600,000 per annum.

Fee Type	Amount
Non-Executive Directors	AU\$55,000
Committee Chair	AU\$15,000
Committee Member	AU\$10,000

Executive remuneration

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

The executive remuneration and reward framework has four components:

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

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

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The LTI include share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. The LTI award will be based on metrics such as employment, financial performance and market capitalisation, or other commonly used metrics as determined by the Board. The LTI are to be reviewed annually and paid at the discretion of the Board.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

Lumos Diagnostics Holdings Limited
Directors' report
30 June 2022

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Lumos Diagnostics Holdings Limited:

- Samuel Lanyon (Executive Chairman)
- Robert Sambursky (Chief Executive Officer) - resigned from the Board on 11 February 2022
- Lawrence Mehren (Non-Executive Director and Deputy Chair)
- Bronwyn Le Grice (Non-Executive Director)
- Catherine Robson (Non-Executive Director)

And the following persons:

- Doug Ward (Chief Executive Officer) - appointed on 20 June 2022
- Barrie Lambert (Chief Financial Officer) - appointed on 16 February 2022

		Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees US\$	Cash bonus US\$	Annual leave US\$	STI US\$	Super-annuation US\$	Long service leave US\$	Equity-settled US\$	Total US\$
30 June 2022								
<i>Non-Executive Directors:</i>								
Lawrence Mehren	85,667	-	-	-	-	-	-	85,667
Bronwyn Le Grice	63,069	-	-	-	6,307	-	-	69,376
Catherine Robson	60,567	-	-	-	6,057	-	-	66,624
<i>Executive Directors:</i>								
Samuel Lanyon	110,398	-	(4,589)	-	11,040	-	152,841	269,690
Robert Sambursky*	220,539	72,500	6,762	-	7,351	-	91,827	398,979
<i>Other Key Management Personnel:</i>								
Doug Ward**	14,366	-	1,534	-	-	-	-	15,900
Barrie Lambert***	72,513	-	3,917	-	7,251	-	-	83,681
Robert Sambursky*	114,331	-	2,042	-	4,573	-	36,228	157,174
	<u>741,450</u>	<u>72,500</u>	<u>9,666</u>	<u>-</u>	<u>42,579</u>	<u>-</u>	<u>280,896</u>	<u>1,147,091</u>

* Robert Sambursky resigned from the Board on 11 February 2022 and remained as a key management personnel until 20 June 2022.

** Doug Ward was appointed as Chief Executive Officer on 20 June 2022.

*** Barrie Lambert was appointed as Chief Financial Officer on 16 February 2022.

Lumos Diagnostics Holdings Limited
Directors' report
30 June 2022

		Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Transactional bonus*	Annual leave	STI	Super-annuation	Long service leave	Equity-settled	Total
30 June 2021	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<i>Non-Executive Directors:</i>								
Lawrence Mehren (1)	40,500	37,338	-	-	-	-	-	77,838
Bronwyn Le Grice (2)	39,827	37,338	-	-	7,331	-	-	84,496
Catherine Robson (3)	31,316	37,338	-	-	6,522	-	-	75,176
Benjamin Bergo (4)	26,980	-	-	-	-	-	-	26,980
Craig Mallitz (5)	-	-	-	-	-	-	-	-
Hany Massarany (6)	-	-	-	-	-	-	-	-
<i>Executive Directors:</i>								
Samuel Lanyon	110,690	112,014	4,589	-	10,516	2,146	-	239,955
Robert Sambursky	299,000	37,338	40,414	45,000	10,390	-	297,457	729,599
	548,313	261,366	45,003	45,000	34,759	2,146	297,457	1,234,044

(1) Lawrence Mehren was appointed as Non-Executive Director on 16 December 2020.

(2) Bronwyn Le Grice was appointed as Non-Executive Director on 1 November 2020.

(3) Catherine Robson was appointed as Non-Executive Director on 26 December 2020.

(4) Benjamin Bergo resigned as Non-Executive Director on 31 March 2021.

(5) Craig Mallitz resigned as Non-Executive Director on 24 March 2021. Craig did not receive any salaries while he was on the board.

(6) Hany Massarany was appointed as Non-Executive Director on 27 July 2020 and resigned on 22 March 2021. Hany did not receive any salaries while he was on the board.

* Transactional bonus is a one-off payment during the FY21 year in consideration for services provided prior to the IPO.

Lumos Diagnostics Holdings Limited
Directors' report
30 June 2022

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
<i>Non-Executive Directors:</i>						
Lawrence Mehren	100%	100%	-	-	-	-
Bronwyn Le Grice	100%	100%	-	-	-	-
Catherine Robson	100%	100%	-	-	-	-
Benjamin Bergo	-	100%	-	-	-	-
Craig Mallitz	-	-	-	-	-	-
Hany Massarany	-	-	-	-	-	-
<i>Executive Directors:</i>						
Samuel Lanyon	43%	100%	-	-	57%	-
Robert Sambursky	77%	54%	-	5%	23%	41%
<i>Other Key Management Personnel:</i>						
Doug Ward	100%	-	-	-	-	-
Barrie Lambert	100%	-	-	-	-	-
Robert Sambursky	77%	-	-	-	23%	-

Executive Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Samuel Lanyon
Title:	Executive Chairman*
Agreement commenced:	7 December 2018
Term of agreement:	Mr. Lanyon's role as Executive Chairman is open-ended
Details:	Sam Lanyon is employed as Executive Chair and the terms of his employment are contractually governed by an employment agreement with Lumos.

Sam's total fixed remuneration is currently AU\$148,493 (exclusive of super) for services provided on a part time basis (equivalent to 2.5 days per week). Sam's agreement does not provide for the award of an STI or LTI.

Sam's employment agreement includes a restraint of trade period of one year post termination of employment within Australia (subject to enforceability). The agreement can be terminated by either party by providing six months' written notice.

**Sam Lanyon was appointed as Interim CEO on 11 April 2022 until the new CEO Doug Ward was appointed on 20 June 2022.*

The role of Interim CEO attracted a monthly salary of US\$17,500, payable entirely in shares on a post-superannuation, after-tax basis (subject to shareholder approval). The amount accrued for the Interim CEO period is US\$40,341 in total and this has been included in the remuneration report for the year ended on 30 June 2022 under the share-based payments column. This will be paid in addition to Mr Lanyon's Directors' fees as Executive Chair. The monthly salary will apply throughout the employment period as interim CEO, including a short transition period following the appointment of a new CEO. There are no termination benefits associated with the Interim CEO role.

Lumos Diagnostics Holdings Limited

Directors' report

30 June 2022

Name: Doug Ward
Title: Chief Executive Officer
Agreement commenced: 20 June 2022
Term of agreement: Mr. Ward's role as Chief Executive Officer is open-ended
Details: Fixed Remuneration: starting base salary of US\$415,000 per annum with potential to increase to US\$485,000 per annum on achievement of key, near-term commercial catalysts determined by Lumos' Board of Directors.

One-off payment: US\$120,000 as compensation for lost bonus remuneration from Mr Ward's current employer due to early resignation to take up the CEO role with Lumos, subject to the company receiving FDA clearance for FebriDx® or US\$5 million in product sales.

Short Term Incentives: Annual allocation of short-term incentives conditional on achievement of key regulatory and commercial milestones as determined by the Board of Lumos.

Long Term Incentives: Options package of 7.5M options each over on ordinary share with 40% vesting after 2 years employment and the remaining 60% vesting pro-rata over the subsequent 2 years (4 years total vesting period). All unexercised options will expire after 7 years post issue. The exercise price of the options will be A\$0.30 each.

Termination: 90-day notice period for resignation to be provided by Mr Ward. 12-month's severance for termination without cause by Lumos and other termination benefits subject to shareholder approval.

Name: Barrie Lambert
Title: Chief Financial Officer
Agreement commenced: 16 February 2022
Term of agreement: Mr. Lambert's role as Chief Financial Officer is open-ended
Details: Fixed Remuneration: base salary of AU\$350,000 per annum plus superannuation.

Short Term Incentives: Annual allocation of short-term incentives of 35% of base salary conditional on achievement of key milestones as determined by the Board of Lumos.

