

**Tetratherix Pty Ltd**

**ABN 72 607 771 077**

**Annual Report - 30 June 2023**

**Tetratherix Pty Ltd**  
**Directors' report**  
**30 June 2023**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'group') consisting of Tetratherix Pty Ltd (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 2023.

**Directors**

The following persons were directors of Tetratherix Pty Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Ali Fathi  
David Harold Bottomley  
William Anthony Knox  
Terrence Abrams (resigned 26 May 2023)

**Principal activities**

Tetratherix is a biomedical company that has developed an advanced biomaterial platform called Tetramatrix, a proprietary fluid matrix that induces minimal foreign body reaction. The principal activities include development programs in the areas of regenerative medicine and commercialising medical device technology across multiple applications including Skeletal Reconstruction, Surgical Spacing and Tissue Healing.

**Dividends**

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

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$1,820,486 (30 June 2022: \$1,535,276).

**Significant changes in the state of affairs**

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

**Matters subsequent to the end of the financial year**

Preference shares to the value of \$2,907,965 (number of shares: 6587) were issued subsequent to year end. Furthermore, \$2.5 million was raised in November 2024 in terms of safe notes and a further \$10 million was secured in December 2024.

No other matter or circumstance has arisen since 30 June 2023 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.

**Likely developments and expected results of operations**

Notwithstanding the group's loss of \$1,820,486 (2022: \$1,535,276) net liabilities of \$4,555,934 (2022: \$3,136,591), the annual report has been prepared on a going concern basis.

The directors note that subsequent to year-end, the group successfully completed a capital raise of \$2.5 million in November 2024 and secured \$10 million in December 2024 which, significantly improved the company's liquidity position. The proceeds from the capital raise are intended to support ongoing operations, fund strategic growth initiatives, and meet short-term working capital requirements.

The group's ability to continue as a going concern is contingent upon additional capital raising activities. The company is planning an Initial Public Offering (IPO), and given its past success and feedback from potential investors at the Non Deal Roadshow (NDR), the directors are confident in securing the necessary funding. Whilst the directors are confident in securing the necessary funding, there remains material uncertainty that may cast significant doubt on the group's ability to continue as a going concern. Should the IPO not proceed as expected, the group may be required to seek alternative fundings sources or continue other strategic options to continue as a going concern.

The group directors have considered this uncertainty and have prepared a comprehensive plan to manage the risk associated with the IPO. A scenario was developed where capital raising was delayed until the end of 20 months and still showed a going concern position. This provides contingency to mitigate against potential delays with the IPO or alternate capital raising.

**Environmental regulation**

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

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**Share under option**

Unissued ordinary shares of Tetratherix Pty Ltd under option at the date of this report are as follows:

<b>Grant date</b>	<b>Expiry date</b>	<b>Exercise price</b>	<b>Number under option</b>
01/06/2019	01/06/2021	\$0.10	724,430
02/07/2020	01/07/2026	\$1.00	66,384
13/08/2021	01/09/2023	\$0.50	167,922
13/08/2021	01/09/2024	\$0.50	515,985
15/10/2021	01/11/2024	\$1.00	25,072
26/04/2022	01/05/2026	\$1.00	26,920
			<u>1,536,089</u>

**Shares issued on the exercise of options**

There were no ordinary shares of Tetratherix Pty Ltd issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report. Further detail noted as per note 17.

**Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	<b>Full Board</b>	
	<b>Attended</b>	<b>Held</b>
Ali Fathi	2	2
David Harold Bottomley	2	2
William Anthony Knox	2	2
Terrence Abrams	2	2

Held: represents the number of meetings held during the time the director held office.

**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.

**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.

**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**

Nexia Sydney Audit Pty Ltd has been appointed to act as auditors in accordance with section 327 of the Corporations Act 2001.

**Tetratherix Pty Ltd**  
**Directors' report**  
**30 June 2023**

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

  
boxSIGN 4YX8KL31-4P8R89V9

Feb 25, 2025 2025

To the Board of Directors of Tetratherix Pty Ltd

**Auditor's Independence Declaration under section 307C of the *Corporations Act 2001***

As lead audit partner for the audit of the financial statements of Tetratherix Pty Ltd for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Yours sincerely,



**Nexia Sydney Audit Pty Ltd**



**Erin Tanyag**  
*Director*

Dated: 25 February 2025

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**General information**

The financial statements cover Tetratherix Pty Ltd as a consolidated entity consisting of Tetratherix Pty Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Tetratherix Pty Ltd's functional and presentation currency.

Tetratherix Pty Ltd is a proprietary company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

**Registered office**

Suite 5307, Level 53  
25 Martin Place  
Sydney, 2000, NSW

**Principal place of business**

Unit 29, 34-36 Ralph Street  
Alexandria, NSW, 2015

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 February 2025. The directors have the power to amend and reissue the financial statements.

**Tetratherix Pty Ltd**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2023**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2023</b>	<b>Unaudited</b>
		<b>\$</b>	<b>2022</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>	4	566,279	1,107,826
Total revenue		<u>566,279</u>	<u>1,107,826</u>
<b>Expenses</b>			
Employee benefits expense		(1,145,612)	(949,879)
Depreciation and amortisation expense		(70,675)	(78,574)
Product development expense		(170,000)	(187,528)
Administrative expense		(864,590)	(1,317,221)
Finance costs		(135,888)	(109,900)
Total expenses		<u>(2,386,765)</u>	<u>(2,643,102)</u>
<b>Loss before income tax expense</b>		(1,820,486)	(1,535,276)
Income tax expense	5	-	-
<b>Loss after income tax expense for the year</b>	19	(1,820,486)	(1,535,276)
Other comprehensive income/(loss) for the year, net of tax		-	-
<b>Total comprehensive loss for the year</b>		<u><u>(1,820,486)</u></u>	<u><u>(1,535,276)</u></u>

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

**Tetratherix Pty Ltd**  
**Consolidated statement of financial position**  
**As at 30 June 2023**

		<b>Consolidated</b>	<b>Unaudited</b>
	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	260,575	7,712
Trade and other receivables	7	560,343	863,832
Other assets	9	104,892	77,382
Total current assets		<u>925,810</u>	<u>948,926</u>
<b>Non-current assets</b>			
Property, plant and equipment	10	267,400	302,274
Right-of-use assets	8	202,048	235,262
Total non-current assets		<u>469,448</u>	<u>537,536</u>
<b>Total assets</b>		<u>1,395,258</u>	<u>1,486,462</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	608,304	72,009
Borrowings	13	488,000	123,875
Lease liabilities	14	20,885	19,673
Employee benefits	15	74,343	50,296
Preference shares	16	2,801,638	2,500,000
Total current liabilities		<u>3,993,170</u>	<u>2,765,853</u>
<b>Non-current liabilities</b>			
Borrowings	13	1,687,725	1,573,811
Lease liabilities	14	240,487	261,371
Employee benefits	15	29,810	22,018
Total non-current liabilities		<u>1,958,022</u>	<u>1,857,200</u>
<b>Total liabilities</b>		<u>5,951,192</u>	<u>4,623,053</u>
<b>Net liabilities</b>		<u>(4,555,934)</u>	<u>(3,136,591)</u>
<b>Equity</b>			
Issued capital	17	1,886,540	1,886,540
Reserves	18	1,536,089	1,134,946
Accumulated losses	19	(7,978,563)	(6,158,077)
<b>Total deficiency in equity</b>		<u>(4,555,934)</u>	<u>(3,136,591)</u>

