

## BIO-GENE TECHNOLOGY LIMITED – 2021 ANNUAL REPORT

Bio-Gene Technology Limited (**ASX: BGT**) is pleased to release its Final Report for the year ended 30 June 2021.

Please find attached the following documents:

- ASX – Appendix 4E
- 2021 Annual Report

The Annual Report is available on the Company's website at:  
<http://bio-gene.com.au/investor-relations/financial-reports>.

All highlights and full financial results are contained in the Annual Report.

Approved for release by the Board of Directors.

Dated: 26 August 2021



**Roger McPherson**  
Company Secretary

- ENDS -

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### About Bio-Gene Technology Limited

Bio-Gene is an Australian agtech company enabling the next generation of novel insecticides. Bio-Gene's novel platform technology is based on a naturally occurring class of chemicals known as beta-triketones.

Beta-triketone compounds have demonstrated insecticidal activity (e.g. kill or knock down insects) via a novel mode of action in testing performed to date. This platform may provide multiple potential new solutions for insecticide manufacturers in applications across crop protection and storage, public health, animal health and consumer applications. The Company's aim is to develop and commercialise a broad portfolio of targeted insect control and management solutions.

## APPENDIX 4E

### BIO-GENE TECHNOLOGY LIMITED ABN 32 071 735 950

#### PRELIMINARY FINAL REPORT

Current reporting period  
Previous corresponding period

Year ended 30 June 2021  
Year ended 30 June 2020

Results for announcement to the market

Results for discontinued operations to the market		
	\$	% increase /(decrease) over previous corresponding period
Revenue from continuing activities	62,610	(49%)
(Loss) from continuing activities after tax attributable to members	(2,396,264)	24%
Net (loss) for the period attributable to members	(2,396,264)	24%
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	N/A	N/A
Interim Dividend	N/A	N/A
Record date for determining entitlements to the dividends (if any)	N/A	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood: N/A		

#### Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

#### NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security (cents per share)	2.6 cents	3.7 cents

#### Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control gained	N/A
Profit / (loss) from ordinary activities after tax of the controlled entity since the date in the current period on which control was acquired.	N/A
Profit / (loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.	N/A

#### Loss of Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
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#### Details of Associates and Joint Venture Entities

Name of Entity (or group of entities)	N/A
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**Foreign Entities Accounting Framework**

For foreign entities provide details of which accounting standards have been adopted (e.g. International Accounting Standards) N/A

**Audit/Review Status**

**This report is based on accounts to which one of the following applies:**

(Tick one)

The accounts have been audited

✓

The accounts are in the process of being audited

**If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification:** N/A

**Attachments Forming Part of Appendix 4E**

The Company's final 2021 Annual Report is attached and forms part of the Appendix 4E



**Roger McPherson**  
**Company Secretary**  
26 August 2021

# Annual Report 2021



**BIO-GENE**  
TECHNOLOGY  
LTD

## WHO WE ARE

Bio-Gene is an Australian agtech development company enabling the next generation of novel insecticides, addressing the global challenges of food security and public health, whilst dealing with the increasing concerns over insecticide resistance and toxicity. Its novel platform technology is based on naturally occurring beta-triketones, a type of chemistry that offers new solutions for insect management in crop protection (including grain storage), public health, consumer applications and animal health.

Insecticide resistance is a growing problem. Almost 600 insect types (as well as other arthropod pests such as ticks and mites) are resistant to more than one insecticide class<sup>1</sup>. In terms of public health, over 60 countries have reported mosquito resistance to at least one insecticide class<sup>2</sup>. With insect-borne diseases such as malaria, Zika and dengue fever becoming more widespread and only limited solutions available to address this expansion, the problem of insecticide resistance is expected to grow.

Many of the insecticide classes currently in use have toxicity profiles that pose mounting human and environmental problems, especially in agriculture where both crops and livestock can be continually exposed to these compounds. The global insecticide market is valued at in excess of US\$31 billion per annum. Our research to date indicates that Bio-Gene has a significant opportunity to disrupt the current paradigm by developing an insect control solution that is targeted, safer, has low environmental impact and is cost effective to use.