Termination: 90-day notice period for resignation by Mr Lambert or termination by Lumos.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

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

Name	Date	Shares	Issue price
Samuel Lanyon	28 October 2021	120,000	US\$0.9388
Robert Sambursky	28 October 2021	24,000	US\$0.9388

Options

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

Performance rights

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

Lumos Diagnostics Holdings Limited
Directors' report
30 June 2022

Additional information

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

	2022 US\$'000	2021 US\$'000	2020 US\$'000	2019 US\$'000	2018 US\$'000
Sales revenue	11,630	18,854	5,637	4,567	2,011
Loss after income tax	(45,724)	(15,030)	(9,028)	(4,684)	(1,327)

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

	2022
Share price at financial year end (AU\$)	0.14
Basic loss per share (US\$ cents per share)	(30.02)
Diluted loss per share (US\$ cents per share)	(30.02)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company at the date of the report by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Other	Balance at the end of the year
<i>Ordinary shares</i>					
Samuel Lanyon	296,417	120,000	163,302	-	579,719
Robert Sambursky*	-	24,000	-	(24,000)	-
Lawrence Mehren	-	-	80,000	-	80,000
Bronwyn Le Grice	-	-	39,538	-	39,538
Catherine Robson	218,439	-	169,749	-	388,188
	<u>514,856</u>	<u>144,000</u>	<u>452,589</u>	<u>(24,000)</u>	<u>1,087,445</u>

* Robert Sambursky resigned from the Board on 11 February 2022 and "other" represents Mr Sambursky's holding at his resignation date.

Option holding

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted**	Exercised	Other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Samuel Lanyon	-	163,302	-	-	163,302
Robert Sambursky*	5,498,515	-	-	(5,498,515)	-
Lawrence Mehren	-	-	-	-	-
Bronwyn Le Grice	-	11,138	-	-	11,138
Catherine Robson	-	109,349	-	-	109,349
	<u>5,498,515</u>	<u>283,789</u>	<u>-</u>	<u>(5,498,515)</u>	<u>283,789</u>

* Robert Sambursky resigned from the Board on 11 February 2022 and "other" represents Mr Sambursky's holding at his resignation date.

** Options granted to Samuel Lanyon, Bronwyn Le Grice and Catherine Robson were granted as free attaching options to their shares subscribed in the rights issue.

This concludes the remuneration report, which has been audited.

Lumos Diagnostics Holdings Limited
Directors' report
30 June 2022

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
12 August 2019	12 August 2026	US\$0.3850	8,513,988
4 November 2019	4 November 2026	US\$0.3920	457,431
2 March 2020	2 March 2027	US\$0.3700	320,202
4 March 2020	4 March 2027	US\$0.3740	137,229
1 October 2020	1 October 2027	US\$0.4080	728,602
30 November 2020	1 October 2027	US\$0.4190	125,000
30 September 2021	1 June 2024	US\$0.9010	120,000
24 December 2021	15 November 2026	US\$0.5790	10,000
24 December 2021	30 June 2025	US\$0.9040	3,159,513
1 April 2022	30 June 2025	US\$0.9346	321,514
30 June 2022	30 November 2022	US\$0.2067	59,129,468
			<u>73,022,947</u>

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

Shares under performance rights

There were no unissued ordinary shares of Lumos Diagnostics Holdings Limited under performance rights outstanding at the date of this report.

Shares issued on the exercise of options

The following ordinary shares of Lumos Diagnostics Holdings Limited were issued during the year ended 30 June 2022 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
12 August 2019	US\$0.3850	228,715

Shares issued on the exercise of performance rights

There were no ordinary shares of Lumos Diagnostics Holdings Limited issued on the exercise of performance rights during the year ended 30 June 2022 and up to the date of this report.

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the Company

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

Lumos Diagnostics Holdings Limited
Directors' report
30 June 2022

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of William Buck

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

Rounding of amounts

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

Auditor's independence declaration

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

Auditor

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

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

On behalf of the directors



Samuel Lanyon
Executive Chairman

25 August 2022

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF LUMOS DIAGNOSTICS
HOLDINGS LIMITED**

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

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

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

Alan Finnis

A. A. Finnis
Director
Melbourne, 25th August 2022

Lumos Diagnostics Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

		Consolidated	
	Note	30 June 2022	30 June 2021
		US\$'000	US\$'000
Revenue	5	11,630	18,854
Cost of sales		(7,174)	(10,253)
Gross profit		4,456	8,601
Other income		17	191
Expenses			
Marketing and sales		(2,270)	(1,034)
General and administration	6	(11,906)	(9,768)
Research and development		(1,329)	(1,239)
Employee expenses	7	(10,024)	(7,562)
Impairment of accounts receivable		(2,545)	-
Impairment of inventory	9	(3,267)	-
Impairment of plant and equipment	11	(3,801)	-
Impairment of intangibles	12	(12,562)	-
Impairment of financial assets		(203)	-
Restructuring expenses		(1,680)	-
Finance costs		(610)	(4,219)
Loss before income tax expense		(45,724)	(15,030)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of Lumos Diagnostics Holdings Limited		(45,724)	(15,030)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(2,831)	1,012
Other comprehensive income for the year, net of tax		(2,831)	1,012
Total comprehensive income for the year attributable to the owners of Lumos Diagnostics Holdings Limited		(48,555)	(14,018)
		US\$ Cents	US\$ Cents
Basic loss per share	30	(30.02)	(57.05)
Diluted loss per share	30	(30.02)	(57.05)

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

Lumos Diagnostics Holdings Limited
Consolidated statement of financial position
As at 30 June 2022

		Consolidated	
	Note	30 June 2022	30 June 2021
		US\$'000	US\$'000
Assets			
Current assets			
Cash and cash equivalents		7,978	44,890
Trade and other receivables	8	1,890	4,255
Inventories	9	2,526	4,439
Prepayments and other assets		1,048	3,475
Total current assets		<u>13,442</u>	<u>57,059</u>
Non-current assets			
Financial assets		-	203
Plant and equipment	11	3,495	6,223
Right-of-use assets	10	7,476	8,657
Intangibles	12	12,527	25,848
Total non-current assets		<u>23,498</u>	<u>40,931</u>
Total assets		<u>36,940</u>	<u>97,990</u>
Liabilities			
Current liabilities			
Trade and other payables	13	4,115	24,119
Lease liabilities	14	968	765
Employee benefits		1,087	1,975
Contract liabilities	15	6,659	5,653
Total current liabilities		<u>12,829</u>	<u>32,512</u>
Non-current liabilities			
Lease liabilities	14	6,226	7,197
Total non-current liabilities		<u>6,226</u>	<u>7,197</u>
Total liabilities		<u>19,055</u>	<u>39,709</u>
Net assets		<u>17,885</u>	<u>58,281</u>
Equity			
Issued capital	16	92,139	84,222
Reserves	17	280	2,869
Accumulated losses		<u>(74,534)</u>	<u>(28,810)</u>
Total equity		<u>17,885</u>	<u>58,281</u>

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

Lumos Diagnostics Holdings Limited
Consolidated statement of changes in equity
For the year ended 30 June 2022

Consolidated	Issued capital US\$'000	Foreign currency translation reserve US\$'000	Share based payments reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Balance at 1 July 2020	34,796	32	985	(13,780)	22,033
Loss after income tax expense for the year	-	-	-	(15,030)	(15,030)
Other comprehensive income for the year, net of tax	-	1,012	-	-	1,012
Total comprehensive income for the year	-	1,012	-	(15,030)	(14,018)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 16)	49,258	-	-	-	49,258
Share-based payments (note 31)	168	-	840	-	1,008
Balance at 30 June 2021	<u>84,222</u>	<u>1,044</u>	<u>1,825</u>	<u>(28,810)</u>	<u>58,281</u>
Consolidated	Issued capital US\$'000	Foreign currency translation reserve US\$'000	Share based payments reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Balance at 1 July 2021	84,222	1,044	1,825	(28,810)	58,281
Loss after income tax expense for the year	-	-	-	(45,724)	(45,724)
Other comprehensive income for the year, net of tax	-	(2,831)	-	-	(2,831)
Total comprehensive income for the year	-	(2,831)	-	(45,724)	(48,555)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 16)	7,777	-	-	-	7,777
Share-based payments (note 31)	140	-	242	-	382
Balance at 30 June 2022	<u>92,139</u>	<u>(1,787)</u>	<u>2,067</u>	<u>(74,534)</u>	<u>17,885</u>

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

Lumos Diagnostics Holdings Limited
Consolidated statement of cash flows
For the year ended 30 June 2022