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



**Tetratherix Pty Ltd**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2023**

	<b>Issued capital \$</b>	<b>Options reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total deficiency in equity \$</b>
<b>Consolidated</b>				
Balance at 1 July 2021	1,886,540	790,815	(4,622,801)	(1,945,446)
Loss after income tax expense for the year	-	-	(1,535,276)	(1,535,276)
Other comprehensive income/(loss) for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(1,535,276)	(1,535,276)
<i>Transactions with owners in their capacity as owners:</i>				
Share based payment	-	344,131	-	344,131
Balance at 30 June 2022	<u>1,886,540</u>	<u>1,134,946</u>	<u>(6,158,077)</u>	<u>(3,136,591)</u>
	<b>Issued capital \$</b>	<b>Options reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total deficiency in equity \$</b>
<b>Consolidated</b>				
Balance at 1 July 2022	1,886,540	1,134,946	(6,158,077)	(3,136,591)
Loss after income tax expense for the year	-	-	(1,820,486)	(1,820,486)
Other comprehensive income/(loss) for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(1,820,486)	(1,820,486)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payment (note 30)	-	401,143	-	401,143
Balance at 30 June 2023	<u>1,886,540</u>	<u>1,536,089</u>	<u>(7,978,563)</u>	<u>(4,555,934)</u>

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

**Tetratherix Pty Ltd**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2023**

		<b>Consolidated</b>	<b>Unaudited</b>
	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		38,621	264,179
Payments to suppliers (inclusive of GST)		(1,237,806)	(1,964,136)
Government grants received		832,918	895,206
		<u>(366,267)</u>	<u>(804,751)</u>
Interest and other finance costs paid		(21,974)	(17,470)
Net cash used in operating activities	30	<u>(388,241)</u>	<u>(822,221)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	10	<u>(4,987)</u>	-
Net cash used in investing activities		<u>(4,987)</u>	-
<b>Cash flows from financing activities</b>			
Proceeds from issue of preference shares	16	301,638	500,000
Proceeds from borrowings		364,125	29,995
Repayment of lease liabilities		<u>(19,672)</u>	<u>(37,968)</u>
Net cash from financing activities		<u>646,091</u>	<u>492,027</u>
Net increase/(decrease) in cash and cash equivalents		252,863	(330,194)
Cash and cash equivalents at the beginning of the financial year		<u>7,712</u>	<u>337,906</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>260,575</u></u>	<u><u>7,712</u></u>

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

## **Note 1. Material accounting policy information**

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

### **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.

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

### **Going concern**

The company has prepared the financial statements for year ended 30 June 2023 on the going concern basis which assumes normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2023, the group incurred a loss of \$1,820,486 (Unaudited 2022: loss of \$1,535,276) and incurred operating cash outflows of \$388,241 (Unaudited 2022: cash outflows of \$822,221). As at 30 June 2023, the company had cash and cash equivalents of \$260,575 (Unaudited 2022: \$7,712), and a net assets deficiency of \$4,555,934 (Unaudited 2022: \$3,136,591). These matters give rise to a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern.

Despite this, the Directors believe that the going concern assumption remains appropriate due to the following mitigating factors:

- The group has secured commitments from investors of \$10 million in December 2024 to ensure sufficient cash inflows to meet its obligations as they fall due over the next 12 months after signing date of these financial statements.
- The group is planning to undertake Initial Public Offering (IPO) within the next 12 months, with a view of raising further capital. The proceeds from the IPO are expected to strengthen the group's liquidity position and enable it to continue its operations and achieve its business objectives. Should the IPO not proceed as expected, the group will be able to seek alternative fundings sources or continue other strategic options to continue as a going concern.
- Ongoing R&D tax rebates are expected based on past precedent and the nature of business activities in the next 12 months.
- Management has prepared a cash flow forecast for the next 12 months, considering secured additional funding and expected capital and operational inflows and outflows. Based on these forecasts, the group expects to have adequate resources to continue in operational existence for beyond the next 12 months.

If the above plans do not come to fruition, then the company and group may not be able to continue as going concerns. In that event, the carrying value of assets and liabilities may not be realised and settled at the amounts presented in the consolidated statement of financial position.

### **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, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

### *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 2.

### **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 27.

**Note 1. Material accounting policy information (continued)**

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Tetratherix Pty Ltd ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Tetratherix Pty Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated 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 consolidated 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.

**Revenue recognition**

The consolidated entity recognises revenue as follows:

*Royalty income*

The company is entitled to receive royalty and milestone payments in relation to a collaboration agreement with an external party for the development, manufacturing, and industrialization of a product. The company retains ownership of the intellectual property (IP) and has agreed to contribute to the product development process.

Milestone payments are due to the company for the use of the IP and upon achieving specific development and manufacturing milestones, as outlined in the agreement.

Under AASB 15 – Revenue from Contracts with Customers, each milestone represents a separate performance obligation, as each milestone provides distinct value to the customer and is separately identifiable in the agreement.

Revenue from milestone income is recognised at the point in time when the milestone is achieved, and the related performance obligation is satisfied.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

*Government grants*

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

**Note 1. Material accounting policy information (continued)**

**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.

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 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.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**

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

**Investment in joint ventures**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

**Note 1. Material accounting policy information (continued)**

**Property, 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.

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

Laboratory plant and equipment	5-25 years
Laboratory Furniture, fixtures and fittings	25 years

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

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

**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.

**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.

**Trademarks**

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

**Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**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 1. Material accounting policy information (continued)**

**Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**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.

**Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

**Provisions**

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**Employee benefits**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Share-based payments*

Equity-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.

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.

**Note 1. Material accounting policy information (continued)**

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.

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.

**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.

**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.

**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.

**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 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations:



**Note 1. Material accounting policy information (continued)**

AASB 17 - Insurance Contracts

AASB 2021-2 - Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

AASB 2021-5 - Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

AASB 2022-7 - Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

AASB 2020-1 and AASB 2022-6 - Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants

AASB 2022-5 - Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback

AASB 2022-10 - Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

AASB 2023-1 - Amendments to Australian Accounting Standards – Supplier Finance Arrangements

AASB 2023-3 - Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2

AASB 2014-10 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128)

**Note 2. 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.

*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.

*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.

*Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

**Note 2. Critical accounting judgements, estimates and assumptions (continued)**

*Lease make good provision*

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

**Note 3. Operating segments**

The company operates as a single operating segment and its activities are not subdivided into different operating segments for internal management purposes. Accordingly, the company does not prepare segmental financial information, as management monitors the company as a whole.

**Note 4. Revenue**

	<b>Consolidated</b>	<b>Unaudited</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Revenue from contracts with customers</i>		
Royalty income	-	239,448
Research and development grant income	566,274	867,983
	<u>566,274</u>	<u>1,107,431</u>
<i>Other revenue</i>		
Other revenue	5	395
Revenue	<u><u>566,279</u></u>	<u><u>1,107,826</u></u>

*Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

	<b>Consolidated</b>	<b>Unaudited</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Timing of revenue recognition</i>		
Grant income and royalty income recognised at a point in time	<u><u>566,274</u></u>	<u><u>1,107,431</u></u>

**Tetratherix Pty Ltd**  
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**Note 5. Income tax benefit**

	<b>Consolidated</b>	<b>Unaudited</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	1,820,486	1,535,276
Tax benefit at the statutory tax rate of 25%	455,122	383,819
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expense - Research and Development	318,394	458,290
Non-assessable income - Research and Development grant income	(132,419)	(194,475)
Deferred tax asset not recognised	268,606	120,004
Income tax benefit	909,703	767,638

	<b>Consolidated</b>	<b>Unaudited</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	1,344,234	959,646
Potential tax benefit @ 25%	336,059	239,912

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

**Note 6. Cash and cash equivalents**

	<b>Consolidated</b>	<b>Unaudited</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Cash at bank	260,575	7,712

**Note 7. Trade and other receivables**

	<b>Consolidated</b>	<b>Unaudited</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Income tax refund	529,674	832,918
GST receivable	29,174	30,914
Other receivables	1,495	-
	560,343	863,832

**Tetratherix Pty Ltd**  
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**Note 8. Right-of-use assets**

	<b>Consolidated</b>	<b>Unaudited</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Buildings - right-of-use	332,134	332,134
Less: Accumulated amortisation	<u>(130,086)</u>	<u>(96,872)</u>
	<u><u>202,048</u></u>	<u><u>235,262</u></u>

The consolidated entity leases buildings for its offices located at Unit 29, 33 Ralph Street, Alexandria, for 5 years with an option to renew for a further 5 years.

