

Cryosite Limited

ABN 86 090 919 476

Appendix 4D

**Six months ended 31 December 2022 ('current period')
and six months 31 December 2021 (previous corresponding period')**

Results for announcement to the market

1. Details of Reporting Period

The financial information contained in this report relates to the half year ended 31 December 2022. Comparative amounts (unless otherwise indicated) relate to the half year ended 31 December 2021.

2. Results for Announcement to the Market

				\$A'000
2.1 Revenue from ordinary activities:	Down	2%	to	5,722
2.2 Profit (loss) from ordinary activities after tax attributable to members:	Down	13%	to	678
2.3 Net profit (loss) for the period attributable to members:	Down	13%	to	678

2.4 Dividends

The Board of Cryosite has on the 23rd February 2023 determined that no interim dividend will be paid.

2.5 Commentary on the results to the market:

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

3.0 NTA backing

	31 December 2022	30 June 2022
Net tangible asset backing per ordinary security	4.2 cents	3.8 cents



°cryosite

Half Year Report - 2022



Cryosite Limited Half-Year Financial Report

Contents

	Page
Directors' Report	1-5
Auditor's Independence Declaration	6
Directors' Declaration	7
Consolidated Statement of Profit & Loss and Other Comprehensive Income	8
Consolidated Statement of Financial Position	9-10
Consolidated Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	12
Notes to the Half-Year Financial Statements	13-25
Independent Auditor's Review Report	26-27

Cryosite Limited Half-Year Financial Report

Directors' Report

The directors present their report together with the financial statements on the consolidated entity (the Group) consisting of Cryosite Limited (the Company) and the entity it controlled for the half-year ended 31 December 2022.

DIRECTORS

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

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

PRINCIPAL ACTIVITIES

Cryosite operates through two operating segments:

- Clinical Trials and Biological Storage

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

- Cord Blood and Tissue Storage

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

REVIEW OF OPERATIONS

Overview

The period ended 31 December 2022 was a strong six months for the Company coming off the back of a record prior year.

The clinical trials segment trading remains solid. While it shows a decrease in revenue of 0.9% and a reduction of profit of only \$32k it is a tale of two stories. Revenue continued to grow from new customers but was offset by decreasing revenue from existing customers as a result of these customers reducing their storage levels following the end of the pandemic. Both revenue and profits would have been materially higher if there had been no delay in regulatory approval for a new commercial product that the Company is contracted to store and distribute.

Likewise, the cord blood business continues to grow with very high conversions of 18-year prepaid contracts that are expiring into annual cash contracts. If the current trend continues cord blood will continue to grow and over time contribute materially to the Company's cash flow. While Cord blood revenue declined by \$61k due to the reduction in deferred revenue, cash increased by \$113k.

Cryosite Limited Half-Year Financial Report

Directors' Report (continued)

Operating cash flow remains strong. While the reported operating cash flow for the period is significantly lower than the prior corresponding period it was impacted by two operating working capital timing differences- a delay in debtors receipts due on the last day of the month were received in January 2023 (\$761k), and early payment to suppliers made in 6 months to December 2022 (\$237k). The normalised operating cash inflow was \$1,145k. Again, slight lower than the previous record of last year of \$1,316k.

The Company tightly controls costs but purposeful investments in, systems and staff, to optimally position the Company for continued growth, along with general inflationary pressures have increased operational expenses. Despite this Cryosite delivered \$679k net profit after tax, versus \$782k in the prior corresponding period.

The Company has no debt facilities and continues to hold \$5 million cash on hand. The resumption of a final annual dividend of \$0.01 per share (\$488k) for FY2022 was paid in Oct 2022. The Net tangible assets backing per ordinary share has been increased by 0.4 cents, from 3.8 cents on 30 June 2022 to 4.2 cents on 31 Dec 2022.

After several years of high investment in capital expenditure, the Company is on track to meet the timelines and costs on the latest budget for capital expenditure of \$200k.