		Consolidated	
	Note	30 June 2022	30 June 2021
		US\$'000	US\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		12,456	20,726
Payments to suppliers (inclusive of GST)		(30,337)	(31,562)
Proceeds from government grant		15	187
		<u>(17,866)</u>	<u>(10,649)</u>
Interest received		2	4
Interest and other finance costs paid		(172)	(244)
		<u>(172)</u>	<u>(244)</u>
Net cash used in operating activities	29	<u>(18,036)</u>	<u>(10,889)</u>
Cash flows from investing activities			
Payments for plant and equipment	11	(2,523)	(5,883)
Payments for clinical trials and development	12	(1,832)	(2,449)
		<u>(4,355)</u>	<u>(8,332)</u>
Net cash used in investing activities		<u>(4,355)</u>	<u>(8,332)</u>
Cash flows from financing activities			
Proceeds from issue of convertible notes		-	17,092
Net of cost proceeds from issue of shares	16	7,870	29,429
Proceeds from sell-down of shares	13	(17,583)	17,583
Payment of lease liabilities		(1,206)	(835)
		<u>(10,919)</u>	<u>63,269</u>
Net cash from/(used in) financing activities		<u>(10,919)</u>	<u>63,269</u>
Net increase/(decrease) in cash and cash equivalents		(33,310)	44,048
Cash and cash equivalents at the beginning of the financial year		44,890	847
Effects of exchange rate changes on cash and cash equivalents		(3,602)	(5)
		<u>(3,602)</u>	<u>(5)</u>
Cash and cash equivalents at the end of the financial year		<u>7,978</u>	<u>44,890</u>

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

Lumos Diagnostics Holdings Limited
Notes to the consolidated financial statements
30 June 2022

Note 1. General information

The financial statements cover Lumos Diagnostics Holdings Limited as a consolidated entity consisting of Lumos Diagnostics Holdings Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in US dollars, which is Lumos Diagnostics Holdings Limited's presentation currency. The functional currency for Lumos Diagnostics Holdings Limited is US dollars, except for the Australian entities, which is Australian dollars.

Lumos Diagnostics Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 4, 96-100 Albert Road
South Melbourne VIC 3205
Australia

Principal place of business

2724 Loker Ave West
Carlsbad, California 92010
USA

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

Change in presentation currency

The Directors have voluntarily elected to change the consolidated entity's presentation currency in accordance with AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' from Australian dollars ('A\$') to United States dollars ('US\$'), effective from 1 July 2020.

The Directors believe that the change provides investors and other stakeholders with a clearer and more reliable understanding of the consolidated entity's global business performance as a whole and is more comparable to the Company's peers, most of which are presented in US\$. The change is accounted for retrospectively and as such comparative information has been restated in US\$, including presentation of Statement of Financial Position as at 1 July 2020.

The financial report has been restated to US dollars using the procedures outlined below:

- Except where material transactions have been separately calculated using the spot rate on the date of the transaction and an average rate for the period would not appropriately reflect the United States Dollar value of the transaction, Income Statement and Statement of Cash Flows have been translated into US dollars using average foreign currency rates prevailing for the relevant period, being 1.000 Australian Dollar is equivalent to 0.7468 and 0.7258 United States Dollars for the twelve months to 30 June 2021 and 30 June 2022, respectively.
- Assets and liabilities in the Statement of Financial Position have been translated into US dollars at the closing foreign currency rates on the relevant balance sheet dates, being 0.7518 and 0.6889 United States Dollars at 30 June 2021 and 30 June 2022, respectively.
- The equity section of the Statement of Financial Position, including foreign currency translation reserve, retained earnings, share capital and the other reserves, has been translated into US dollars using historical rates.
- Loss per share and dividend disclosures have also been restated to US dollars to reflect the change in presentation currency.

The Consolidated Statements of Profit or Loss and Other Comprehensive Income and Financial Position in Australian Dollars and US Dollars are stated as below:

Note 2. Significant accounting policies (continued)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	30 June 2021 Previously reported AU\$'000	30 June 2021 Restated US\$'000
Revenue		
Revenue	25,055	18,854
Cost of sales	(13,532)	(10,253)
Gross profit	11,523	8,601
Other income	257	191
Expenses		
Marketing and sales expenses	(3,190)	(2,394)
General and administration expenses	(20,574)	(15,257)
Research and development expenses	(2,582)	(1,952)
Finance costs	(5,561)	(4,219)
Loss before income tax expense	(20,127)	(15,030)
Income tax expense	-	-
Loss after income tax expense for the year attributable to the owners of Lumos Diagnostics Holdings Limited	(20,127)	(15,030)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	(879)	1,012
Other comprehensive income for the year, net of tax	(879)	1,012
Total comprehensive income for the year attributable to the owners of Lumos Diagnostics Holdings Limited	(21,006)	(14,018)
	Cents	Cents
Basic loss per share	(76.39)	(57.05)
Diluted loss per share	(76.39)	(57.05)

Note 2. Significant accounting policies (continued)

Consolidated Statement of Financial Position

	30 June 2021 Previously reported AU\$'000	30 June 2021 Restated US\$'000	1 July 2020 Previously reported AU\$'000	1 July 2020 Restated US\$'000
Assets				
Current assets				
Cash and cash equivalents	59,710	44,890	1,233	847
Trade and other receivables	5,660	4,255	1,355	929
Inventories	6,114	4,439	729	500
Prepayments and other assets	4,611	3,475	1,996	1,370
Total current assets	76,095	57,059	5,313	3,646
Non-current assets				
Financial assets	271	203	271	186
Plant and equipment	8,287	6,223	871	597
Right-of-use assets	11,514	8,657	5,969	4,097
Intangibles	34,381	25,848	31,364	21,526
Deferred tax assets	-	-	87	59
Total non-current assets	54,453	40,931	38,562	26,465
Total assets	130,548	97,990	43,875	30,111
Liabilities				
Current liabilities				
Trade and other payables	32,254	24,119	4,556	3,126
Lease liabilities	1,017	765	1,255	861
Employee benefits	2,455	1,975	596	409
Contract liabilities	7,518	5,653	664	456
Total current liabilities	43,244	32,512	7,071	4,852
Non-current liabilities				
Lease liabilities	9,572	7,197	4,700	3,226
Total non-current liabilities	9,572	7,197	4,700	3,226
Total liabilities	52,816	39,709	11,771	8,078
Net assets	77,732	58,281	32,104	22,033
Equity				
Issued capital	116,187	84,222	50,679	34,796
Reserves	1,709	2,869	1,462	1,017
Accumulated losses	(40,164)	(28,810)	(20,037)	(13,780)
Total equity	77,732	58,281	32,104	22,033

New or amended Accounting Standards and Interpretations adopted

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

Note 2. Significant accounting policies (continued)

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

Going concern

The 2022 Annual Report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As disclosed in the financial statements, the net current assets position as at 30 June 2022 of the consolidated entity was a surplus of \$613,000 (30 June 2021: surplus of \$24,547,000). The consolidated entity made a loss after tax of \$45,724,000 during the year ended 30 June 2022 (30 June 2021: \$15,030,000). Excluding one-off charges and impairments of \$24,058,000 the loss for the year ended 30 June 2022 was \$21,666,000. The net operating cash outflow was \$18,036,000 (30 June 2021: outflow of \$10,889,000). Cash and cash equivalents as at 30 June 2022 were \$7,978,000 (30 June 2021: \$44,890,000, noting this included \$17,583,000 of proceeds from the IPO that were to be paid to the shareholders selling down as part of the IPO. Excluding this, cash at 30 June 2021 was \$27,307,000).

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

The Directors believe there are reasonable grounds to expect the consolidated entity will be able to continue as a going concern, after consideration of a range of factors, not limited to, but including the following:

- the consolidated entity has undertaken and continues to execute a right-sizing and restructuring exercise to reduce the expense base, capital expenditure and monthly cash outflows of the group;
- as part of this right-sizing there has been a material reduction in employees, a decision to close the groups Sarasota facility and consolidate operations in its Carlsbad facility, and a withdrawal from the Victorian Government local manufacturing proposal, all aimed at streamlining and focusing operations, and removing future cash obligations on the consolidated entity;
- the group has lodged its appeal to the US FDA regarding its decision not to grant clearance to market FebriDx in the US, and if successful this will allow commercialisation activities in the US to commence;
- the group continues to explore revenue growth opportunities, across is commercial services business, contract manufacturing, and Lumos branded products, including ViraDx in the US; and
- the consolidated entity has identified and is exploring a number of funding sources which it expects will be able to be accessed when required.

The Directors will continue to monitor the ongoing funding requirements of the consolidated entity.

As a consequence of the above, the directors believe that, notwithstanding the consolidated entity's operating results for the year, the consolidated entity will be able to continue as a going concern for the foreseeable future and therefore Directors consider it is appropriate to prepare the financial statements on a going concern basis.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Comparative Information

The consolidated financial statements provide comparative information in respect of the previous period. There can be a restatement of comparatives through either a correction of error, a change in accounting policy or a reclassification.

Basis of preparation

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

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Note 2. Significant accounting policies (continued)

Critical accounting estimates

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

Principles of consolidation

For the current year, the consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Lumos Diagnostics Holdings Limited ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Lumos Diagnostics Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

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

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

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

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

Foreign currency translation

The financial statements are presented in US dollars, which is Lumos Diagnostics Holdings Limited's presentation currency. The functional currency for Lumos Diagnostics Holdings Limited is US dollars, except for the Australian entities, which is Australian dollars.