*Reconciliations*

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

<b>Consolidated</b>	<b>Right-of-use assets \$</b>
Balance at 1 July 2021	268,474
Amortisation expense	<u>(33,212)</u>
Balance at 30 June 2022	235,262
Amortisation expense	<u>(33,214)</u>
Balance at 30 June 2023	<u><u>202,048</u></u>

**Note 9. Other assets**

	<b>Consolidated</b>	<b>Unaudited</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Prepayments	68,292	64,845
Grant receivables	<u>36,600</u>	<u>12,537</u>
	<u><u>104,892</u></u>	<u><u>77,382</u></u>

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**Note 10. Property, plant and equipment**

	<b>Consolidated</b>	<b>Unaudited</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Plant and equipment - at cost	303,435	298,448
Less: Accumulated depreciation	<u>(172,281)</u>	<u>(138,096)</u>
	131,154	160,352
Fixtures and fittings - at cost	162,230	162,230
Less: Accumulated depreciation	<u>(25,984)</u>	<u>(20,308)</u>
	136,246	141,922
	<u><u>267,400</u></u>	<u><u>302,274</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:

	<b>Plant and equipment</b>	<b>Fixtures and fittings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Consolidated</b>			
Balance at 1 July 2021	<u>160,352</u>	<u>141,922</u>	<u>302,274</u>
Balance at 30 June 2022	160,352	141,922	302,274
Additions	4,987	-	4,987
Depreciation expense	<u>(34,185)</u>	<u>(5,676)</u>	<u>(39,861)</u>
Balance at 30 June 2023	<u><u>131,154</u></u>	<u><u>136,246</u></u>	<u><u>267,400</u></u>

**Note 11. Intangibles**

	<b>Consolidated</b>	<b>Unaudited</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Website - at cost	11,520	11,520
Less: Accumulated amortisation	<u>(11,520)</u>	<u>(11,520)</u>
	<u><u>-</u></u>	<u><u>-</u></u>

**Note 12. Trade and other payables**

	<b>Consolidated</b>	<b>Unaudited</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Trade payables	215,485	25,069
Other payables	<u>392,819</u>	<u>46,940</u>
	<u><u>608,304</u></u>	<u><u>72,009</u></u>

**Tetratherix Pty Ltd**  
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**Note 12. Trade and other payables (continued)**

Refer to note 21 for further information on financial instruments.

**Note 13. Borrowings**

	<b>Consolidated</b>	<b>Unaudited</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Loan - related parties	488,000	123,875
<i>Non-current liabilities</i>		
Loan - NSW Medical Device Fund	1,687,725	1,573,811
	<u>2,175,725</u>	<u>1,697,686</u>

Refer to note 21 for further information on financial instruments.

*NSW Medical Device Fund*

The consolidated entity has entered into a funding agreement with NSW Health Administration Corporation in October 2018. The funding is to be used for the commercialisation of TrimphDent Medical Device.

The consolidated entity is not required to make any repayment of the loan until the specific project has achieved commercial success. The applicable interest rate for the loan is calculated using the annual Consumer Price Index (CPI).

**Note 14. Lease liabilities**

	<b>Consolidated</b>	<b>Unaudited</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Lease liability	20,885	19,673
<i>Non-current liabilities</i>		
Lease liability	240,487	261,371
	<u>261,372</u>	<u>281,044</u>

Refer to note 21 for further information on financial instruments.

**Note 15. Employee benefits**

	<b>Consolidated</b>	<b>Unaudited</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Annual leave	74,343	50,296
<i>Non-current liabilities</i>		
Long service leave	29,810	22,018
	<u>104,153</u>	<u>72,314</u>

**Note 16. Preference shares**

	<b>Consolidated</b>	
	<b>2023</b>	<b>Unaudited 2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Preference shares	<u>2,801,638</u>	<u>2,500,000</u>

*Preference shares*

Class A Preference Shares (Preference Shares) are Shares which essentially carry the same rights as Ordinary Shares. Preference Shares can be converted to Ordinary Shares using a conversion price. There is no redemption option for the holder of the Preference Shares and returns are in the form of dividends at the discretion of the group.

The Preference Shares are initially recognised at fair value, net of any transaction costs directly attributable to their issuance. They are classified as financial liabilities in accordance with AASB 132 *Financial Instruments: Presentation* due to the anti-dilution clause resulting in the conversion rate to Ordinary Shares not being fixed. At IPO these preference shares will convert to Ordinary Shares and be reclassified to equity. Any interest earned will be capitalised on conversion with no liability to the company for this interest.

**Note 17. Issued capital**

	<b>Consolidated</b>		<b>Unaudited</b>	
	<b>2023</b>	<b>Unaudited 2022</b>	<b>2023</b>	<b>Unaudited 2022</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>35,288</u>	<u>35,288</u>	<u>1,886,540</u>	<u>1,886,540</u>

*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.

*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.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

**Note 18. Reserves**

	<b>Consolidated</b>	
	<b>2023</b>	<b>Unaudited 2022</b>
	<b>\$</b>	<b>\$</b>
Share-based payments reserve	<u>1,536,089</u>	<u>1,134,946</u>

**Note 18. Reserves (continued)**

*Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

**Note 19. Accumulated losses**

	<b>Consolidated</b>	<b>Unaudited</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Accumulated losses at the beginning of the financial year	(6,158,077)	(4,622,801)
Loss after income tax expense for the year	<u>(1,820,486)</u>	<u>(1,535,276)</u>
Accumulated losses at the end of the financial year	<u><u>(7,978,563)</u></u>	<u><u>(6,158,077)</u></u>

**Note 20. Dividends**

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

**Note 21. Financial instruments**

***Financial risk management objectives***

The consolidated entity's activities expose it to a variety of financial risks: market risk (including interest rate risk) and liquidity risk.

*Price risk*

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

*Interest rate risk*

The consolidated entity's main interest rate risk arises from long-term borrowings.

For the consolidated entity the loans outstanding with NSW Health Administration Corporation, totaling \$1,687,725 (2022: \$1,573,811), are principal and interest. The repayment of the loan is only contingent on the commercial success of the project.

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant would have impacted the profit/loss before tax as follows:

	<b>+1%</b>	<b>-1%</b>
Profit/(loss) before tax	(16,877)	16,877

***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.



**Tetratherix Pty Ltd**  
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**Note 21. Financial instruments (continued)**

*Remaining contractual maturities*

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities.

<b>Consolidated - 2023</b>	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	215,485	-	-	-	215,485
Other payables	-	392,818	-	-	-	392,818
Loan - related parties	-	488,000	-	-	-	488,000
Preference shares	-	2,801,638	-	-	-	2,801,638
<i>Interest-bearing</i>						
Loan	3.30%	-	-	1,687,725	-	1,687,725
Lease liability - Buildings	6.00%	36,000	49,200	232,292	-	317,492
Total non-derivatives		<u>3,933,941</u>	<u>49,200</u>	<u>1,920,017</u>	<u>-</u>	<u>5,903,158</u>

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

The repayment of the loan in relation to the medical funds is contingent upon commercial success of the project.

***Fair value of financial instruments***

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

**Note 22. Key management personnel disclosures**

*Compensation*

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

	<b>Consolidated</b>	
	<b>2023</b>	<b>Unaudited</b>
	<b>\$</b>	<b>2022</b>
		<b>\$</b>
Short-term employee benefits	438,168	421,769
Long-term benefits	8,180	34,676
	<u>446,348</u>	<u>456,445</u>

**Tetratherix Pty Ltd**  
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**Note 23. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by Nexia Sydney Audit Pty Ltd, the auditor of the company:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services</i>		
Audit of the financial statements	65,000	-
<i>Other services</i>		
Assistance with preparation of the financial statements	8,000	-
	<u>73,000</u>	<u>-</u>

**Note 24. Contingent liabilities**

The group had no contingent liabilities as at 30 June 2023 and 30 June 2022.