Segment profit

- **Clinical Trials and Biological Storage**

This segment continues to perform well, and is the main contributor to both revenue and profits.

Revenue:

This segment generated sales revenue of \$4,561k, down \$41k, or 0.9% on the prior corresponding period. The marginal drop of revenue was due to existing customers destocking following the end of the pandemic as discussed above.

Expenses:

The gross profit margin and the cost of providing services are similar to the prior corresponding period. Expenses have been well controlled, decreasing by 0.3%, well below the Australian Bureau of Statistics (ABS) published Consumer Price Index (CPI) growth rate of 7.8% for the Dec 2022 quarter.

Profit:

Net profit before tax from Clinical Trials, and Biological Storage was \$1,987k, down \$32k or 1.6% on the prior corresponding period.

- **Cord Blood and Tissue Storage**

Cryosite continues to securely store approximately 17k cords of which the large majority are under long-term contract, although it exited the cord blood collection and processing part of the cord blood business in 2017. When these historical cord blood collection, processing and storage contracts were entered into these were structured as 18-to-25-year contracts The accounting of

Cryosite Limited Half-Year Financial Report

Directors' Report (continued)

these long-term contracts are somewhat complex but essentially the contract revenue and associated costs arising when entering into the contract are treated as deferred revenue and deferred costs. Each year we book to the profit and loss a portion of the deferred revenue and costs reflecting one year's portion of the contract. Over time as the contracts expire and are not replaced the deferred revenue and costs being recognized will naturally decline. It is important to note that the annual recognition of deferred revenue and deferred costs are book entries only and do not impact on cash flows as the cash relating to these contracts was received on the original signing of the contract.

In addition to long-term storage contracts, Cryosite also offers payment plans, annual storage contracts and annual storage extension contracts to its pre 2017 clients. In the H1 FY 2023 accounts, the Company booked \$1,161k of cord blood revenue. Of this \$1,161k of revenue \$969k was the recognition of AASB 15 historical deferred revenue and \$192k was the revenue from contract renewals including payment plans, annual storage contracts and our new annual storage extension contracts. (See note 5, 6 and note 11).

The Company now offers storage extension contracts to those whose initial long-term contracts are expiring. If take up rates continue at current levels, annual storage extension contracts will grow over time to be a significant contributor to cord blood revenue, profits and cashflow. The effect of this is while the total reported cord blood revenue may show a decline for some time, albeit a slower one, in fact the cash being generated by the cord blood segment should continue to grow. It should be noted that the cord blood database of approximately 17k customers has no carrying value in the balance sheet.

Revenue:

Revenue from Cord Blood and Tissue Storage was \$1,161k (AASB15 historical deferred revenue of \$969k). Revenue in the prior corresponding period was \$1,222k (AASB15 historical deferred revenue of \$1,024k). Sector revenue has dropped primarily due to the reduction of AASB15 historical deferred revenue versus the prior corresponding period, as explained above.

Expenses:

Cord Blood expenses were \$836k or 4.6% (\$40k) lower than prior corresponding period (\$876k), due to strong cost control and the non-repeat of the costs incurred in the prior corresponding period to upgrade our CRM software.

Profit:

The Net profit before tax from Cord Blood and Tissue Storage was \$324k, down \$21k or 6% on the prior corresponding period. There was a reduction in deferred tax expense due to a one-off increased expense in the prior year due to accounting for changes in tax rates. The Net profit after tax from Cord Blood and Tissue Storage was \$239k, up \$50k or 26% on the prior corresponding period.

Cashflow

Cash on hand as at 31 December 2022 was \$4,985k, a decrease of \$355k from the 30 June 2022 balance. The payout of the FY2022 final dividend was \$488k on 14th October 2022.

Cryosite Limited Half-Year Financial Report

Directors' Report (continued)

For the six months ended 31 December 2022 cashflow from operating activities was \$324k (prior corresponding period to 31 Dec 2021: \$1,938k).