Foreign currency transactions

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

Foreign operations

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

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

Income tax

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

Note 2. Significant accounting policies (continued)

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

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

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

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

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

Current and non-current classification

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

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

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

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

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

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

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

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

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

Rounding of amounts

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

Note 2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations. However, they are not expected to be material.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions 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, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Capitalisation of development costs

Costs that are directly associated with the development of products are recognised as intangible assets where the relevant criteria under the accounting standards are met.

These capitalised development costs are reviewed to determine if:

- it is probable that the asset associated will be commercially viable,
- the consolidated entity is able to use or sell the asset;
- the consolidated entity has sufficient resources to do so, and
- the intent to complete the development and costs can be measured reliably.

This requires a degree of estimation and judgement.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

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

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

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

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

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity has one operating segment, being the provision of point of care diagnostics goods and services, however it operates across two geographical regions, being the United States and Australia. The operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Major customers

During the year ended 30 June 2022 approximately 57.2% (30 June 2021: 59.9%) of the consolidated entity's external revenue was derived from sales to customers as follows:

	Consolidated 30 June 2022 %	Consolidated 30 June 2021 %
Customer A	6.6%	34.9%
Customer B	10.2%	14.1%
Customer C	11.5%	3.6%
Customer D	13.9%	5.8%
Customer E	15.0%	1.5%
	<u>57.2%</u>	<u>59.9%</u>

Geographical information

	Sales to external customers		Geographical non-current assets	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	US\$'000	US\$'000	US\$'000	US\$'000
United States	11,143	17,702	11,153	15,179
Australia	487	1,152	12,345	25,752
	<u>11,630</u>	<u>18,854</u>	<u>23,498</u>	<u>40,931</u>

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Revenue

	Consolidated	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
Sales of goods	3,880	1,708
Services income	7,750	17,146
	<u>11,630</u>	<u>18,854</u>

Revenue from contracts with customers

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

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

Sale of goods

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

Rendering of services

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

Note 6. General and administration

	Consolidated	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
Corporate and administration	6,837	5,767
Medical affairs and quality assurance	584	2,566
Information technology	599	-
Regulatory	83	-
Depreciation and amortisation	2,823	405
Other	980	1,030
	<u>11,906</u>	<u>9,768</u>

Lumos Diagnostics Holdings Limited
Notes to the consolidated financial statements
30 June 2022

Note 7. Employee expenses

	Consolidated	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
Salary and wages	8,386	5,680
Superannuation and 401k	329	148
Employee entitlements	(12)	279
Share-based payment expenses - ordinary shares	354	-
Share-based payment expenses - options	307	896
Payroll taxes	660	561
	<u>10,024</u>	<u>7,564</u>

Note 8. Trade and other receivables

	Consolidated	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
<i>Current assets</i>		
Trade receivables	4,146	2,487
Less: Allowance for expected credit losses	(2,439)	(169)
	<u>1,707</u>	<u>2,318</u>
Other receivables	183	1,937
	<u>1,890</u>	<u>4,255</u>

Allowance for expected credit losses

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	%	%	US\$'000	US\$'000	US\$'000	US\$'000
Not overdue	-	-	990	654	-	-
0 to 3 months overdue	-	-	275	224	-	-
3 to 6 months overdue	64%	11%	1,233	1,609	(791)	(169)
Over 6 months overdue	100%	-	1,648	-	(1,648)	-
			<u>4,146</u>	<u>2,487</u>	<u>(2,439)</u>	<u>(169)</u>

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
Opening balance	(169)	(76)
Additional provisions recognised	(2,281)	(140)
Receivables written off during the year as uncollectable	11	47
Closing balance	<u>(2,439)</u>	<u>(169)</u>

Note 8. Trade and other receivables (continued)

Accounting policy for trade and other receivables

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

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Lumos reserve for 100% of any receivable over 90 days past due and 50% of any receivable between 60 and 90 days past due. On top of this approach, if the consolidated entity knows for specific individual customer that the debtors are not collectable, Lumos reverse for 100% of any receivables of that individual customer.

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

Note 9. Inventories

	Consolidated	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
<i>Current assets</i>		
Raw materials - at cost	3,711	3,196
Raw materials - provision	(3,017)	(563)
	<u>694</u>	<u>2,633</u>
Work in progress - at cost	<u>950</u>	<u>251</u>
Finished goods - at cost	<u>882</u>	<u>1,555</u>
	<u><u>2,526</u></u>	<u><u>4,439</u></u>

Accounting policy for inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The consolidated entity incurred an inventory impairment of US\$3,267,000 during the year ended on 30 June 2022, driven predominantly by the expiry of certain inventory items which were then unable to be sold to customers.

Note 10. Right-of-use assets

	Consolidated	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
<i>Non-current assets</i>		
Land and buildings - right-of-use	6,939	6,939
Less: Accumulated depreciation	(578)	(57)
	<u>6,361</u>	<u>6,882</u>
Plant and equipment - right-of-use	1,858	1,858
Less: Accumulated depreciation	(743)	(83)
	<u>1,115</u>	<u>1,775</u>
	<u><u>7,476</u></u>	<u><u>8,657</u></u>

Reconciliations

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

	Land and buildings - right-of-use	Plant and equipment - right-of-use	Total
Consolidated	US\$'000	US\$'000	US\$'000
Balance at 1 July 2020	2,239	1,858	4,097
Additions	4,700	-	4,700
Depreciation expense	(57)	(83)	(140)
Balance at 30 June 2021	6,882	1,775	8,657
Depreciation expense	(521)	(660)	(1,181)
Balance at 30 June 2022	<u><u>6,361</u></u>	<u><u>1,115</u></u>	<u><u>7,476</u></u>

Accounting policy for right-of-use assets

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

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

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

Lumos Diagnostics Holdings Limited
Notes to the consolidated financial statements
30 June 2022

Note 11. Plant and equipment

	Consolidated	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
<i>Non-current assets</i>		
Construction in progress*	1,381	5,405
Leasehold improvements - at cost	3,521	202
Less: Accumulated depreciation	(783)	(182)
Less: Accumulated impairment	(2,735)	-
	3	20
Plant and equipment - at cost	2,846	1,255
Less: Accumulated depreciation	(963)	(716)
	1,883	539
Computer equipment - at cost	570	862
Less: Accumulated depreciation	(346)	(643)
	224	219
Office equipment - at cost	505	289
Less: Accumulated depreciation	(131)	(249)
Less: Accumulated impairment	(370)	-
	4	40
	3,495	6,223

Reconciliations

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

Consolidated	Leasehold improvements US\$'000	Plant and equipment US\$'000	Computer equipment US\$'000	Office equipment US\$'000	Construction in progress US\$'000	Total US\$'000
Balance at 1 July 2020	15	431	132	19	-	597
Additions	19	256	171	32	5,405	5,883
Disposals	-	(4)	-	-	-	(4)
Exchange differences	-	-	4	-	-	4
Depreciation expense	(14)	(144)	(88)	(11)	-	(257)
Balance at 30 June 2021	20	539	219	40	5,405	6,223
Additions	359	279	74	409	1,402	2,523
Disposals	-	(28)	-	-	(233)	(261)
Exchange differences	-	-	(3)	-	-	(3)
Impairment of assets	(2,735)	-	-	(370)	(696)	(3,801)
Transfers in/(out)	3,110	1,358	-	29	(4,497)	-
Depreciation expense	(751)	(265)	(66)	(104)	-	(1,186)
Balance at 30 June 2022	3	1,883	224	4	1,381	3,495

*Construction in progress relate to amounts paid for Ginolis and BioDot machines that have not entered service as at 30 June 2022.

Accounting policy for plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 11. Plant and equipment (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment (excluding land) over their expected useful lives as follows:

Office Equipment	3-5 years
Leasehold improvements	10 years
Plant and equipment	3-7 years
Motor Vehicles	3-5 years
Computer equipment	3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the combined entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

The consolidated entity incurred a plant and equipment impairment of US\$3,801,000, during the year ended on 30 June 2022, driven predominantly by its restructure plan of closing its facility in Sarasota, FL.