Flavocide™ and Qcide™ are our lead beta-triketone insecticide products identified in extracts of specific Australian native flora that have been shown to have insecticidal activity. Flavocide is a chemically synthesised, nature-identical compound. Our research has determined flavesone has a novel mode of action versus all other insecticides on the market today. We have demonstrated flavesone efficacy when used alone, or in combination with other existing insecticides on resistant populations of certain pests, and it therefore has the potential to address existing insecticide resistance to other chemistry. Qcide is a natural extract containing high levels of tasmanone and is suitable for situations where a 100% natural product is preferred.

Our strategic objective is to generate multiple revenue streams from technology licensing fees, milestone payments and royalties by securing and owning active ingredient product registrations, developing proprietary manufacturing and production knowhow and working with strong commercial partners on product development and marketing and distribution.



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<sup>1</sup> Sparks & Nauan, 2015: "IRAC: Mode of action classification and insecticide resistance management"

<sup>2</sup> World Health Organisation, 2016: "WHO welcomes new initiative to combat insecticide resistance"



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## CHAIRMAN'S AND CEO'S REPORT

Dear Shareholder,

On behalf of the Bio-Gene Technology Ltd Board and management team, we are pleased to present our 2021 Annual Report.

Bio-Gene achieved a number of significant milestones in the 2021 financial year, resulting in positive progress towards our research, regulatory, manufacturing and commercialisation objectives. In particular, we were able to advance key stages of our collaborative programs relating to both stored grain pest control and mosquito control and we generated data which clearly reinforces our claim to a Novel Mode of Action.

The collaborative research program relating to stored grain pest control involves a partnership between Bio-Gene; BASF, the world's leading chemical company; GRDC, Australia's national grains research, development and extension investment body; and the Queensland Department of Agriculture and Fisheries (DAF), recognised experts in the field of stored grain pests. This program has now completed the laboratory-based Stage 2 studies and the interim point of the Stage 3 field-treatment residual efficacy study.

The Stage 3 interim results showed that Flavocide, in combination with low rates of other chemistry groups, controlled all key targeted stored grain pests (including highly resistant strains) for the initial period of 3 months. These results provide further confidence in the commercial viability of Flavocide in stored grain applications. The project is progressing well, with the parties agreeing to extend the trial out to 9 months based on these positive results. The 9-month results are expected to be available for review by the end of this calendar year and will be reported in the first quarter of CY2022.

The involvement of BASF and GRDC in this project is significant to Bio-Gene as it provides third-party validation of our technology as well as identifying the pathway for commercialisation by having both the grains industry and a commercial partner involved from an early stage.



The second partnership, which is well underway, is with Clarke Mosquito Control Inc. (Clarke) which focuses on developing both Flavocide and Qcide for use in public health mosquito control in the Americas. Key evaluations were completed during the financial year, with further results and next steps expected to be announced in Q3 of CY2021. The program with Clarke combines Bio-Gene products with Clarke's formulation and application technology, aiming to enhance field performance and effectiveness in mosquito management programs.



In order to develop additional opportunities for Bio-Gene's compound across a number of market segments, we have continued to work with other companies to facilitate evaluation of our products, with the aim of replicating the Clarke and BASF/GRDC projects into programs leading to the development of commercial products. Bio-Gene, together with these international companies, has agreed on specific testing protocols and target pests, whilst ensuring we can access and discuss ongoing results whilst protecting our Intellectual Property throughout the process.

During the year the Company announced further positive results from its eco-toxicity tests that add to the regulatory application packages being developed by the Company. Bio-Gene has also engaged the services of an international regulatory consultancy group to undertake detailed data gap analysis to refine regulatory requirements and strategic pathways for registration in the USA and Europe. This will assist in focusing future studies to streamline the registration process whilst meeting the priorities of our potential commercial partners. We are very confident that our results to date support the targeted applications for our products and form a solid basis for the future work required to achieve our registration goals. Our approach focuses on developing a data package for both of our molecules which will support regulatory approval across our key target market segments.

In addition, the Company continued its work at Purdue University focused on mosquitoes and has also commenced working with the University of Florida on studies with houseflies, including resistant strains. Results achieved to date support the use of Flavocide and Qcide in both consumer and professional markets further highlighting the benefits of a novel mode of action. Important work has also been undertaken in relation to the potential of Flavocide and Qcide in crop pest control.