The \$1,614k difference in net cash generation from operating activities lies partly with a \$1,167k drop in receipts from customers versus the prior corresponding period.

Cash flows from operating activities were affected by the timing of receipts from customers. Deflating the half year to 31-Dec-2021 FY2022 for receipts that were due in June 2021, but paid in July 2021, the adjusted figure is \$5,097k. Similarly inflating the half year to 31-Dec-2022 FY2023 for receipts that were due in December 2022, but paid in January 2023 the adjusted figure is \$5,136k.

Cash from operations was also lowered by early payments to suppliers of \$237k versus the prior corresponding period.

Adjusting for these two timing differences, the adjusted underlying normalised operational cash flow for the six-months YTD Dec 2022 is \$1,145k.

Cashflow from investing activities (fixed asset purchases) were \$69k (prior corresponding period to 31 Dec 2021: \$514k).

Cashflow from financing activities was \$644k, which includes the dividend payment of \$488k (prior corresponding period to 31 Dec 2021 : \$15.1k after receipt of \$117k in option proceeds).

Environmental, Social and Governance

Cryosite is committed to developing energy and greenhouse gas management systems to reduce our Greenhouse Gas Emissions and to using sustainable technology. This is reflected in a silver rating from Eco Vadis Global Supply Chain Sustainability Ratings Organisation.

Outlook

Cryosite operates predominately in the clinical trial logistics market. The trading results of the last four years have proven that our strategy, to refocus, reinvest and revitalise the business, is being successful and is positively shaping Cryosite's new service offerings.

The demand for the Company's depot capabilities remains strong, with distribution and other services replacing the record spike in demand for storage services experienced during Covid. Demand for storage services has gradually returned to expected levels as supply chains normalise, but the need for agility remains as we continue to deal with changing geo-political circumstances and the lingering impact of Covid.

After three years of investment in facilities, business systems, and quality systems and ongoing investment in its people, Cryosite is well positioned to take advantage of the expected growth in clinical trials, biological services and complex logistics that is emerging and will continue over the remainder of the decade. Additionally, Cryosite seeks to harness its systems to empower its customers to have visibility to mission-critical and time-sensitive cold chain storage and logistics records.

Cryosite Limited Half-Year Financial Report

Directors' Report (continued)

Recent years have underlined Cryosite's reliability as a business partner. The Company has consistently demonstrated adaptability and flexibility, an ability to manage a challenging environment, global supply chain disruptions and uncertainty, due to the evolving nature of the pandemic.

We continue to drive higher standards and embrace new the opportunities, to support our growth ambitions as well as those of our customers and to ensure that shareholders receive an appropriate return on their investment.

The Board would like to thank all our stakeholders including our dedicated management and employee team at Cryosite, our shareholders, customers, clients, suppliers, and partners, for your ongoing support of the Company.

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



Steven Waller
Non - Executive Chairman

Date: 23rd February 2023

AUDITORS' INDEPENDENCE DECLARATION

In relation to our review of the financial report of Cryosite Limited and its controlled entity for the half-year ended 31 December 2022, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Cryosite Limited and its controlled entity during the half-year ended 31 December 2022.



MAZARS RISK & ASSURANCE PTY LTD



Rosemary Megale

Director

Sydney, 23rd February 2023

Cryosite Limited Half-Year Financial Report

Directors' Declaration

The Directors of Cryosite Limited declare that:

- The financial statements and notes thereto of Cryosite Limited and its controlled entity for the half-year ended 31 December 2022 are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
 - compliance with Australian Accounting Standards and Corporations Regulations 2001.
- There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Steven Waller
Non - Executive Chairman
Sydney
23rd February 2023