Note 12. Intangibles

	Consolidated	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
<i>Non-current assets</i>		
Goodwill - at cost	-	1,102
Development - at cost	10,063	9,051
Less: Accumulated amortisation	(670)	(288)
Less: Accumulated impairment	(1,247)	-
	<u>8,146</u>	<u>8,763</u>
Intellectual property - at cost	15,172	16,424
Less: Accumulated amortisation	(491)	(441)
Less: Accumulated impairment	(10,300)	-
	<u>4,381</u>	<u>15,983</u>
	<u><u>12,527</u></u>	<u><u>25,848</u></u>

Note 12. Intangibles (continued)

Reconciliations

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

Consolidated	Capitalised		Intellectual property US\$'000	Total US\$'000
	Goodwill US\$'000	development US\$'000		
Balance at 1 July 2020	1,012	6,002	14,512	21,526
Additions	-	2,281	168	2,449
Exchange differences	90	574	1,357	2,021
Amortisation expense	-	(94)	(54)	(148)
Balance at 30 June 2021	1,102	8,763	15,983	25,848
Additions	-	1,768	64	1,832
Impairment of assets	(1,015)	(1,247)	(10,300)	(12,562)
Exchange differences	(87)	(732)	(1,316)	(2,135)
Amortisation expense	-	(406)	(50)	(456)
Balance at 30 June 2022	-	8,146	4,381	12,527

Impairment of intangibles

All intangible assets are assessed at each reporting period for indicators of impairment. Lumos operates as a single operating segment and cash generating unit being 'provision of point of care diagnostics goods and services'. Intangible assets with an indefinite useful life, or not yet ready for use, are assessed for impairment under this cash generating unit.

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections for the next five years. The cash flows are discounted using estimated discount rate based on Capital Asset Pricing Model adjusted to incorporate risks associated with the Point of Care Diagnostics segment.

Management has based the value-in-use calculations on five-year budget forecasts and a terminal value of the Point of Care Diagnostics business. Revenue has been projected on the below mentioned assumptions. Costs are calculated taking into account historical gross margins as well as estimated weighted inflation rates over the period which is consistent with inflation rates applicable to the locations in which the unit operates. Discount rates are pre-tax and reflect risks associated with the Point of Care Diagnostics business.

The following assumptions were used in the value-in-use-calculations:

- Revenue growth for years 1 is 7% and for the following 4 years the revenue growth increase to 20%. This is derived based on a combination of historical performance references, market outlooks and current expansion and development plans of the business.
- Projected cash flows have been discounted using a pre-tax discount rate of 14.10% (2021: 10.34%). The pre-tax discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying asset that have not be incorporated in the cash flows model. The discount rate calculation is based on the specific circumstances of the CGU, and is derived from its weighted average cost of capital ('WACC'). The WACC includes both cost of debt and equity. The cost of debt is based on the interest-bearing borrowings the CGU is obliged to service. The cost of equity is based on the expected return on investment by the consolidated entity's shareholders. In calculation of the cost of equity, management has accounted for the segment-specific risk by applying the beta factor, which is publicly available market data.
- Gross profit margins are forecast to be in a range of 48-50% (2021: 51-58%). This is mainly derived based on historical performance references.
- An annual growth rate of 2.5% (2021: 2.5%) has been estimated in the calculation of terminal value.

Note 12. Intangibles (continued)

Sensitivity to changes in assumptions:

Any negative movement in the assumptions will generate a further impairment.

Based on the above assumptions, the recoverable amount of the cash generating unit has been determined to be less than its carrying amount as at 30 June 2022 and as a result, the consolidated entity incurred an impairment on Goodwill of US\$1,015,000 and an impairment on Intellectual property of US\$10,300,000 during the year ended on 30 June 2022. There is an impairment on Capitalised development of US\$1,247,000 because certain projects were not commercially viable and were impaired in full during the year ended on 30 June 2022.

Accounting policy for intangible assets

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

Goodwill

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

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs begin amortisation once the associated assets are in service. These assets are then amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Intellectual property

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Note 13. Trade and other payables

	Consolidated	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
<i>Current liabilities</i>		
Trade payables	1,451	4,560
Payable to shareholder	-	17,583
Payable to other related entities	-	154
Other payables and accruals	2,664	1,822
	<u>4,115</u>	<u>24,119</u>

Refer to note 19 for further information on financial instruments.

Accounting policy for trade and other payables

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

Note 14. Lease liabilities

	Consolidated	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
<i>Current liabilities</i>		
Lease liability	968	765
<i>Non-current liabilities</i>		
Lease liability	6,226	7,197
	<u>7,194</u>	<u>7,962</u>

Refer to note 19 for further information on financial instruments.

During the year US\$438,000 of interest charges was expensed through the statement of profit or loss and other comprehensive income.

Accounting policy for lease liabilities

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

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

Note 15. Contract liabilities

	Consolidated	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
<i>Current liabilities</i>		
Contract liabilities	6,659	5,653
	<u>6,659</u>	<u>5,653</u>
	Consolidated	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
Opening Balance	5,653	456
Amounts billed in advance during the year	5,911	14,698
Transferred to revenue – performance obligations satisfied	(4,905)	(9,508)
Exchange differences	-	7
	<u>6,659</u>	<u>5,653</u>

Accounting policy for contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Lumos Diagnostics Holdings Limited
Notes to the consolidated financial statements
30 June 2022

Note 16. Issued capital

	Consolidated			
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	Shares	Shares	US\$'000	US\$'000
Ordinary shares - fully paid	<u>209,906,446</u>	<u>150,152,413</u>	<u>92,139</u>	<u>84,222</u>
<i>Movements in ordinary share capital</i>				
Details	Date	Shares	Issue price	US\$'000
Balance	1 July 2020	52,013,549		16,169
Consolidation of shares on a 2-for-1 basis	4 March 2021	(26,006,773)	US\$0.0000	-
Issue of shares on execution of options	29 June 2021	261,834	US\$0.6429	168
Issue of shares on conversion of convertible notes	29 June 2021	32,561,467	US\$0.6493	21,142
Issue of shares on conversion of preference shares	29 June 2021	60,922,336	US\$0.3293	20,059
Issue of shares on IPO	29 June 2021	30,400,000	US\$0.9454	28,739
Costs of shares issued	30 June 2021	-	US\$0.0000	(2,055)
Balance	30 June 2021	150,152,413		84,222
Issue of shares to directors of the Company	28 October 2021	144,000	US\$0.9388	135
Issue of shares to employees of the Company	28 October 2021	130,577	US\$0.9388	122
Issue of shares to employees of the Company	24 December 2021	121,273	US\$0.9040	110
Issue of shares on execution of options	9 February 2022	228,715	US\$0.6121	140
Issue of shares to institutional and sophisticated investors	14 June 2022	41,890,708	US\$0.1323	5,544
Issue of shares to retail investors	30 June 2022	17,238,760	US\$0.1309	2,256
Costs of shares issued		-	US\$0.0000	(390)
Balance	30 June 2022	<u>209,906,446</u>		<u>92,139</u>

On 14 June 2022 and 30 June 2022, the consolidated entity issued respectively 41,890,708 and 17,238,760 quoted options with an expiry date of 30 November 2022 and an exercise price of A\$0.30, to participants in the respective share issues of said dates.

Ordinary shares

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

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

Share buy-back

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

Capital risk management

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

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

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Lumos Diagnostics Holdings Limited
Notes to the consolidated financial statements
30 June 2022

Note 16. Issued capital (continued)

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Accounting policy for issued capital

Ordinary shares are classified as equity.

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

Note 17. Reserves

	Consolidated	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
Foreign currency reserve	(1,787)	1,044
Share-based payments reserve	2,067	1,825
	<u>280</u>	<u>2,869</u>

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Foreign currency reserve	Share-based payments reserve	Total
Consolidated	US\$'000	US\$'000	US\$'000
Balance at 1 July 2020	32	985	1,017
Foreign currency translation	1,012	-	1,012
Expense on options incurred during the period	-	1,138	1,138
Transfer of exercised options to issued capital	-	(56)	(56)
Options forfeited	-	(242)	(242)
Balance at 30 June 2021	1,044	1,825	2,869
Foreign currency translation	(2,831)	-	(2,831)
Cost of share-based payments	-	387	387
Transfer of exercised options to issued capital	-	(47)	(47)
Options forfeited	-	(98)	(98)
Balance at 30 June 2022	<u>(1,787)</u>	<u>2,067</u>	<u>280</u>

Note 18. Dividends

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

Note 19. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The combined entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity does not use derivative financial instruments or actively hedge financial positions.