**Note 25. Commitments**

No capital commitment have been noted as at 30 June 2023 and 30 June 2022.

**Note 26. Related party transactions**

*Parent entity*

Tetratherix Pty Ltd is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 28.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 22.

*Transactions with related parties*

Transactions with related parties during the current and previous financial year are set out below:

*Lease payments made to related parties*

The entity has a lease agreement with a related party. The following are the total lease payments made to the related party for the reporting period:

	<b>Consolidated</b>	
	<b>2023</b>	<b>Unaudited 2022</b>
	<b>\$</b>	<b>\$</b>
Lease payments	36,000	36,000
Shares issued in exchange for lease payments	32,626	32,626
	<u>68,626</u>	<u>68,626</u>

All terms and conditions of the lease agreement, including the issuance of shares, were reviewed to ensure compliance with the entity's policies on related party transactions and were deemed to be on terms equivalent to those prevailing in arm's length transactions.

**Tetratherix Pty Ltd**  
**Notes to the consolidated financial statements**  
**30 June 2023**

**Note 26. Related party transactions (continued)**

*Receivable from and payable to related parties*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	<b>Consolidated</b>	<b>Unaudited</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Current receivables:		
Trade receivables from related party	1,495	-
Current payables:		
Trade payables to related party	164,239	-

*Loans to/from related parties*

The following balances are outstanding at the reporting date in relation to loans with related parties:

	<b>Consolidated</b>	<b>Unaudited</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Current borrowings:		
Loan from other related party	488,000	123,875

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 27. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	<b>Unaudited</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax	98,970	463,434
Total comprehensive income	<u>98,970</u>	<u>463,434</u>

**Tetratherix Pty Ltd**  
**Notes to the consolidated financial statements**  
**30 June 2023**

**Note 27. Parent entity information (continued)**

*Statement of financial position*

	<b>Parent</b>	
	<b>2023</b>	<b>Unaudited</b>
	<b>\$</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Total assets	8,213,910	7,382,598
Total liabilities	(2,801,638)	(2,500,000)
Net assets	5,412,272	4,882,598
Equity		
Issued capital	(1,886,539)	(1,886,539)
Options reserve	(1,660,783)	(1,230,079)
Retained profits	(1,864,950)	(1,765,980)
Total equity	(5,412,272)	(4,882,598)

*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 2023 and 30 June 2022.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

*Material accounting policy information*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in joint ventures 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 28. 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 1:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>2023</b>	<b>Unaudited</b>
		<b>%</b>	<b>2022</b>
		<b>%</b>	<b>%</b>
Tetratherix Technologies Pty Ltd	Australia	100.00%	100.00%
Tetratherix Industries Pty Ltd	Australia	100.00%	100.00%
Triumph IP Pty Ltd	Australia	100.00%	100.00%
Tetratherix TLX Pty Ltd	Australia	100.00%	100.00%

**Note 29. Events after the reporting period**

Preference shares to the value of \$2,907,965 (number of shares: 6587) were issued subsequent to year end. Furthermore, \$2.5 million was raised in November 2024 in terms of safe notes and a further \$10 million was secured in December 2024.

**Tetratherix Pty Ltd**  
**Notes to the consolidated financial statements**  
**30 June 2023**

**Note 29. Events after the reporting period (continued)**

No other matter or circumstance has arisen since 30 June 2023 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 30. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax expense for the year	(1,820,486)	(1,535,276)
Adjustments for:		
Depreciation and amortisation	73,075	78,574
Write off of intangibles	-	43,870
Compensation expense arising from employee share options	430,704	369,484
Change in operating assets and liabilities:		
Decrease in trade and other receivables	303,489	30,183
Decrease/(increase) in prepayments	(27,510)	18,588
Increase in trade and other payables	536,295	32,965
Increase in borrowings	113,914	92,430
Increase in employee benefits	2,278	46,961
Net cash used in operating activities	<u>(388,241)</u>	<u>(822,221)</u>

**Note 31. Share-based payments**

The assessed fair value at grant date of options granted during the year ended 30 June 2023 and 30 June 2022 were between \$308 and \$327 per option. The fair value at grant date is independently determined using an adjusted form of Black-Scholes Model which takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rates for the term of the option.

Set out below are summaries of options granted:

	<b>Grant Date</b>	<b>Option Life</b>	<b>Exercise price</b>	<b>Balance at the start of the year</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired/ forfeited/ other</b>	<b>Balance at the end of the year</b>
Group 1	1/06/2019	2.0 Years	0.10	724,430	-	-	-	724,430
Group 2	2/07/2020	6.0 Years	1.00	66,384	-	-	-	66,384
Group 3	13/08/2021	2.1 Years	0.50	83,863	84,060	-	-	167,923
Group 4	13/08/2021	4.0 Years	0.50	241,445	274,540	-	-	515,985
Group 5	15/10/2021	3.0 Years	1.00	15,031	21,265	-	-	36,296
Group 6	26/04/2022	4.0 Years	1.00	3,793	21,278	-	-	25,071
				<u>1,134,946</u>	<u>401,143</u>	<u>-</u>	<u>-</u>	<u>1,536,089</u>

The table below summarises the inputs for each group:

<b>Details</b>	<b>Vesting Conditions</b>	<b>Spot Price</b>	<b>Strike Price</b>	<b>Risk-free rate</b>	<b>Dividend yield</b>	<b>Volatility</b>
Group 1: Service-based Options	See note 1	326.32	0.10	1.11%	nil	60% to 65%
Group 2: Performance-based Options	See note 2	325.41	1.00	0.41%	nil	80% to 85%
Group 3: Service-based Options	See note 1	309.82	0.50	0.04%	nil	80% to 85%
Group 4: Performance-based Options	See note 2	309.84	0.50	0.62%	nil	80% to 85%
Group 5: Service-based Options	See note 1	308.88	1.00	0.50%	nil	75% to 80%
Group 6: Service-based Options	See note 1	308.97	1.00	2.88%	nil	65% to 70%

**Note 31. Share-based payments (continued)**

1. Options vest if the Recipient remains employed or contracted by the consolidated entity and has not tendered or received a notice of termination as at or before the date on which the options vest (Vesting Date).
2. Options with event or performance-based vesting conditions.

**Tetratherix Pty Ltd**  
**Directors' declaration**  
**30 June 2023**

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 1 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 2023 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.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

  
**box**SIGN 4YX8KL31-4P8R89V9

Feb 25, 2025

2025

## Independent Auditor's Report to the Members of Tetratherix Pty Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Tetratherix Pty Ltd (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; 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 Group in accordance with 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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 1 'Going concern' in the financial report, which indicates that the Group incurred a net loss of \$1,820,486 during the year ended 30 June 2023, incurred operating cash outflows of \$388,241 and had a net asset deficiency of \$4,555,934. As stated in Note 1, these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other matter

We were appointed as auditors of the Group on the 08 August 2024. Corresponding figures relating to year ended 30 June 2022 are unaudited. We have obtained sufficient appropriate audit evidence in respect of the Group's opening balances as at 01 July 2022 in order to issue our opinion above.



**Other information**

The Directors are responsible for the other information. The other information comprises the information in Tetratherix Pty Ltd's annual report for the year ended 30 June 2023, 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 the other information we are required to report that fact. We have nothing to report in this regard.