Cryosite Limited Half-Year Financial Report

Consolidated Statement of Profit and Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Notes	31 Dec 2022 \$	31 Dec 2021 \$
Sales of goods and rendering of services	5(i)	5,722,163	5,823,941
Revenue		5,722,163	5,823,941
Costs of providing services		(2,269,714)	(2,435,168)
Depreciation and amortisation expense		(345,187)	(280,523)
Marketing expenses		(9,143)	(3,225)
Occupancy expenses		(291,836)	(269,942)
Administration expenses		(2,092,648)	(1,884,896)
Total expenses		(5,008,528)	(4,873,754)
Finance income/(expense)		(34,689)	(42,676)
Other income/(expense)	5(ii)	24,205	(13,613)
Profit (loss) before tax		703,151	893,898
Income tax (expense) benefit	7(i)	(24,409)	(111,494)
Profit (loss) after tax		678,742	782,404
Total comprehensive Profit (loss)		678,742	782,404
Earnings per share (cents per share)			
Basic EPS for the half-year		1.391	1.603
Diluted EPS for the half-year		1.391	1.603

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

Cryosite Limited Half-Year Financial Report

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2022

		31 Dec 2022	30 Jun 2022
	Notes	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	12	4,985,358	5,341,010
Trade and other receivables	13	1,694,061	1,212,649
Inventories		43,990	47,168
Prepayments		281,986	449,939
Deferred costs – cord blood		1,223,936	1,252,547
Total Current Assets		8,229,331	8,303,313
Non-Current Assets			
Trade and other receivables		18,999	35,637
Deferred tax asset, net	7	1,200,277	1,224,687
Right of use assets	4	644,593	758,341
Plant and equipment	14	1,477,921	1,645,322
Intangible assets	16	10,137	12,186
Prepayment		-	3,810
Other assets		167,937	167,937
Deferred costs – cord blood		8,753,675	9,351,338
Total Non-Current Assets		12,273,539	13,199,258
TOTAL ASSETS		20,502,870	21,502,571
LIABILITIES			
Current Liabilities			
Trade and other payables		786,732	923,165
Unearned income		326,684	293,549
Provisions		252,102	280,251
Other liabilities	17	56,530	56,530
Lease Liability	4	242,605	233,449
Deferred revenue- cord blood		1,887,513	1,939,072
Total Current Liabilities		3,552,166	3,726,016
Non-Current Liabilities			
Trade and other payables		441,682	441,682
Unearned income		11,718	10,559
Provisions		292,312	268,530
Other liabilities	17	417,973	417,973
Lease Liability	4	492,852	616,315
Deferred revenue -cord blood		13,242,584	14,160,559
Total Non-Current Liabilities		14,899,121	15,915,618
TOTAL LIABILITIES		18,451,287	19,641,634
NET ASSETS		2,051,583	1,860,937

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

Cryosite Limited Half-Year Financial Report

Consolidated Statement of Financial Position continued

AS AT 31 DECEMBER 2022

		31 Dec 2022	30 Jun 2022
	Notes	\$	\$
EQUITY			
Contributed equity		5,978,788	5,978,788
Accumulated losses		(3,927,205)	(4,117,851)
TOTAL EQUITY		2,051,583	1,860,937

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

Cryosite Limited Half-Year Financial Report

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Contributed capital \$	Accumulated losses \$	Reserves \$	Total equity \$
At 1 July 2022	5,978,788	(4,117,851)	-	1,860,937
Profit (loss) for the period	-	678,742	-	678,742
Dividend	-	(488,096)	-	(488,096)
At 31 December 2022	5,978,788	(3,927,205)	-	2,051,583
At 1 July 2021	5,861,788	(5,514,637)	30,392	377,543
Profit (loss) for the period	-	782,404	-	782,404
Share based compensation	-	-	2,563	2,563
Issue of share capital on exercise of employee share option	117,000	-	-	117,000
Transfer of reserves to retained earnings	-	32,955	(32,955)	-
At 31 December 2021	5,978,788	(4,699,278)	-	1,279,510