Note 19. Financial instruments (continued)

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. For example, the non-AUD financial assets and financial liabilities held by Australian entities and non-USD financial assets and financial liabilities held by the US entities. The consolidated entity is most exposed to fluctuations in the AUD to USD foreign exchange rate. Given most financial assets and financial liabilities held by the Lumos entities are the same as the entity's presentation currency USD, and the majority of the revenue earned and most of the expenses incurred are in USD, therefore foreign currency risk is concluded as not significant,

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

In the current year the consolidated entity does not have any exposure to interest rate risk as the consolidated entity does not hold any debt obligations which stipulate a variable interest rate.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains pre-payments by customers or guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The combined entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the combined entity based on recent sales experience, historical collection rates and forward-looking information that is available. The expected credit loss calculated by management is not expected to be material.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 19. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 30 June 2022	Weighted average interest rate %	1 year or less US\$'000	Between 1 and 2 years US\$'000	Between 2 and 5 years US\$'000	Over 5 years US\$'000	Remaining contractual maturities US\$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	1,451	-	-	-	1,451
Other payables	-	2,664	-	-	-	2,664
Lease liabilities	6.10%	968	533	3,687	2,006	7,194
Total non-derivatives		5,083	533	3,687	2,006	11,309
Consolidated - 30 June 2021	Weighted average interest rate %	1 year or less US\$'000	Between 1 and 2 years US\$'000	Between 2 and 5 years US\$'000	Over 5 years US\$'000	Remaining contractual maturities US\$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	4,560	-	-	-	4,560
Related party payables	-	17,737	-	-	-	17,737
Other payables	-	1,822	-	-	-	1,822
Lease liabilities	6.10%	765	968	1,789	4,440	7,962
Total non-derivatives		24,884	968	1,789	4,440	32,081

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 20. Fair value measurement

Accounting policy for fair value measurement

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

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

Lumos Diagnostics Holdings Limited
Notes to the consolidated financial statements
30 June 2022

Note 21. Key management personnel disclosures

Directors

The following persons were directors of Lumos Diagnostics Holdings Limited during the financial year:

Samuel Lanyon	
Robert Sambursky	(resigned from the Board on 11 February 2022)
Lawrence Mehren	
Bronwyn Le Grice	
Catherine Robson	

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Doug Ward	(appointed on 20 June 2022)
Barrie Lambert	(appointed on 16 February 2022)

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	30 June 2022	30 June 2021
	US\$	US\$
Short-term employee benefits	823,616	899,682
Post-employment benefits	42,579	34,759
Long-term benefits	-	2,146
Share-based payments	280,896	297,457
	<u>1,147,091</u>	<u>1,234,044</u>

Note 22. Remuneration of auditors

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

	Consolidated	
	30 June 2022	30 June 2021
	US\$	US\$
<i>Audit services - William Buck</i>		
Audit and review of the financial statements	<u>46,088</u>	<u>35,844</u>

Note 23. Contingent liabilities

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

Note 24. Commitments

	Consolidated	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	<u>-</u>	<u>3,109</u>

Lumos Diagnostics Holdings Limited
Notes to the consolidated financial statements
30 June 2022

Note 25. Related party transactions

Parent entity

Lumos Diagnostics Holdings Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 27.

Key management personnel

Disclosures relating to key management personnel are set out in note 21 and the remuneration report included in the directors' report.

Transactions with related parties

The consolidated entity receives a range of services from entities owned by its major shareholder, Planet Innovation Holdings Limited. The services are provided pursuant to a Master Services Agreement dated 1 April 2021 at cost or favourable commercial rates.

The services provided include the following:

- research & development services
- contract manufacturing services
- secondment of staff and services related to project delivery for the combined entity's customers
- recovery of direct costs and overheads related to the combined entity's operations

Receivable from and payable to related parties

As at 30 June 2022 the combined entity had the following balances with the Planet Innovation Group:

- Accounts payable owing to the Planet Innovation Group: US\$698,127 (2021: US\$3,988,079)
- Other payable owing to the Planet Innovation Group: nil (2021: US\$17,583,034)
- Accounts receivable owed by the Planet Innovation Group: US\$400,913 (2021: US\$180,253)

Note 26. Parent entity information

Financial information relating to the parent entity, Lumos Diagnostics Holdings Limited.

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
Loss after income tax	(2,314)	(4,422)
Total comprehensive income	(2,314)	(4,422)

Lumos Diagnostics Holdings Limited
Notes to the consolidated financial statements
30 June 2022

Note 26. Parent entity information (continued)

Statement of financial position

	Parent	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
Total current assets	65,765	83,645
Total assets	82,237	100,239
Total current liabilities	173	18,310
Total liabilities	173	18,310
Equity		
Issued capital	92,139	84,222
Foreign currency reserve	(3,806)	1,904
Share-based payments reserve	2,067	1,825
Accumulated losses	(8,336)	(6,022)
Total equity	82,064	81,929

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

Contingent liabilities

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

Capital commitments - Property, plant and equipment

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

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 27. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2022	30 June 2021
		%	%
Lumos Diagnostics Pty Ltd	Australia	100.0%	100.0%
Lumos Diagnostics IP Pty Ltd	Australia	100.0%	100.0%
Lumos Diagnostics, Inc.	USA	100.0%	100.0%
Rapid Pathogen Screening, Inc.	USA	100.0%	100.0%
Lumos Diagnostics (NL) B.V.	Netherlands	100.0%	100.0%

Note 28. Events after the reporting period

On 11 July 2022, the Company was advised by the US Food and Drug Administration (FDA) that, following its review of Lumos' 510(k) application, FebriDx® did not demonstrate substantial equivalence to the predicate device and consequently has not been granted clearance for marketing in the U.S.

After reviewing the feedback provided by the FDA and evaluating its options to secure a potential regulatory clearance by the U.S. FDA for FebriDx, Lumos lodged an appeal with the FDA on 8 August 2022, with a decision expected within 90 days of submission, or guidance on whether a potential new 510(k) submission is required. The senior management team completed a deep dive into relevant correspondence between Lumos and the FDA to ensure Lumos has the most comprehensive and appropriate evidence to address the FDA's feedback as part of its appeal process, involving appropriate legal, industry experts and key opinion leaders.

On 2 August 2022, the Company has taken steps to further reduce its future commitments to expenditure and investment through the closure of its facility in Sarasota, FL. Lumos expects to complete this process in late September/early October. Based on an initial assessment, it is expected that the proceeds from the return and sale of assets will cover the majority of costs associated with the wind-up process for Lumos' Sarasota facility. This means the closure is expected to be close to cost neutral. However, it will reduce the going cash burn for the Company through the elimination of the ongoing leasing and operating costs associated with the Sarasota site.

On 8 August 2022, the Company advised the Victorian State Government that it no longer intends to participate in the establishment of a Diagnostics Manufacturing Facility in Victoria, as part of its ongoing restructuring and rationalisation program.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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

	Consolidated	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
Loss after income tax expense for the year	(45,724)	(15,030)
Adjustments for:		
Depreciation and amortisation	2,823	405
Impairment of inventory	3,267	-
Impairment of accounts receivable	2,545	-
Impairment of property, plant and equipment	3,801	-
Impairment of intangibles	12,562	-
Impairment of investments	203	-
Share-based payments	289	896
Foreign exchange differences	3,170	(597)
Restructuring expenses	1,680	-
Interest expense on convertible notes	-	2,049
Costs of convertible note raising	-	800
Interest on lease liabilities	438	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(180)	(3,326)
Increase in inventories	(1,354)	(3,939)
Decrease/(increase) in other operating assets	2,427	(2,045)
Increase/(decrease) in trade and other payables	(4,101)	3,135
Increase/(decrease) in employee benefits	(888)	1,566
Increase/(decrease) in deferred income	1,006	5,197
Net cash used in operating activities	<u>(18,036)</u>	<u>(10,889)</u>

Lumos Diagnostics Holdings Limited
Notes to the consolidated financial statements
30 June 2022

Note 30. Loss per share

	Consolidated	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
Loss after income tax attributable to the owners of Lumos Diagnostics Holdings Limited	<u>(45,724)</u>	<u>(15,030)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	<u>152,323,840</u>	<u>26,346,901</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>152,323,840</u>	<u>26,346,901</u>
	US\$ Cents	US\$ Cents
Basic loss per share	(30.02)	(57.05)
Diluted loss per share	(30.02)	(57.05)

As at 30 June 2022, the consolidated entity has 13,893,479 unlisted option (30 June 2021: 10,694,140) and 59,129,468 listed option (30 June 2021: nil) on issue. These options are considered to be non-dilutive whilst the consolidated entity is in a loss position.

Accounting policy for loss per share

Basic loss per share

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

Diluted loss per share

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

Note 31. Share-based payments

The company has an Employee Share Option Plan which have been established to encourage employees of the consolidated entity and its subsidiaries, including directors, to share in the ownership of the consolidated entity and its subsidiaries, in order to promote their long-term success. The Plans offer selected employees of the consolidated entity and its subsidiaries, including directors, an opportunity to share in the growth and profits of the consolidated entity and its subsidiaries alongside the consolidated entity's shareholders.