During the year, we met some key milestones in relation to the validation and optimisation of our production and manufacturing processes. With our manufacturing partner Boron Molecular, we advanced the scale up of Flavocide production and commenced our 5-batch production validation, which is an essential step for demonstrating the ability to manufacture product consistently, as well as providing data required as part of the registration dossier. With James Cook University, we completed the review of modifications to our extraction process from the last harvest and confirmed the proposed future adjustments to equipment to realise yield improvements of Qcide at the next harvest, later this calendar year.

Our I.P. has been significantly enhanced with the allowance of two new patents in Australia that will provide protection to 2038, whilst applications in other geographic jurisdictions have progressed to the examination phase.

The Company completed its Mode of Action (MoA) studies which confirm a definitive target site of Flavocide in insects. These results represent a key milestone in the development of Bio-Gene's proprietary insecticide technology and presents the opportunity to more emphatically promote this key benefit of our technology. Categorically identifying the primary target site of the unique MoA for Flavocide and Qcide enables increased engagement with both industry experts and commercial companies who are looking to find new chemistry to develop effective commercial products.

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These results also provide critical information that will be important in creating validation data which will ultimately enable Bio-Gene to apply for a “new class of chemistry” with IRAC (Insecticide Resistance Action Committee), a specialist technical group of the global industry association CropLife. A unique classification means Flavocide, and other beta-triketone-based insecticides such as Bio-Gene’s Qcide, would be incorporated into current and future Resistance Management Programs developed by the industry for specific pest/crop situations.



We were delighted to announce additions to our Board of Directors with the appointments of Dr. Peter Beetham, Mr. James Joughin and Mr. Andrew Guthrie during the year. These directors add significantly to the skillset of the existing Board, bringing expertise in the form of agtech development from early stage to registration and beyond, as well as experience in capital markets, corporate governance/risk management and deal-making to the Boardroom. Former Directors, Donald Brumley and Kevin Rumble retired at the 2020 AGM.

The past financial year also saw increased levels of engagement with shareholders, potential investors and other relevant stakeholders. We invested in a stronger social media presence via platforms such as LinkedIn and Twitter and presented at investor and industry briefings to help build the profile of the company and attract investor support. This will continue to be a key priority over the next 12 months and beyond.

During the year ahead we will continue to work with potential partners with the aim of advancing our technology towards commercial partnerships. We continue to develop multiple product development opportunities and multiple options for generating income and value via a range of potential commercial structures.

We take this opportunity to thank our fellow Directors, our employees, our adviser to the Board, Doug Rathbone, our scientific advisors and everyone who has worked with Bio-Gene during the past year for their valuable contribution. We also thank you our shareholders for your ongoing support and we look forward to sharing updates with you as we make further progress during FY2022.



**Robert Klupacs**  
Non-Executive Chairman



**Richard Jagger**  
Chief Executive Officer and Managing Director

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## DIRECTORS' REPORT

The Board of Directors of Bio-Gene Technology Limited ("Bio-Gene" or the "Company") has resolved to submit the following report together with the financial statements of the Company for the year ended 30 June 2021.

### Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report:

Mr. Robert Klupacs (Chairman)  
Mr. Richard Jagger (Managing Director and CEO)  
Mr. Peter May (Executive Director, Research and Development).

Dr. Peter Beetham, Mr. James Joughin and Mr. Andrew Guthrie were appointed as non-executive directors on 21 December 2020, 1 March 2021 and 26 April 2021 respectively and continue up to the date of this report.

Messrs. Donald Brumley and Kevin Rumble were directors from the beginning of the financial year until their retirements at the 2020 Annual General Meeting which was held on 26 November 2020.

Details of each director's qualifications and special responsibilities, together with meetings attended, are set forth in other parts of this report.

### *Company Secretary:*

Mr. Roger McPherson

### Principal activities

The principal activity of the Company is to pursue the development and commercialisation of insecticide products.

Bio-Gene's lead beta-triketone insecticide products are Flavocide™ (flavesone), a synthetically produced nature-identical compound, and Qcide™, a natural plant-derived oil with high levels of tasmanone. Research to date indicates insecticidal activity of these products via a novel mode of action with the potential to overcome existing insecticide resistance in pest populations.