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

Cryosite Limited Half-Year Financial Report

Consolidated Statement of Cashflows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Notes	31 Dec 2022 \$	31 Dec 2021 \$
Cash flows from operating activities			
Receipts from customers		4,552,470	5,719,094
Payments to suppliers and employees		(4,227,978)	(3,780,646)
Net cash flows from operating activities		324,492	1,938,448
Cash flows from investing activities			
Purchase of plant and equipment		(69,585)	(513,663)
Interest Income		32,650	1,866
Net cash flows (used in) from investing activities		(36,935)	(511,797)
Cash flows from financing activities			
Lease payments		(156,180)	(132,117)
Proceeds from option conversion		-	117,000
Dividend payout		(488,096)	-
Net cash flows (used in) financing activities		(644,276)	(15,117)
Net increase/(decrease) in cash & cash equivalents		(356,719)	1,411,534
Effect of exchange rate changes on cash		1,067	(18,616)
Cash and cash equivalents at beginning of period		5,341,010	3,881,126
Cash and cash equivalents at end of period	10	4,985,358	5,274,044

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

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

1. CORPORATE INFORMATION

The financial report of Cryosite Limited and the controlled entity (the Group) for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of the directors on 23rd February 2023.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

This general purpose condensed financial report for the half-year ended 31 December 2022 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 *Interim Financial Reporting* ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

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

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2022 and considered together with any public announcements made by Cryosite Limited during the half-year ended 31 December 2022 in accordance with the continuous disclosure obligations of the ASX listing rules.

Basis of Preparation

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

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

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

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

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

There are no Amendments to AASBs and new interpretations applicable to the Group that are mandatorily effective for the current half year.

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company.

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates.
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The Company's assessment of the impact of adopting of these new Standards is ongoing.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Cryosite Limited and its subsidiary ('the Group') as at the half-year ended 31 December 2022.

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

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

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

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

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

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currency translation

Both the functional and presentation currency of Cryosite Limited and its Australian subsidiary is Australian dollars (\$AUD). Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(e) Share-based payment transactions

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

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

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

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

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

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

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

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

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

(f) Contributed equity

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

(g) Share options reserve

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

(h) Earnings per share

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

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

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

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

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, ASSUMPTIONS AND SIGNIFICANT EVENTS

(a) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

Allowance for expected credit Loss

The allowance for expected credit losses assessment requires a degree of estimates and judgement. It is based on the lifetime expected credit loss, grouped based on customer segments and days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available. The allowance of expected credit losses is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower. During the reporting period, the group has made adjustments to account for the risk of recession, rising inflation and interest rates.

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

4 LEASES

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

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

	31 Dec 2022	30 Jun 2022
	\$	\$
Property right of use at the beginning of the period	758,341	985,839
Amortisation Right of use asset	(113,748)	(227,498)
Property right of use as at the half year ended December 31, 2022	644,593	758,341
At 1 July	849,764	1,065,018
Accretion of interest	20,454	50,733
Payments	(134,761)	(265,987)
At December/June	735,457	849,764
Lease liability – current	242,605	233,449
Leases liability – non-current	492,852	616,315
Total Liabilities	735,457	849,764

5 REVENUE AND EXPENSES

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

(i) Customer contract revenue

	31 Dec 2022	31 Dec 2021
	\$	\$
Customer contract revenues:		
Revenue from clinical trials, logistics and biological services	4,561,028	4,601,628
Revenue from cord blood and tissue storage	1,161,135	1,222,313
Total revenue	5,722,163	5,823,941
Cord Blood and Tissue Storage is comprised of:		
Cord Blood revenue from contract renewals	191,601	198,401
Cord Blood historical deferred revenue AASB15	969,534	1,023,912
Total Cord Blood and Tissue storage	1,161,135	1,222,313
*Cord blood historical deferred revenues and costs are comprised of:		
Cord Blood historical deferred revenue AASB15	969,534	1,023,912
Cord Blood historical deferred cost	(626,274)	(647,946)
Cord Blood historical deferred Income Tax expense	(85,812)	(156,466)
Total Cord Blood historical deferred net Income	257,448	219,500