In the twelve-month period ended 30 June 2022, there was 3,990,938 options issued to employees (June 2021: 853,602) at a market value of US\$307,000 (June 2021: US\$896,000).

Set out below are summaries of options granted under the plan:

	Number of options 30 June 2022	Number of options 30 June 2021
Outstanding at the beginning of the financial year	10,694,140	23,223,781
Granted	3,990,938	1,707,204
Effect of share consolidation*	-	(12,465,488)
Exercised	(228,715)	(261,834)
Forfeited	<u>(562,884)</u>	<u>(1,509,523)</u>
Outstanding at the end of the financial year	<u>13,893,479</u>	<u>10,694,140</u>

Lumos Diagnostics Holdings Limited
Notes to the consolidated financial statements
30 June 2022

Note 31. Share-based payments (continued)

* Movement as a result of the 2 for 1 consolidation completed in March 2021.

30 June 2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Forfeited	Balance at the end of the year
12/08/2019	12/08/2026	US\$0.3850	8,925,676	-	(228,715)	(182,973)	8,513,988
04/11/2019	04/11/2026	US\$0.3920	457,431	-	-	-	457,431
02/03/2020	02/03/2027	US\$0.3700	320,202	-	-	-	320,202
04/03/2020	04/03/2027	US\$0.3740	137,229	-	-	-	137,229
01/10/2020	01/10/2027	US\$0.4080	728,602	-	-	-	728,602
30/11/2020	01/10/2027	US\$0.4190	125,000	-	-	-	125,000
30/09/2021	01/06/2024	US\$0.9010	-	120,000	-	-	120,000
24/12/2021	15/11/2026	US\$0.5790	-	10,000	-	-	10,000
24/12/2021	30/06/2025	US\$0.9040	-	3,539,424	-	(379,911)	3,159,513
01/04/2022	30/06/2025	US\$0.9346	-	321,514	-	-	321,514
			<u>10,694,140</u>	<u>3,990,938</u>	<u>(228,715)</u>	<u>(562,884)</u>	<u>13,893,479</u>

30 June 2021

Grant date	Expiry date	Exercise price*	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other**	Balance at the end of the year
12/08/2019	12/08/2026	US\$0.3850	21,394,057	-	(261,834)	(12,206,547)	8,925,676
04/11/2019	04/11/2026	US\$0.3920	914,862	-	-	(457,431)	457,431
02/03/2020	02/03/2027	US\$0.3700	640,404	-	-	(320,202)	320,202
04/03/2020	04/03/2027	US\$0.3740	274,458	-	-	(137,229)	137,229
01/10/2020	01/10/2027	US\$0.4080	-	1,457,204	-	(728,602)	728,602
30/11/2020	01/10/2027	US\$0.4190	-	250,000	-	(125,000)	125,000
			<u>23,223,781</u>	<u>1,707,204</u>	<u>(261,834)</u>	<u>(13,975,011)</u>	<u>10,694,140</u>

* Exercise price includes the effects of the 2 for 1 consolidation completed in March 2021.

** Movement as a result of the 2 for 1 consolidation completed in March 2021.

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

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
30/09/2021	01/06/2024	US\$0.6490	US\$0.9010	98.00%	-	0.25%	US\$0.3290
24/12/2021	15/11/2026	US\$0.5060	US\$0.5790	70.58%	-	1.30%	US\$0.3600
24/12/2021	30/06/2025	US\$0.5060	US\$0.9040	70.58%	-	1.21%	US\$0.1810
01/04/2022	30/06/2025	US\$0.2841	US\$0.9346	100.00%	-	2.63%	US\$0.1047

Expected volatility is based on a benchmark for the company, using ASX Listed Biotechnology and Medical Research companies for the most recent 12 months, and is designed to be indicative of future trends, which may also not necessarily be the actual outcome.

Accounting policy for share-based payments

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

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

Note 31. Share-based payments (continued)

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

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Lumos Diagnostics Holdings Limited
Directors' declaration
30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors

On behalf of the directors



Samuel Lanyon
Executive Chairman

25 August 2022

Lumos Diagnostics Holdings Limited **Independent auditor's report to members**

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Lumos Diagnostics Holdings Limited (the Company and its subsidiaries (the consolidated entity)), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial statements which indicates that the consolidated entity incurred a net loss after income tax of US\$45.7 million and net operating cash outflows of US\$18.0 million. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Impairment assessment of intangible assets including goodwill	
Area of focus Refer also to notes 2, 3 and 12	How our audit addressed it
Included on the statement of financial position is an intangible asset balance of US\$12.5 million as at 30 June 2022, which relates to, intellectual property of US\$4.4 million and capitalised development of US\$8.1 million. In accordance with <i>AASB 136 – Impairment of assets</i> the consolidated entity is required to, at least annually, perform an impairment assessment of goodwill and intangible assets that have an indefinite useful life. For intangible assets with finite useful lives, the consolidated entity is required to review these for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable, and at least annually, review whether there is any change in their expected useful lives. During the course of the year the consolidated entity recorded a total impairment charge of US\$12.6 million in respect of charges recognised against the goodwill, intellectual property and capitalised development balances. The accounting treatment to determine the carrying value of intangible assets is complex and requires significant judgment and has been a key area of focus for our audit.	Our audit procedures included: — A detailed evaluation of the consolidated entity's budgeting procedures upon which the forecast is based and testing the principles and integrity of the discounted future cash flow models; — Testing the accuracy of the calculation derived from the forecast model and assessing key inputs to the calculations such as revenue growth, terminal growth, gross margins, and working capital assumptions; — Performing a review of the discount rate recommended by an independent expert to confirm that the methodology used by the expert was appropriate and that the expert was appropriately qualified to undertake the task; — Performing sensitivity analysis on the model noting that any change in the assumptions used would change the impairment charge recorded by the consolidated entity; and — Performing market cross checks on revenue multiples used in the industry that the consolidated entity operates in and comparing the consolidated entities market capitalisation relative to its net asset position as at 30 June 2022. We also considered the adequacy of the consolidated entity's disclosures in the notes to the financial report.

Impairment of other assets	
Area of focus Refer also to notes 2, 3, 8, 9 and 11	How our audit addressed it
Included on the statement of profit or loss and other comprehensive income for the year ended 30 June 2022 are the following impairment charges: — A charge of US\$3.8 million in respect of plant and equipment that is impaired; — A charge of US\$3.3 million in respect of inventory that is impaired; and — A charge of US\$2.5 million in respect of impaired accounts receivable. Accounting for specific impairment charges is complex and requires significant judgement and therefore was a key area of focus for our audit.	Our audit procedures included: — Evaluating the consolidated entities plant and equipment register and confirming that the plant and equipment balances impaired as a result of the restructure of the organisation were appropriate and in accordance with <i>AASB 116 – Property, Plant and Equipment</i> and <i>AASB 136 – Impairment of assets</i>; — Evaluating the consolidated entity's inventory listing to confirm that the inventory impaired related to product lines, which were due to expire and would be unable to be sold in accordance with <i>AASB 102 Inventories</i>; and — Evaluating the expected credit loss recorded by the consolidated entity in respect of the impairment charge recorded against accounts receivable and that the treatment applied is in accordance with <i>AASB 9 – Financial Instruments</i>. We also considered the adequacy of the consolidated entity's disclosures in the notes to the financial report.
Revenue recognition	
Area of focus Refer also to notes 2 and 5	How our audit addressed it
The consolidated entity's revenue is generated through the commercialising and sale of point of care diagnostics products and services. We note that the consolidated entity's revenue has decreased by approximately 38% to US\$11.6 million in the year ended 30 June 2022 (US\$18.9 million: 30 June 2021). These revenue arrangements have invoicing, and payment milestones included within their terms, which may or may not be directly aligned with the performance obligations under the contract. In order to accrue revenue appropriately in the correct accounting period, management have developed a model which identifies the period in which revenue is accrued, adjusted for invoicing milestones. There is potential for subjectivity in determining which period revenue should be attributed and recognised and is thus a key area of focus for our audit.	Our audit procedures included: — Enquiring with management to confirm that there have not been any significant or material changes during the current year in respect of how the consolidated entity recognises revenue under <i>AASB 15 Revenue from Contracts with Customers</i>; — Performing analytical review procedures over the revenue balance in comparison to the prior period and managements budget and — Performing a test of details of the revenue balance recognised during the period including testing of sales cut-off and additional testing of any material contract liabilities that existed as at 30 June 2022. We also considered the adequacy of the consolidated entity's disclosures in the notes to the financial report.