**Directors' responsibility 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 Group's ability 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 Group or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibility 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 the financial report is located at The Australian Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

**Nexia Sydney Audit Pty Ltd****Erin Tanyag***Director*

Dated: 25 February 2025  
Sydney

**Tetratherix Pty Ltd**

**ABN 72 607 771 077**

**Annual Report - 30 June 2024**

**Tetratherix Pty Ltd**  
**Directors' report**  
**30 June 2024**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'group') consisting of Tetratherix Pty Ltd (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 2024.

**Directors**

The following persons were directors of Tetratherix Pty Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Ali Fathi  
David Harold Bottomley  
William Anthony Knox

**Principal activities**

Tetratherix is a biomedical company that has developed an advanced biomaterial platform called Tetramatrix, a proprietary fluid matrix that induces minimal foreign body reaction. The principal activities include development programs in the areas of regenerative medicine and commercialising medical device technology across multiple applications including Skeletal Reconstruction, Surgical Spacing and Tissue Healing.

**Dividends**

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

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$2,553,976 (30 June 2023: \$1,820,486).

**Significant changes in the state of affairs**

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

**Matters subsequent to the end of the financial year**

Capital raise of \$2.5 million was raised in November 2024 in terms of safe notes and a further \$10 million was secured in December 2024.

No other matter or circumstance has arisen since 30 June 2024 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.

**Likely developments and expected results of operations**

Notwithstanding the group's loss of \$2,553,976 (2023: \$1,820,486) and net liability of \$6,777,019 (2023: \$4,555,934), the annual report has been prepared on a going concern basis.

The directors note that subsequent to year-end, the group successfully completed a capital raise of \$2.5 million in November 2024 and secured \$10 million in December 2024 which, significantly improved the company's liquidity position. The proceeds from the capital raise are intended to support ongoing operations, fund strategic growth initiatives, and meet short-term working capital requirements.

The group's ability to continue as a going concern is contingent upon additional capital raising activities. The company is planning an Initial Public Offering (IPO), and given its past success and feedback from potential investors at the Non Deal Roadshow (NDR), the directors are confident in securing the necessary funding. Whilst the directors are confident in securing the necessary funding, there remains material uncertainty that may cast significant doubt on the group's ability to continue as a going concern. Should the IPO not proceed as expected, the group may be required to seek alternative fundings sources or continue other strategic options to continue as a going concern.

The group directors have considered this uncertainty and have prepared a comprehensive plan to manage the risk associated with the IPO. A scenario was developed where capital raising was delayed until the end of 20 months and still showed a going concern position. This provides contingency to mitigate against potential delays with the IPO or alternate capital raising.

**Environmental regulation**

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

**Tetratherix Pty Ltd**  
**Directors' report**  
**30 June 2024**

**Share under option**

Unissued ordinary shares of Tetratherix Pty Ltd under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
02/07/2020	01/07/2026	\$1.00	66,384
13/08/2021	01/09/2023	\$0.50	167,922
13/08/2021	01/09/2024	\$0.50	791,277
15/10/2021	01/11/2024	\$1.00	72,642
26/04/2022	01/05/2026	\$1.00	46,325
			<u>1,144,550</u>

**Shares issued on the exercise of options**

During the financial year and up to the date of this report, 2,220 Ordinary shares of Tetratherix Pty Ltd were issued at an exercise price of \$0.10. Further detail noted as per note 18.

**Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Ali Fathi	3	3
David Harold Bottomley	3	3
William Anthony Knox	3	3

Held: represents the number of meetings held during the time the director held office.

**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.

**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.

**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**

Nexia Sydney Audit Pty Ltd has been appointed to act as auditors in accordance with section 327 of the Corporations Act 2001.

**Tetratherix Pty Ltd**  
**Directors' report**  
**30 June 2024**

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

  
**box** SIGN 4YX8KL31-152Y29QX

Feb 25, 2025

2025

To the Board of Directors of Tetratherix Pty Ltd

**Auditor's Independence Declaration under section 307C of the *Corporations Act 2001***

As lead audit partner for the audit of the financial statements of Tetratherix Pty Ltd for the financial year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Yours sincerely,

Nexia

**Nexia Sydney Audit Pty Ltd**



**Erin Tanyag**  
*Director*

Dated: 25 February 2025

**Tetratherix Pty Ltd****Contents****30 June 2024**

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**General information**

The financial statements cover Tetratherix Pty Ltd as a consolidated entity consisting of Tetratherix Pty Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Tetratherix Pty Ltd's functional and presentation currency.

Tetratherix Pty Ltd is a proprietary company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

**Registered office**

Suite 5307, Level 53  
25 Martin Place  
Sydney, 2000, NSW

**Principal place of business**

Unit 29, 34-36 Ralph Street  
Alexandria, NSW, 2015

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 February 2025. The directors have the power to amend and reissue the financial statements.

**Tetratherix Pty Ltd**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2024**

	<b>Note</b>	<b>Consolidated 2024 \$</b>	<b>2023 \$</b>
<b>Revenue</b>	4	863,651	566,279
Total revenue		<u>863,651</u>	<u>566,279</u>
<b>Expenses</b>			
Employee benefits expense		(1,354,383)	(1,145,612)
Depreciation and amortisation expense		(83,970)	(70,675)
Product development expense		(680,803)	(170,000)
Administrative expense		(1,173,719)	(864,590)
Finance costs		(119,802)	(135,888)
Share of losses of joint ventures accounted for using the equity method	5	(4,950)	-
Total expenses		<u>(3,417,627)</u>	<u>(2,386,765)</u>
<b>Loss before income tax expense</b>		(2,553,976)	(1,820,486)
Income tax expense	6	-	-
<b>Loss after income tax expense for the year</b>	20	(2,553,976)	(1,820,486)
Other comprehensive income/(loss) for the year, net of tax		-	-
<b>Total comprehensive loss for the year</b>		<u><u>(2,553,976)</u></u>	<u><u>(1,820,486)</u></u>

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



**Tetratherix Pty Ltd**  
**Consolidated statement of financial position**  
**As at 30 June 2024**

	<b>Note</b>	<b>Consolidated 2024 \$</b>	<b>2023 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	126,946	260,575
Trade and other receivables	8	850,954	560,343
Other assets	10	6,197	104,892
Total current assets		<u>984,097</u>	<u>925,810</u>
<b>Non-current assets</b>			
Property, plant and equipment	11	236,634	267,400
Right-of-use assets	9	168,835	202,048
Intangibles	12	16,040	-
Total non-current assets		<u>421,509</u>	<u>469,448</u>
<b>Total assets</b>		<u>1,405,606</u>	<u>1,395,258</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	266,574	608,304
Borrowings	14	4,950	488,000
Lease liabilities	15	38,732	20,885
Employee benefits	16	122,756	74,343
Preference shares	17	5,709,203	2,801,638
Total current liabilities		<u>6,142,215</u>	<u>3,993,170</u>
<b>Non-current liabilities</b>			
Borrowings	14	1,769,748	1,687,725
Lease liabilities	15	222,004	240,487
Employee benefits	16	48,658	29,810
Total non-current liabilities		<u>2,040,410</u>	<u>1,958,022</u>
<b>Total liabilities</b>		<u>8,182,625</u>	<u>5,951,192</u>
<b>Net assets/(liabilities)</b>		<u>(6,777,019)</u>	<u>(4,555,934)</u>
<b>Equity</b>			
Issued capital	18	2,610,970	1,886,540
Reserves	19	1,144,550	1,536,089
Accumulated losses	20	(10,532,539)	(7,978,563)
<b>Total deficiency in equity</b>		<u>(6,777,019)</u>	<u>(4,555,934)</u>