*Refer to note 11 Segment Information

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

5 REVENUE AND EXPENSES (continued)

(ii) Other income/(expenses)

Foreign currency gains/(loss)	(4,064)	(14,754)
Bank interest	45,768	1,141
Gain/loss on sale of asset	7,500	-
Other expenses	24,999	-
	24,205	(13,613)

(iii) Expenses

Employee benefits	1,440,436	1,311,525
-------------------	------------------	------------------

6 CORD BLOOD DEFERRED REVENUE AND COST MOVEMENT

Total historical deferred revenue cord blood movement	\$
At June 30, 2022	16,099,631
Movement	(969,534)
Balance at December 31, 2022	15,130,097

Total historical deferred cost cord blood movement	\$
At June 30, 2022	10,603,885
Movement	(626,274)
Balance at December 31, 2022	9,977,611

Total historical deferred tax assets cord blood movement	\$
At June 30, 2022	4,024,908
Movement	(242,382)
Balance at December 31, 2022	3,782,526

Total historical deferred tax liabilities cord blood movement	\$
At June 30, 2022	2,650,970
Movement	(156,569)
Balance at December 31, 2022	2,494,401

7 INCOME TAX EXPENSE

(i) Income tax expense

	31 Dec 2022	31 Dec 2021
	\$	\$
Income Tax Expense -deferred revenue	(85,815)	(93,992)
Effect on tax due to rate change from 26% to 25%	-	(62,472)
Income tax expense - other	61,403	44,970
	(24,412)	(111,494)

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

(ii) Net Deferred Tax Assets

	31 Dec 2022
	\$
Deferred tax assets – Deferred income 30 June 2022	1,373,938
Movement in deferred tax for the half year ended 31 December 2022:	(85,814)
Deferred tax assets – Deferred income 31 December 2022	1,288,124
Deferred tax assets - Other timing differences:	(87,847)
Net carrying value of deferred tax assets at the half year ended 31 December 2022:	1,200,277

(iii) Balance of Unrecognised Tax Loss

Closing Balance of Tax Losses as at 30 Jun 2022:	2,193,057
Current period tax losses recouped at 25% tax rate in the half year ended 31 December 2022:	(608,199)
Remaining tax losses carried forward at half year end:	1,584,858
Tax losses capitalised in previous financial periods	(231,428)
Balance of Unrecognised Tax Loss as at 31 December 2022	1,353,430

8 DIVIDENDS PAID OR PROPOSED

Dividends have been paid totalling \$488k during 6 months to 31 December 2022 (30 June 2022: Nil).

9 CONTINGENT LIABILITIES

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

10 SUBSEQUENT EVENTS

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

11 SEGMENT INFORMATION

Identification of Reportable Segments

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

Two reportable segments have been identified as follows:

a) Clinical Trials and Biological Services Logistics

Specialist temperature-controlled storage, sourcing, labelling, status management, secondary packaging, schedule drug distribution, destruction, returns and biological services.

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

11 SEGMENT INFORMATION (continued)

b) Cord Blood and Tissue Storage

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

The accounting policies used by the Company in reporting segments internally are the same as those contained in Note 1 to the accounts and in the 30 June 2022 annual financial report.