Bio-Gene is seeking to commercialise these products via partners as insecticide formulations for use in a range of target markets.

### Review of operations

Key achievements during the period include:

- Strong progress made on commercialisation strategy
- Several international companies of significance in our key target market segments have conducted in-house testing of Flavocide and Qcide
- Advancement of Bio-Gene's research and development programs for both Flavocide and Qcide, confirming our relevance to major insecticide markets globally
- Advancement of the toxicology and ecotoxicity studies and the appointment of industry experts to assist us in developing an international registration package for Flavocide and Qcide
- Strengthening of our IP position with two new patents being allowed in Australia. In addition, expanding our intellectual property regarding manufacturing techniques that offers significant value to the company

### **Commercial Advancements**

One of the key areas of focus for the Company during the year has been the on-going engagement and continuing discussions with a number of international companies, as they continue to review the potential of Flavocide and Qcide under material transfer agreements (MTAs) or collaborative research agreements, for their product portfolios. Bio-Gene works closely with these international companies to develop and review programs utilising specific testing protocols on agreed target pests.

### Stored grain pest project

During the year we completed the lab-based Stage 2 studies and progressed to Stage 3 field treatments as part of the collaborative research program into stored grain pest control with BASF, Grains Research and Development Corporation (GRDC), and Queensland Department of Agriculture and Fisheries (DAF).

Stage 2, identified product combinations of Flavocide with existing compounds for control of all key stored grain pests, being the Lesser grain borer, Flour beetle, Saw-toothed beetle, Flat grain beetle and Rice weevil. Stage 2 studies were conducted in the laboratory using wheat grain stored under controlled conditions and involved two combination rates aimed at reducing the quantity of chemical required to provide control of the full range of resistant strains of these major stored grain pests. The results with both combination products showed high levels of control of first-generation (offspring) populations of all target species.

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## DIRECTORS' REPORT

Stage 3 was initiated in early CY2021 and involved field treatment of a single combination of Flavocide with low rates of other chemistry groups. Interim results showed that this treatment controlled all key targeted stored grain pests (including highly resistant strains) over the initial period of 3 months. These results provide further confidence in the commercial viability of Flavocide in stored grain applications. This project is progressing well, with the parties agreeing to extend the trial out to 9 months based on these positive results. The 9-month results are expected to be available for review by the end of this calendar year and will be reported in the first quarter of CY2022. Additional studies to confirm activity of Flavocide in grains (maize, barley) other than wheat are also being undertaken as part of this project.

### Mosquito Control

The development work underway with Clarke Mosquito Control on Flavocide and Qcide for development of vector control products in the United States continues to progress well. We are anticipating further results in Q3 CY2021 as we work with Clarke on the next steps of the program. Our conversations with Clarke continue to be positive and we will provide updates to the market in due course.

### Other applications

Evaluation of our two lead molecules continues under our existing and new MTAs across a number of product applications. The next steps for these evaluations will be to develop advanced agreements with some of these commercial companies, similar to the on-going agreements we have with BASF and Clarke. It is an important part of Bio-Gene's strategy to continue to foster additional applications and markets for our products, and develop a pipeline of future commercial relationships that have the potential to lead to revenue generating opportunities.

### ***Development of Active Ingredient International Registration Package***

Developing the comprehensive product data package to support our regulatory approvals is critical to our overall strategy. Our initial focus has been on the regulatory requirements for Australia through the APVMA (Australian Pesticides & Veterinary Medicines Authority). To confirm the requirements of registration in additional geographies, Bio-Gene engaged the services of an international regulatory consultancy group during the year to undertake detailed data gap analysis to define regulatory requirements and strategic pathways for registration of Flavocide and Qcide in the USA and Europe. This will assist in focusing future studies to streamline the registration process and ensure the most efficient use of our resources, while meeting the priorities of our potential commercial partners as identified in on-going discussions. We are very confident that our results to date support the targeted applications for our products and form a solid basis for the future work required to achieve our registration goals. Our approach focuses on developing a data package for both molecules which will support regulatory approvals across our key verticals in our partners' major markets. A 'read-across' strategy is also being implemented that allows data generated on one of our products to be used for the registration package of the other. The approach will ultimately save time and resources in our registration process.