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

**Tetratherix Pty Ltd**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2024**

	<b>Issued capital \$</b>	<b>Options reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total deficiency in equity \$</b>
<b>Consolidated</b>				
Balance at 1 July 2022	1,886,540	1,134,946	(6,158,077)	(3,136,591)
Loss after income tax expense for the year	-	-	(1,820,486)	(1,820,486)
Other comprehensive income/(loss) for the year, net of tax	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	(1,820,486)	(1,820,486)
<i>Transactions with owners in their capacity as owners:</i>				
Share based payments	-	401,143	-	401,143
Balance at 30 June 2023	<u>1,886,540</u>	<u>1,536,089</u>	<u>(7,978,563)</u>	<u>(4,555,934)</u>
	<b>Issued capital \$</b>	<b>Options reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total deficiency in equity \$</b>
<b>Consolidated</b>				
Balance at 1 July 2023	1,886,540	1,536,089	(7,978,563)	(4,555,934)
Loss after income tax expense for the year	-	-	(2,553,976)	(2,553,976)
Other comprehensive income/(loss) for the year, net of tax	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	(2,553,976)	(2,553,976)
<i>Transactions with owners in their capacity as owners:</i>				
Movement of reserves	724,430	(724,430)	-	-
Share based payments	-	332,891	-	332,891
Balance at 30 June 2024	<u>2,610,970</u>	<u>1,144,550</u>	<u>(10,532,539)</u>	<u>(6,777,019)</u>

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

**Tetratherix Pty Ltd**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2024**

	<b>Note</b>	<b>Consolidated 2024 \$</b>	<b>2023 \$</b>
<b>Cash flows from operating activities</b>			
Government grants received		529,674	832,918
Receipts from customers (inclusive of GST)		37,353	38,621
Payments to suppliers (inclusive of GST)		<u>(3,050,725)</u>	<u>(1,237,806)</u>
		(2,483,698)	(366,267)
Interest and other finance costs		<u>(37,779)</u>	<u>(21,974)</u>
Net cash used in operating activities	31	<u>(2,521,477)</u>	<u>(388,241)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	11	(19,991)	(4,987)
Payments for intangibles	12	<u>(16,040)</u>	<u>-</u>
Net cash used in investing activities		<u>(36,031)</u>	<u>(4,987)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	14	2,907,565	301,638
Proceeds from borrowings		54,863	364,125
Repayment of borrowings		(508,250)	-
Repayment of lease liabilities		<u>(30,299)</u>	<u>(19,672)</u>
Net cash from financing activities		<u>2,423,879</u>	<u>646,091</u>
Net increase/(decrease) in cash and cash equivalents		(133,629)	252,863
Cash and cash equivalents at the beginning of the financial year		<u>260,575</u>	<u>7,712</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>126,946</u></u>	<u><u>260,575</u></u>

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

## **Note 1. Material accounting policy information**

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

### **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.

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

### **Going concern**

The group has prepared the financial statements for year ended 30 June 2024 on the going concern basis which assumes normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2024, the group incurred a loss of \$2,553,976 (2023: loss of \$1,820,486) and incurred operating cash outflows of \$2,521,477 (2023: cash outflows of \$388,241). As at 30 June 2024, the group had cash and cash equivalents of \$126,946 (2023: \$260,575), and a net assets deficiency of \$6,777,019 (2023: \$4,555,934). These matters give rise to a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern.

Despite this, the Directors believe that the going concern assumption remains appropriate due to the following mitigating factors:

- The group has secured commitments from investors of \$10 million in December 2024 to ensure sufficient cash inflows to meet its obligations as they fall due over the next 12 months after signing date of these financial statements.
- The group is planning to undertake Initial Public Offering (IPO) within the next 12 months, with a view of raising further capital. The proceeds from the IPO are expected to strengthen the group's liquidity position and enable it to continue its operations and achieve its business objectives. Should the IPO not proceed as expected, the group will be able to seek alternative fundings sources or continue other strategic options to continue as a going concern.
- Ongoing R&D tax rebates are expected based on past precedent and the nature of business activities in the next 12 months.
- Management has prepared a cash flow forecast for the next 12 months, considering secured additional funding and expected capital and operational inflows and outflows. Based on these forecasts, the group expects to have adequate resources to continue in operational existence for beyond the next 12 months.

If the above plans do not come to fruition, then the company and group may not be able to continue as going concerns. In that event, the carrying value of assets and liabilities may not be realised and settled at the amounts presented in the consolidated statement of financial position.

### **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, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

### *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 2.

### **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 28.

**Note 1. Material accounting policy information (continued)**

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Tetratherix Pty Ltd ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Tetratherix Pty Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated 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 consolidated 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.

**Revenue recognition**

The consolidated entity recognises revenue as follows:

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

*Royalty income*

The company is entitled to receive royalty and milestone payments in relation to a collaboration agreement with an external party for the development, manufacturing, and industrialization of a product. The company retains ownership of the intellectual property (IP) and has agreed to contribute to the product development process.

Milestone payments are due to the company for the use of the IP and upon achieving specific development and manufacturing milestones, as outlined in the agreement.

Under AASB 15 – Revenue from Contracts with Customers, each milestone represents a separate performance obligation, as each milestone provides distinct value to the customer and is separately identifiable in the agreement.

Revenue from milestone income is recognised at the point in time when the milestone is achieved and the related performance obligation is satisfied.

**Government grants**

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

**Note 1. Material accounting policy information (continued)**

**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.

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 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.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**

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

**Investments in joint ventures**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

**Note 1. Material accounting policy information (continued)**

**Property, 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.

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

Laboratory plant and equipment	5-25 years
Laboratory furniture and fixtures	25 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 property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

**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.

**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.

**Trademarks**

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

**Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Note 1. Material accounting policy information (continued)**

**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.

**Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**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.

**Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

**Provisions**

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**Employee benefits**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Share-based payments*

Equity-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.



**Note 1. Material accounting policy information (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.

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.

**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.

**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.

**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.

**Note 1. Material accounting policy information (continued)**

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

**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 2024. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

- AASB 2020-1 and AASB 2022-6 - Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
- AASB 2022-5 - Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback
- AASB 2022-10 - Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector - Entities
- AASB 2023-1 - Amendments to Australian Accounting Standards – Supplier Finance Arrangements
- AASB 2023-3 - Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2
- AASB 2024-1 - Amendments to Australian Accounting Standards – Supplier Finance Arrangements: Tier 2 Disclosures.
- AASB 2023-5 - Amendments to Australian Accounting Standards – Lack of Exchangeability
- AASB 2014-10 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128)
- AASB 2022-9 - Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector
- AASB 18 - Presentation and Disclosure in Financial Statements

**Note 2. 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.

*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.

*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.

*Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

**Note 2. Critical accounting judgements, estimates and assumptions (continued)**

*Lease make good provision*

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

**Note 3. Operating segments**

The company operates as a single operating segment, and its activities are not subdivided into different operating segments for internal management purposes. Accordingly, the company does not prepare segmental financial information, as management monitors the company as a whole.

**Note 4. Revenue**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Revenue from contracts with customers</i>		
Royalty income	33,956	-
Research and development grant income	829,695	566,274
	<u>863,651</u>	<u>566,274</u>
<i>Other revenue</i>		
Other revenue	-	5
Revenue	<u><u>863,651</u></u>	<u><u>566,279</u></u>

*Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Timing of revenue recognition</i>		
Grant income and royalty income recognised at a point in time	<u><u>863,651</u></u>	<u><u>566,274</u></u>

**Note 5. Share of losses of joint ventures accounted for using the equity method**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Share of losses - joint ventures	<u><u>(4,950)</u></u>	<u><u>-</u></u>

In January 2024, the Group entered into a Joint Venture (JV) with Koda Ventures Pty Ltd, each with 50% equity in the company, Tutelix Pty Ltd (Tutelix). Tutelix is a start up company producing a biostealth hydrogel material. They are currently awaiting TGA approval for distribution.