	Clinical Trials and Biological Services Logistics \$	Cord Blood and Tissue Storage \$	Unallocated \$	Total \$
Operating Segment 2022				
Revenue	4,561,028	1,161,135	-	5,722,163
Net profit before tax	1,987,313	324,727	(1,608,889)	703,151
Tax		(85,812)	61,403	(24,409)
Net profit after tax	1,987,313	238,915	(1,547,486)	678,742
Total Comprehensive Income net of tax	1,987,313	238,915	(1,547,486)	678,742
Segment Assets 31 December 2022	2,933,844	11,357,994	6,211,032	20,502,870
Segment Liabilities 31 December 2022	727,116	15,911,310	1,812,861	18,451,287
Depreciation and Amortisation	193,511	2,334	149,342	345,187
	Clinical Trials and Biological Services Logistics \$	Cord Blood and Tissue Storage \$	Unallocated \$	Total \$
Operating Segment 2021				
Revenue	4,601,628	1,222,313	-	5,823,941
Net profit before tax	2,019,630	345,725	(1,471,457)	893,898
Tax	-	(156,466)	44,972	(111,494)
Net profit after tax	2,019,630	189,259	(1,426,485)	782,404
Total Comprehensive Income net of tax	2,019,630	189,259	(1,426,485)	782,404
Segment Assets 31 December 2021	1,987,613	12,886,853	7,210,448	22,084,914
Segment Liabilities 31 December 2021	920,966	17,607,629	2,276,809	20,805,404
Depreciation and Amortisation	133,459	2,128	144,936	280,523

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

12 CASH AND CASH EQUIVALENTS

For the purposes of the Condensed Cash Flow Statement, cash and cash equivalents comprise the following as at 31 December 2022:

	31 Dec 2022	30 June 2022
	\$	\$
Cash at bank and in hand	985,358	2,341,010
Short-term deposits	4,000,000	3,000,000
	4,985,358	5,341,010

13 TRADE AND OTHER RECEIVABLE

Trade receivable	1,539,278	1,148,707
Allowance for impairment loss	(45,121)	(42,259)
	1,494,157	1,106,448
Other receivable	199,904	106,201
Carrying amount of trade and other receivables	1,694,061	1,212,649

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Fixtures and fittings	Information technology	Warehouse equipment	Office furniture & equipment	Total
	\$	\$	\$	\$	\$	\$
Cost						
At 30 June 2022	121,874	153,552	220,109	4,195,106	80,277	4,770,918
Additions	17,815	2,140	-	30,590	11,442	61,987
Disposals	-	-	-	(22,878)	-	(22,878)
At 31 December 2022	139,689	155,692	220,109	4,202,818	91,719	4,810,027
Accumulated Depreciation						
At 30 June 2022	(44,572)	(107,345)	(111,300)	(2,825,282)	(37,097)	(3,125,596)
Depreciation charge for the 6 months	(12,441)	(3,912)	(22,877)	(185,088)	(5,069)	(229,387)
Disposals	-	-	-	22,878	-	22,878
At 31 December 2022	(57,013)	(111,257)	(134,177)	(2,987,493)	(42,166)	3,332,106
Net book value at 30 June 2022	77,302	46,207	108,809	1,369,823	43,180	1,645,321
Net book value at 31 December 2022	82,676	44,435	85,932	1,215,325	49,553	1,477,921

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

15 RELATED PARTY TRANSACTIONS

In the prior corresponding period \$12,500 was paid to CoSA Pty Ltd (an entity associated with Bryan Dulhunty the non-executive director) for services carried out as Company Secretary. Bryan resigned as Company Secretary on 11 January 2022 hence no payments were made to CoSA Pty Ltd in the current period.

There were no transactions entered into with the wholly owned subsidiary for the six-month period ending 31 December 2022 (December 2021: \$NIL). Balances held with the subsidiary are as follows:

	31 Dec 2022	31 Dec 2021
	\$	\$
Receivable/(Payable) from/to Cryosite Distribution Pty Ltd	nil	nil

16 NON-CURRENT ASSETS - INTANGIBLE ASSETS

	Software	Total
	\$	\$
Cost		
At 30 June 2022	20,317	20,317
Additions	-	-
At 31 December 2022	20,317	20,317
Amortisation and impairment		
At 30 June 2022	(8,131)	(8,131)
Amortisation for the 6 months	(2,049)	(2,049)
At 31 December 2022	(10,180)	(10,181)
Net book value – 30 June 2022	12,186	12,186
Net book value – 31 December 2022	10,137	10,137

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

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

17 OTHER LIABILITIES

As at 31 December 2022, Cryosite owes \$474k to the Australian Competition and Consumer Commission (ACCC) under a deferred settlement that commenced in 2019 payable at \$85k per year. Final payment will be in 2029.