In December 2020/January 2021, the Company announced positive results from preliminary soil eco-toxicity testing studies and eco-toxicity testing with Flavocide on the Mallard duck and Rainbow trout – two important benchmark species. These studies positively build on the previous eco-toxicity studies performed on a range of organisms to further profile the effects of Flavocide on non-target organisms within soil-based ecosystems and are part of the strategic development of registration enabling data.

Most importantly, these data will also aid product registrations and support promotion of Bio-Gene products to potential commercial partners.

### ***Efficacy: Internal Programs***

#### *Mosquitos*

Bio-Gene has continued to work closely with Professor Catherine Hill at Purdue University as part of our research programs targeting mosquitos and other disease-vectoring pests. Current studies on mosquitoes are investigating the ability of our products to interfere with the behaviour and feeding of mosquitoes as well as the spatial effects from the vapour phase.

#### *Flying Insects*

Discussions with companies involved in insect control in consumer markets have continued to highlight significant interest in Qcide as a natural insecticide for the control of household pests, in particular flying insects, such as houseflies and mosquitoes. The Company has therefore continued efficacy studies to demonstrate the effectiveness of Qcide for these uses.

During the year, the company engaged with researchers at the University of Florida (UF) to test Qcide and Flavocide against resistant strains of flying insects, initially with houseflies. This is an extension of work undertaken at the University of Technology in Sydney that confirmed activity against house flies. The UF studies extend this work by focusing on insect strains resistant to commonly used insecticides. Phase one testing with UF confirmed the activity of both Qcide and Flavocide against resistant strains showing a close alignment in their dose response curves between both the resistant and susceptible strains. Phase two will explore synergistic traits that might be evident in combination treatments of Qcide or Flavocide with other compounds. This project will greatly assist the positioning of both products for flying insect control in consumer and professional pest control markets.

### ***Other Pest Research in Europe***

Bio-Gene is also working with leading contract research organisations (CROs) to conduct a range of studies with our products which are designed to support and build upon previous internal studies, to identify new market opportunities and to further our understanding of the technology. Our UK-based CRO is currently undertaking studies with Flavocide and Qcide on crop and other segment pests to broaden the scope of pests targeted, including resistant strains, and evaluate combination effects on efficacy, and efficacy against insect life stages. These studies are now underway and will help support the proposition for specific target pest applications in our discussions with potential commercial partners.

### ***Manufacturing***

#### *Flavocide*

During the year we have continued to work with our manufacturing partner, Boron Molecular, to finalise the scale up of Flavocide production, with the aim of completing the 5-batch pilot scale production validation. This is an essential step for demonstrating the ability to manufacture product consistently, as well as providing product chemistry data required as part of the registration dossier. It will also enable the finalisation of the product specification for the technical grade material, and the provision of product for use in definitive toxicological and other registration-enabling studies.

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## DIRECTORS' REPORT

### *Qcide*

During the year we completed two harvests and guided by experts from James Cook University, we completed modifications to the on-farm oil extraction system. We incorporated the learnings from our laboratory findings aimed at realising additional yield improvements through optimising processing conditions. We also undertook experiments involving manipulation of the biomass to further enhance oil extraction. Most importantly, we completed production under controlled conditions of five batches of Qcide oil that demonstrated excellent consistency of the process under commercial conditions. This will enable establishment of the product specification, in particular a minimum level of tasmanone, and will form a key component of our product chemistry data package to support registration of Qcide oil as an active constituent.

We are also continuing the collaboration with James Cook University to improve tree quality through tree selection that aims to enhance biomass production, oil content in biomass and the chemical profile of the oil.

### **Mode of Action (MOA)**

In February 2021, the Company announced the successful completion of MoA studies which confirmed the primary target site of Flavocide in insects. These results represent a key milestone in the development of Bio-Gene's proprietary insecticide technology and presents the opportunity to more emphatically promote this key benefit of our technology.

Categorically identifying the site of the unique MoA for Flavocide and Qcide enables increased engagement with both industry experts and commercial companies who are looking to find new chemistry to develop effective commercial products.

These results also provide critical information that will be important in creating validation data which will ultimately enable Bio-Gene to apply for a "new class of chemistry" with IRAC (Insecticide Resistance Action Committee), a specialist technical group of the global industry association CropLife. A unique classification means Flavocide, and other beta-triketone-based insecticides such as Bio-Gene's Qcide, would be incorporated into current and future Resistance Management Programs developed by the industry for specific pest/crop situations.