**Tetratherix Pty Ltd**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 6. Income tax benefit**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	2,553,976	1,820,486
Tax benefit at the statutory rate of 25%	638,494	455,122
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expense - Research and Development	450,783	318,934
Non-assessable income - Research and Development grant income	(207,424)	(132,419)
Deferred tax asset not recognised	395,135	268,606
Income tax benefit	1,276,988	910,243

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	2,039,488	1,344,234
Potential tax benefit @ 25%	509,872	336,059

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

**Note 7. Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Cash at bank	126,946	260,575

**Note 8. Trade and other receivables**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Other receivables	1,494	1,495
Government grant (R&D)	829,695	529,674
GST receivable	19,765	29,174
	850,954	560,343

**Tetratherix Pty Ltd**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 9. Right-of-use assets**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Buildings - right-of-use assets	332,134	332,134
Less: Accumulated amortisation	(163,299)	(130,086)
	<u>168,835</u>	<u>202,048</u>

The consolidated entity leases buildings for its offices located at Unit 29, 33 Ralph Street, Alexandria, for 5 years with an option to renew for a further 5 years.

*Reconciliations*

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

<b>Consolidated</b>	<b>Right-of-use assets \$</b>
Balance at 1 July 2022	235,262
Amortisation expense	(33,214)
Balance at 30 June 2023	202,048
Amortisation expense	(33,213)
Balance at 30 June 2024	<u>168,835</u>

**Note 10. Other assets**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Prepayments	6,197	68,292
Other current assets	-	36,600
	<u>6,197</u>	<u>104,892</u>

**Tetratherix Pty Ltd**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 11. Property, plant and equipment**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Plant and equipment - at cost	303,435	303,435
Less: Accumulated depreciation	<u>(197,597)</u>	<u>(172,281)</u>
	105,838	131,154
Fixtures and fittings - at cost	162,230	162,230
Less: Accumulated depreciation	<u>(31,434)</u>	<u>(25,984)</u>
	130,796	136,246
Motor vehicles - at cost	19,991	-
Less: Accumulated depreciation	<u>(19,991)</u>	<u>-</u>
	-	-
	<u>236,634</u>	<u>267,400</u>

*Reconciliations*

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

	<b>Plant and equipment</b>	<b>Fixtures and fittings</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Consolidated</b>				
Balance at 1 July 2022	160,352	141,922	-	302,274
Additions	4,987	-	-	4,987
Depreciation expense	<u>(34,185)</u>	<u>(5,676)</u>	<u>-</u>	<u>(39,861)</u>
Balance at 30 June 2023	131,154	136,246	-	267,400
Additions	-	-	19,991	19,991
Depreciation expense	<u>(25,316)</u>	<u>(5,450)</u>	<u>(19,991)</u>	<u>(50,757)</u>
Balance at 30 June 2024	<u>105,838</u>	<u>130,796</u>	<u>-</u>	<u>236,634</u>

**Note 12. Intangibles**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Website - at cost	11,520	11,520
Less: Accumulated amortisation	<u>(11,520)</u>	<u>(11,520)</u>
	-	-
Other intangible assets - at cost	16,040	-
	<u>16,040</u>	<u>-</u>

**Tetratherix Pty Ltd**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**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:

	Website	Other intangibles	Total
	\$	\$	\$
Consolidated			
Balance at 1 July 2022	-	-	-
Balance at 30 June 2023	-	-	-
Additions	-	16,040	16,040
Balance at 30 June 2024	-	16,040	16,040

**Note 13. Trade and other payables**

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	38,854	215,485
Other payables	227,720	392,819
	<u>266,574</u>	<u>608,304</u>

Refer to note 22 for further information on financial instruments.

**Note 14. Borrowings**

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Loan - related parties	<u>4,950</u>	<u>488,000</u>
<i>Non-current liabilities</i>		
Loan - NSW Medical Device Fund	<u>1,769,748</u>	<u>1,687,725</u>
	<u>1,774,698</u>	<u>2,175,725</u>

Refer to note 22 for further information on financial instruments.

*NSW Medical Device Fund*

The consolidated entity has entered into a funding agreement with NSW Health Administration Corporation in October 2018. The funding is to be used for the commercialisation of TrimphDent Medical Device.

The consolidated entity is not required to make any repayment of the loan until the specific project has achieved commercial success. The applicable interest rate for the loan is calculated using the annual Consumer Price Index (CPI).

**Tetratherix Pty Ltd**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 15. Lease liabilities**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Lease liability	38,732	20,885
<i>Non-current liabilities</i>		
Lease liability	222,004	240,487
	<u>260,736</u>	<u>261,372</u>

Refer to note 22 for further information on financial instruments.

**Note 16. Employee benefits**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Annual leave	122,756	74,343
<i>Non-current liabilities</i>		
Long service leave	48,658	29,810
	<u>171,414</u>	<u>104,153</u>

**Note 17. Preference shares**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Preference shares	5,709,203	2,801,638

*Preference shares*

Class A Preference Shares (Preference Shares) are Shares which essentially carry the same rights as Ordinary Shares. Preference Shares can be converted to Ordinary Shares using a conversion price. There is no redemption option for the holder of the Preference Shares and returns are in the form of dividends at the discretion of the group.

The Preference Shares are initially recognised at fair value, net of any transaction costs directly attributable to their issuance. They are classified as financial liabilities in accordance with AASB 132 *Financial Instruments: Presentation* due to the anti-dilution clause resulting in the conversion rate to Ordinary Shares not being fixed. At IPO these preference shares will convert to Ordinary Shares and be reclassified to equity. Any interest earned will be capitalised on conversion with no liability to the company for this interest.

**Note 18. Issued capital**

	<b>Consolidated</b>			
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	37,508	35,288	2,610,970	1,886,540



**Tetratherix Pty Ltd**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 18. Issued capital (continued)**

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	35,288		1,886,540
Balance	30 June 2023	35,288		1,886,540
Issue of shares on exercise of options	19 April 2024	1,953	\$0.10	195
Share premium on exercise of share options	19 April 2024	-	\$326.22	637,107
Issue of shares on exercise of options	22 April 2024	151	\$0.10	15
Share premium on exercise of share options	22 April 2024	-	\$326.22	49,259
Issue of shares on exercise of options	31 May 2024	116	\$0.10	12
Share premium on exercise of share options	31 May 2024	-	\$326.22	37,842
Balance	30 June 2024	37,508		2,610,970

*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.

*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.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

**Note 19. Reserves**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Share-based payments reserve	1,144,550	1,536,089

*Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

**Note 20. Accumulated losses**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Accumulated losses at the beginning of the financial year	(7,978,563)	(6,158,077)
Loss after income tax expense for the year	(2,553,976)	(1,820,486)
Accumulated losses at the end of the financial year	(10,532,539)	(7,978,563)

**Tetratherix Pty Ltd**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 21. Dividends**

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

**Note 22. Financial instruments**

**Financial risk management objectives**

The consolidated entity's activities expose it to a variety of financial risks: market risk (including interest rate risk), and liquidity risk.

*Price risk*

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

*Interest rate risk*

The consolidated entity's main interest rate risk arises from long-term borrowings.

For the consolidated entity the loans outstanding with NSW Health Administration Corporation, totaling \$1,769,748 (2023: \$1,687,725), are principal and interest. The repayment of the loan is only contingent on the commercial success of the project.

The sensitivity to a reasonably possible 1% increase in the interest rates, with all other variables held constant would have impacted the profit/loss before tax as follows:

	<b>+1%</b>	<b>-1%</b>
Profit/(loss) before tax	(17,697)	17,697

**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.

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities.