The balance as at 31 December 2022 is made up of:

	31 Dec 2022 \$	30 June 2022 \$
Other Liabilities – current	56,530	56,530
Other Liabilities – non-current	417,973	417,973
Total	474,503	474,503

18 COMMITMENTS AND CONTINGENCIES

Commercial Property Security deposits

The security deposit for the lease at Granville is covered by a bank guarantee for \$168k issued by the Commonwealth Bank of Australia. Cash deposit is held as security and is included in the balance sheet as part of non-current other assets.

Capital Expenditure Budget FY2023

Cryosite has committed \$197k in capital expenditure for the 2023 financial year to accommodate expanding operations.

Cryosite Limited Half-Year Financial Report

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

19 EQUITY – ISSUED CAPITAL

Details	Dec-22 Shares	Jun-22 Shares	Dec-22 \$000	Jun-22 \$000
Ordinary shares – fully paid	48,809,563	48,809,563	5,978,788	5,978,788

Movement in ordinary shares on issue

Details	Date	Shares	Issue price	\$000
Balance	30-Jun-21	46,859,563		5,861,788
Issue of share capital on exercise of employee share options	1-Sep-21	1,950,000	\$0.06	117,000
Balance	31-Dec-21	48,809,563		5,978,788
Balance	30-Jun-22	48,809,563		5,978,788
Balance	31-Dec-22	48,809,563		5,978,788

On the 1st of September 2021, a nominee of Bryan Dulhunty (1,300,000 options) and John Hogg (650,000 options) exercised options issued to the nominee or employee under the CEIP on the 27th June 2019 at an exercise price of 6 cents. The exercise of the options on issue resulted in the increase of share capital by an amount of \$117,000.

20 EVENTS SUBSEQUENT TO HALF-YEAR END

On 18 January 2023, Cryosite announced the resignation Ms. Kim Bradley-Ware and the appointment of Mr. Dray Andrea as Company Secretary.

Subsequent to year-end, the Company significantly advanced lease negotiations with its current landlord. A new lease agreement for the currently leased premises is expected to be signed in the coming weeks, extending the lease term to 2028 with a further option to extend. Rental payments are further expected to be rebased. These expected changes are not reflected in the Group's Half-year financial report as at 31 December 2022.

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

Review Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Cryosite Limited and its controlled entity (the “Group”), which comprises the consolidated statement of financial position as at 31 December 2022 and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies, explanatory notes and the directors’ declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cryosite Limited and its controlled entity is not in accordance with *the Corporations Act 2001*, including:

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

Basis for conclusion

We conducted our review in accordance with *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity (ASRE 2410)*. Our responsibilities are further described in the Auditor’s responsibilities for the review of the half-year financial report section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board’s *APES 110 Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors’ responsibility for the half-year financial report

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

Auditor's Responsibility

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

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

The Mazars logo, featuring the word "Mazars" in a stylized, handwritten-style font.**MAZARS RISK & ASSURANCE PTY LTD**A handwritten signature in black ink, appearing to read "R. Megale".**Rosemary Megale**DirectorSydney, 23rd February 2023



- Clinical Trial Logistics
- Clinical Trials Reverse Logistics
- Biological Storage
- Cord Blood & Tissue Storage
- Comparator Sourcing
- GMP Certified
- Secondary Packaging
- Temperature Sensitive Storage & Distribution
- TGA Licensed