Change of presentation currency to United States Dollars

Area of focus Refer also to notes 2	How our audit addressed it
During the year ended 30 June 2022 the consolidated entity elected to change the presentation currency in the financial report from Australian Dollars ("A\$") to United States Dollars ("US\$"). In management's view given its current and future strategy presenting the financial results in US\$ gives shareholders a more transparent view of the consolidated entity's performance As a result of this change both current and comparative financial data was restated to be presented in US\$ in the financial report and thus this was a key area of focus for our audit.	Our audit procedures included: — Recalculating the arithmetic accuracy of the change in presentation currency and verifying that appropriate exchange rates have been used. We also considered the adequacy of the consolidated entity's disclosures in the notes to the financial report.

Share based payments

Area of focus Refer also to notes 2, 3, 31 and the remuneration report	How our audit addressed it
In the current year the consolidated entity has issued share options to the Executive Management team. The share option plan includes service-based, market and non-market vesting conditions. Each of the arrangements which form part of the plan required significant judgments and estimations by management, including the following: — Determination of the grant date of each arrangement, and the evaluation of the fair value of the underlying share price of the consolidated entity as at that grant date; — The evaluation of the vesting charge taken to the profit and loss in-respect of the vesting conditions attached to those share-based payment arrangements; and — The evaluation of key inputs into the binomial model, including the significant judgment of the forecast volatility of the share option over its vesting period. The value of these share-based payment arrangements materially affects the disclosures in the financial report, including disclosures of key management personnel remuneration and has been deemed a key area of focus for our audit.	Our audit procedures included: — Evaluating the fair values of share-based payment arrangements issued during the year. In determining the grant dates, we evaluated what were the most appropriate dates based on the terms and conditions of the share-based payment arrangements; — Evaluating the progress of the vesting of share-based payments within the service period; — For the specific application of the binomial model, we assessed the experience of the expert used to advise the value of the arrangement. We retested some of the assumptions used in the model and recalculated those fair values; and — Confirming that the share options granted at part of the capital raising in June 2022 do not meet the definition of a share-based payment under AASB 2 – <i>share based payments</i>. We also considered the adequacy of the consolidated entity's disclosures in the notes to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information in the consolidated entity's annual report for the year ended 30 June 2022 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the consolidated entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the consolidated entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

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

Report on the Remuneration Report

Opinion on the Remuneration Report

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

In our opinion, the Remuneration Report of Lumos Diagnostics Holdings Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



A. A. Finnis

Director

Melbourne, 25th August 2022

Lumos Diagnostics Holdings Limited
Shareholder information
30 June 2022

Lumos Diagnostics Holdings Limited ACN 630 476 970

Registered Office

Level 4, 96-100 Albert Road
South Melbourne VIC 3205
+61 3 9692 7222
<https://lumosdiagnostics.com/>

Company Secretary

Melanie Leydin
Tracy Weimar

Share Registry

Shareholder information in relation to shareholding or share transfer can be obtained by contacting the Company's share registry:
Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street, Abbotsford, VIC, AUSTRALIA, 3067
Tel: 03 9415 4000
<https://www.computershare.com/au>

For all correspondence to the share registry, please provide your Security-holder Reference Number (SRN) or Holder Identification Number (HIN).

Change of address

Changes to your address can be updated online at <https://www.computershare.com/au> or by obtaining a Change of Address Form from the Company's share registry. CHESS sponsored investors must change their address details via their broker.

Annual General Meeting

The Annual General Meeting will be held in Melbourne on or about 28 October 2022. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to the ASX immediately upon dispatch.

The Closing date for receipt of nomination for the position of Director is 9 September 2022. Any nominations must be received in writing no later than 5.00pm (Melbourne time) on 2 September 2022, at the Company's Registered Office.

The Company notes that the deadline for the nominations for the position of Director is separate to voting on Director elections. Details of the Director's to be elected will be provided in the Company's Notice of Annual General Meeting in due course.

Corporate Governance Statement

The Company's 2022 Corporate Governance Statement once released to the ASX will be available on the Company's website at <https://lumosdiagnostics.com/>

Annual report mailing list

All shareholders are entitled to receive the Annual Report. In addition, shareholders may nominate not to receive an annual report by advising the share registry in writing, by fax, or by email, quoting their SRN/HIN.

Securities exchange listing

Lumos Diagnostics Holdings Limited's shares are listed on the Australian Securities Exchange and trade under the ASX code LDX. The securities of the Company are traded on the ASX under CHESS (Clearing House Electronic Sub-register System)

ASX Shareholder Disclosures

The following additional information is required by the Australian Securities Exchange in respect of listed public companies. The information is current as at 23 August 2022.

Distribution of equitable securities

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

Ordinary shares	Number of holders of ordinary shares	Number of ordinary shares	% of ordinary shares
1 to 1,000	557	384,404	0.19
1,001 to 5,000	672	1,914,672	0.91
5,001 to 10,000	322	2,585,566	1.23
10,001 to 100,000	538	17,154,615	8.17
100,001 and over	152	187,867,189	89.50
	<u>2,241</u>	<u>209,906,446</u>	<u>100.00</u>
Holding less than a marketable parcel	<u>1,418</u>	<u>3,598,019</u>	<u>1.71%</u>
Quoted options	Number of holders of quoted options	Number of quoted options	% of quoted options
1 - 1,000	29	13,006	0.02
1,001 - 5,000	30	98,195	0.17
5,001 - 10,000	21	152,293	0.26
10,001 – 100,000	32	1,269,852	2.15
100,0001 and over	28	57,596,122	97.41
	<u>140</u>	<u>59,129,468</u>	<u>100.00</u>
Unquoted options	Number of holders of unquoted options	Number of unquoted options	% of unquoted options
1 - 1,000	-	-	-
1,001 - 5,000	25	50,000	0.36
5,001 - 10,000	4	36,907	0.26
10,001 to 100,000	35	930,600	6.64
100,001 and over	22	13,005,976	92.74
	<u>86</u>	<u>14,023,483</u>	<u>100.00</u>

Lumos Diagnostics Holdings Limited
Shareholder information
30 June 2022

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
1 PLANET INNOVATION HOLDINGS LIMITED	68,021,060	32.41
2 NATIONAL NOMINEES LIMITED	20,866,136	9.94
3 J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	17,141,490	8.17
4 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,871,693	6.13
5 RPS DIAGNOSTICS INC	7,823,594	3.73
6 CRANPORT PTY LTD <NO 2 - A/C>	3,833,832	1.83
7 MR ANTHONY WILLIAM OLDING + MRS CAROLINE ANNE OLDING	2,711,619	1.29
8 GRAYSON NOMINEES PTY LTD <GRAYSON INVESTMENT A/C>	2,000,000	0.95
9 PINELEAF PTY LIMITED <SMITHERS SUPER FUND A/C>	1,854,221	0.88
10 KADOO PTY LIMITED <B & D FAMILY A/C>	1,489,044	0.71
11 FIRST TRANSNATIONAL INVESTMENT CORPORATION PTY LTD	1,452,983	0.69
12 BINVID PTY LTD <B&D SUPER FUND A/C>	1,402,083	0.67
13 BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	1,397,999	0.67
14 STONECOT PTY LTD <THE HOSB S/F A/C>	1,325,286	0.63
15 YUCAJA PTY LTD <THE YOEGIAR FAMILY A/C>	1,234,849	0.59
16 POLYXENI PTY LTD <GEXM FAMILY A/C>	1,080,000	0.51
17 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,000,000	0.48
18 SKED PROPRIETARY LIMITED <SKED SUPERANNUATION FUND A/C>	1,000,000	0.48
19 GZ FAMILY HOLDINGS PTY LTD <GZ FAMILY A/C>	985,729	0.47
20 NORTH CLARKE SUPER PTY LTD <VINES SUPERFUND A/C>	946,548	0.45
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)	150,438,166	71.67
Total Remaining Holders Balance	59,468,280	28.33

Quoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	59,129,468	140

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	14,023,483	86

Lumos Diagnostics Holdings Limited
Shareholder information
30 June 2022

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
1 Planet Innovation Holdings Limited	68,021,060	32.41
2 Lumos Diagnostics Holdings Limited and each of its subsidiaries listed in Section 10.2.2 of the Prospectus	47,948,509	22.84
3 Perennial Value Management	18,476,450	8.80
4 Ryder Capital Limited	16,643,032	7.93

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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

There are no other classes of equity securities.

Voluntary Escrowed Securities

The number and class of escrowed securities are as follows:

SHARES ESCROWED TO RELEASE OF FY22 RESULTS (ES4)	7,823,594
SHARES ESCROWED TO RELEASE OF FY23 RESULTS (ES5)	40,124,915

Statement in accordance with ASX Listing Rule 4.10.19

The Company confirms that since its Admission to the ASX on 1 July 2021, it has used the cash and assets (in a form readily convertible to cash) at the time of admission in a way consistent with its business objectives.



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