IRAC has identified only 32 groupings of chemistry showing unique MoAs, most of which have now been impacted significantly by resistance or concerns over their toxicity profile. The last grouping to offer significant disruptive technology was Group 28 Diamides, introduced to the market in 2008. Current sales of Diamide chemistry are estimated to exceed US\$2.3 billion.

While a submission to IRAC regarding classification is not expected until closer to registration, the Company will share the results of our MoA studies with companies already reviewing Bio-Gene's technology to provide guidance in testing and product development as they look for novel ways to address resistance management and insect control.

### **Intellectual Property Position**

In June 2021 we announced the allowance of two of new patents in Australia. Similar applications for these patents are advancing in selected overseas jurisdictions of commercial importance. These patent applications cover specific applications of platforms in the control of resistant pest populations when used alone and in combination with other chemistries and provide patent protection out to 2038.

### **Building Our Expertise and Experience**

#### *Board of Directors*

As reported at the 2020 AGM, the Company has assessed the skills matrix required to meet the needs of our evolving business. In particular we identified the need to obtain Board level expertise in the form of experienced agtech development from early stage to registration and beyond as well as experience in capital markets, corporate governance / risk management and deal-making.

In December 2020, the Company was very pleased to announce the appointment of Dr. Peter Beetham as a Non-executive Director. Dr. Beetham has over 30 years of experience in the bio-agriculture community, with a passion for moving technology to commercial application. He has a broad cross-section of technical, regulatory, commercial, intellectual property licensing and capital markets experience and a successful track record of developing agricultural biotechnology through to commercial licensing outcomes.

In March 2021, the Company was very pleased to announce the appointment of Mr. James Joughin as a Non-executive Director. James is a highly experienced ASX listed and private company Director. He is currently the Non-Executive Chairman at Spirit Technology Solutions Ltd (ASX:ST1) and a Non-Executive Director at Mydeal.com.au Ltd (ASX:MYD), Viridian Financial Group Ltd (an unlisted public company) and Melbourne Institute of Technology Pty Ltd. Past directorships have included companies in healthcare, engineering, and veterinary products. Prior to his career as a non-executive director, James was a Partner in a Big 4 accounting professional services firm and led the Melbourne office corporate finance section in the areas of mergers & acquisitions, IPO's, debt and equity raisings and private equity.

In April 2021, the Company was very pleased to announce the appointment of Mr. Andrew Guthrie as a Non-executive Director. Andrew has dedicated his career to agriculture and worked for 32 years with one of the world's leading agriculture companies, Syngenta, and predecessor companies around the world. During his career, Andrew led business growth in developed and emerging markets by creating country operating businesses with the right culture, capability, people and business strategies to access attractive market segments that constituted tens of millions of grower customers in some countries. Andrew has a strong understanding of corporate governance and the risk management required to successfully grow business in emerging markets. Andrew was part of Syngenta's Global Crop Protection Leadership team that was responsible for business strategy that leveraged Syngenta's extensive research and development capability to invent, gain regulatory approval and launch new products, including insecticides, to agricultural markets globally.

These appointments complete the review and renewal of the board structure following the retirements of Messrs Brumley and Rumble. At this stage the Company is confident that the Board, supplemented where necessary with advisors, now has the required skill sets to take Bio-Gene to the next stage of its development.

#### *CEO*

CEO Mr Richard Jagger moved to a full-time role with the Company, effective 1 January 2021, having previously been engaged on a four-day per week basis. This has facilitated increased management focus across the range of business development and commercial partnership activities, as well as providing for closer levels of market engagement.

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## DIRECTORS' REPORT

### *Scientific Advisors*

Bio-Gene continues to utilise external expertise to support and enhance its limited internal resources. Professor Catherine Hill provides guidance on the science program, Neil Anderson is facilitating the Flavocide manufacturing scale up program, Professor Andrew Bartholomaeus and DTS Regulatory Consultants provide regulatory guidance, and Doug Rathbone offers support to the board and management on the Company's commercial strategy. In addition to these resources, other consultants are identified and engaged where appropriate to support the Company's regulatory and commercialisation progress.