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Consolidated - 2024</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	38,854	-	-	-	38,854
Other payables	-	212,711	-	-	-	212,711
Loan - related parties	-	4,950	-	-	-	4,950
Preference shares	-	5,709,264	-	-	-	5,709,264
<i>Interest-bearing</i>						
Loan	3.50%	-	-	1,769,748	-	1,769,748
Lease liability - motor vehicle	6.00%	3,023	3,048	14,178	-	20,249
Lease liability - building (incl interest)	6.00%	49,200	50,400	171,030	-	270,630
Total non-derivatives		6,018,002	53,448	1,954,956	-	8,026,406

**Tetratherix Pty Ltd**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 22. Financial instruments (continued)**

<b>Consolidated - 2023</b>	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	215,485	-	-	-	215,485
Other payables	-	361,140	-	-	-	361,140
Loan - related parties	-	488,000	-	-	-	488,000
Preference shares	-	-	2,801,638	-	-	2,801,638
<i>Interest-bearing</i>						
Loan	3.30%	-	-	1,687,725	-	1,687,725
Lease liability - building (incl interest)	6.00%	36,000	49,200	232,292	-	317,492
Total non-derivatives		1,100,625	2,850,838	1,920,017	-	5,871,480

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

The repayment of the loan in relation to the medical funds is contingent upon the commercial success of the project.

***Fair value of financial instruments***

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

**Note 23. Key management personnel disclosures**

***Compensation***

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

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	599,914	438,168
Long-term benefits	45,764	8,180
	<u>645,678</u>	<u>446,348</u>

**Note 24. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by Nexia Sydney Audit Pty Ltd, the auditor of the company:

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services</i>		
Audit of the financial statements	65,000	65,000
<i>Other services</i>		
Assistance with preparation of the financial statements	6,000	8,000
	<u>71,000</u>	<u>73,000</u>

**Tetratherix Pty Ltd**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 25. Contingent liabilities**

The group had no contingent liabilities as at 30 June 2024 and 30 June 2023.

**Note 26. Commitments**

No capital commitment have been noted as at 30 June 2024 and 30 June 2023.

**Note 27. Related party transactions**

*Parent entity*

Tetratherix Pty Ltd is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 29.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 23.

*Transactions with related parties*

Transactions with related parties during the current and previous financial year are set out below:

*Lease payments made to related parties*

The entity has a lease agreement with a related party. The following are the total lease payments made to the related party for the reporting period:

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Lease payments	36,000	36,000
Shares issued in exchange for lease payments	31,126	32,626
	<u>67,126</u>	<u>68,626</u>

All terms and conditions of the lease agreement, including the issuance of shares, were reviewed to ensure compliance with the entity's policies on related party transactions and were deemed to be on terms equivalent to those prevailing in arm's length transactions.

*Receivable from and payable to related parties*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Current receivables:		
Trade receivables from related party	-	1,495
Current payables:		
Trade payables to related party	-	164,239

**Tetratherix Pty Ltd**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 27. Related party transactions (continued)**

*Loans to/from related parties*

The following balances are outstanding at the reporting date in relation to loans with related parties:

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Current borrowings:		
Loan from other related party	4,950	488,000

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 28. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax	462,044	98,970
Total comprehensive income	<u>462,044</u>	<u>98,970</u>

*Statement of financial position*

	<b>Parent</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Total current assets	11,941,972	8,213,910
Total assets	<u>11,941,972</u>	<u>8,213,910</u>
Total current liabilities	(5,710,203)	(2,801,638)
Total liabilities	<u>(5,710,203)</u>	<u>(2,801,638)</u>
Net assets	<u>6,231,769</u>	<u>6,231,769</u>
Equity	-	-
Issued capital	(2,675,861)	(1,886,539)
Options reserve	(1,228,914)	(1,660,783)
Retained profits	<u>(2,326,994)</u>	<u>(1,864,950)</u>
Total equity	<u>(6,231,769)</u>	<u>(5,412,272)</u>

*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 2024 and 30 June 2023.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

**Tetratherix Pty Ltd**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 28. Parent entity information (continued)**

*Material accounting policy information*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in joint ventures 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 29. 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 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2024 %	2023 %
Tetratherix Technologies Pty Ltd	Australia	100.00%	100.00%
Tetratherix Industries Pty Ltd	Australia	100.00%	100.00%
Trimph IP Pty Ltd	Australia	100.00%	100.00%
Tetratherix TLX Pty Ltd	Australia	100.00%	100.00%

**Note 30. Events after the reporting period**

Capital raise of \$2.5 million was raised in November 2024 in terms of safe notes and a further \$10 million was secured in December 2024.

No other matter or circumstance has arisen since 30 June 2024 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 31. Reconciliation of loss after income tax to net cash used in operating activities**

	Consolidated	
	2024 \$	2023 \$
Loss after income tax expense for the year	(2,553,976)	(1,820,486)
Adjustments for:		
Depreciation and amortisation	83,970	73,075
Compensation expense arising from employee share options	357,452	430,704
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(290,611)	303,489
Decrease/(increase) in prepayments	98,695	(27,510)
Increase/(decrease) in trade and other payables	(341,730)	536,295
Increase in borrowings	82,023	113,914
Increase in employee benefits	42,700	2,278
Net cash used in operating activities	<u>(2,521,477)</u>	<u>(388,241)</u>

**Note 32. Share-based payments**

The assessed fair value at grant date of options granted during the year ended 30 June 2024 and 30 June 2023 were between \$308 and \$327 per option. The fair value at grant date is independently determined using an adjusted form of Black-Scholes Model which takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rates for the term of the option.

Set out below are summaries of options granted:

	Grant Date	Option life	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Group 1	1/06/2019	2.0 Years	0.10	724,430	-	(724,430)	-	-
Group 2	2/07/2020	6.0 Years	1.00	66,384	-	-	-	66,384
Group 3	13/08/2021	2.1 Years	0.50	167,922	-	-	-	167,922
Group 4	13/08/2021	4.0 Years	0.50	515,985	275,292	-	-	791,277
Group 5	15/10/2021	3.0 Years	1.00	36,296	36,346	-	-	72,642
Group 6	26/04/2022	4.0 Years	1.00	25,072	21,253	-	-	46,325
				1,536,089	332,891	(724,430)	-	1,144,550

The table below summarises the inputs for each group:

Details	Vesting Conditions	Spot Price	Strike Price	Risk-free rate	Dividend yield	Volatility
Group 1: Service-based Options	See note 1	326.32	0.10	1.11%	nil	60% to 65%
Group 2: Performance-based Options	See note 2	325.41	1.00	0.41%	nil	80% to 85%
Group 3: Service-based Options	See note 1	309.82	0.50	0.04%	nil	80% to 85%
Group 4: Performance-based Options	See note 2	309.84	0.50	0.62%	nil	80% to 85%
Group 5: Service-based Options	See note 1	308.88	1.00	0.50%	nil	75% to 80%
Group 6: Service-based Options	See note 1	308.97	1.00	2.88%	nil	65% to 70%

1. Options vest if the recipient remains employed or contracted by the consolidated entity and has not tendered or received a notice of termination as at or before the date on which the options vest (Vesting Date).

2. Options with event or performance-based vesting conditions.

**Tetratherix Pty Ltd**  
**Directors' declaration**  
**30 June 2024**

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 1 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 2024 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.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

  
**boxSIGN** 4YX8KL31-152Y29QX

Feb 25, 2025  
\_\_\_\_\_ 2025



## Independent Auditor's Report to the Members of Tetratherix Pty Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Tetratherix Pty Ltd (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the Directors' declaration.

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

- i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; 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 Group in accordance with 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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 1 'Going concern' in the financial report, which indicates that the Group incurred a net loss of \$2,553,976 during the year ended 30 June 2024, incurred operating cash outflows of \$2,521,477 and had a net asset deficiency of \$6,777,019. As stated in Note 1, these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other information

The Directors are responsible for the other information. The other information comprises the information in Tetratherix Pty Ltd's annual report for the year ended 30 June 2024, 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 the other information we are required to report that fact. We have nothing to report in this regard.

#### **Directors' responsibility 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 Group's ability 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 Group or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibility 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 the financial report is located at The Australian Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.



**Nexia Sydney Audit Pty Ltd**



**Erin Tanyag**  
*Director*

Dated: 25 February 2025