### *Investor Communications*

During the year, Bio-Gene has reviewed its Communications Strategy and stepped-up engagement initiatives with shareholders, potential investors and other relevant stakeholders. During the year the Company has:

- Updated its LinkedIn page - <https://au.linkedin.com/company/bio-genetechnology>;
- Launched a Twitter Profile - <https://twitter.com/biogenetechltd>;
- Presented at a number of investor briefings and interviews; and
- Developed a clear roadmap for continued presentations and updates over the course of the year

Due to the on-going issues with COVID-19 restrictions across the country, it has been very difficult to conduct briefings in person, however we continue to use electronic platforms to conduct virtual meetings. In addition, we continue to build on our social media interactions with regular communications on company activities and global issues relevant to our business development activities. These and on-going updates can be found on our social media pages:

We also conducted interviews with industry leader Doug Rathbone and Catherine Hill, Professor of Entomology at Purdue University, touching on the emerging trends and issues evident in the markets we are focussed on. Videos of these interviews can be found on our website at [www.bio-gene.com.au](http://www.bio-gene.com.au).

The Company will continue to focus on investor briefings and industry presentations going forward.

### *COVID-19*

The pandemic has had no significant impact on the Company's business processes or commercialisation strategy, despite the inability to travel internationally to meet with potential partners. There have been some minor delays experienced by some of the overseas research laboratories testing our products but pleasingly, there has been minimal impact on Australian-based research work including that being undertaken by Queensland DAF in relation to the collaborative project with BASF and GRDC on grain storage pests. It is of note that despite some interstate travel restrictions, we were still able to undertake two complete harvests in North Queensland, with associated on-farm experimentation, as part of the Qcide production project with James Cook University.

## Financial summary

The financial results of the Company for the year ended 30 June 2021 are summarised as follows:

### *Statement of financial position:*

- Cash held of \$3,933,195 (2020: \$5,521,868) at reporting date. This decrease represents the Company's ongoing investment in its research and development programs and commercialisation activities during the financial year.
- The Company's policy is to hold its cash and cash equivalent deposits in "A" rated or better deposits.
- The Company's strategy is to outsource product development expenses including manufacturing, regulatory and trial expenses, to specialist, best of breed partner organisations. Therefore, the Company has not incurred any major capital expenditure for the period and does not intend to incur substantial commitments for capital expenditure in the immediate future.

### *Operating results:*

- The Company produced a loss from ordinary activities after income tax of \$2,396,264 (2020: \$1,933,099).
- Total revenue including other income during the period was \$642,199 (2020: \$1,136,609). This revenue included the R&D Tax Incentive of \$510,509 (2020: \$784,784), Government grants of \$30,966 (2020: \$64,549), Government stimulus \$Nil (2020: \$100,000), Research Collaboration receipts of \$60,000 (2020: \$120,000) interest of \$38,114 (2020: \$64,481) and Licence Fees of \$2,610 (2020: \$2,795).
- Total operating expenses for the period were \$3,038,463 (2020: \$3,069,709). Research and development costs have been expensed in the year in which they were incurred.
- Basic and diluted net loss per share increased to 1.75¢ (2020: 1.62¢) due to the increase of the loss.

### *Statement of cash flows:*

- The Company's cash outflow from operations over the period was \$1,825,522 (2020: \$1,644,691).

## Capital Raising

During the prior year Bio-Gene undertook a Share Placement and conducted a Share Purchase Plan (SPP) that were announced in May 2020. The Share Placement and SPP raised a total of \$2,828,000.

At 30 June 2021 the Company had 153,633,357 (2020: 151,116,276) shares on issue. Refer to Note 15(a) for further detail of movements in issued capital.

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## DIRECTORS' REPORT

### Earnings per share

	2021	2020
Basic loss per share from continuing operations	(1.75¢)	(1.62¢)
Basic diluted loss per shares from continuing operations	(1.75¢)	(1.62¢)

### Dividends

No dividends were paid or declared during the course of the financial year and no dividends are recommended in respect to the financial year ended 30 June 2021.

### Likely developments and expected results of operations

The Company will continue to fully evaluate Flavocide and Qcide in a range of market applications, and to develop a comprehensive data package to support product registrations in Australia and internationally.

Disclosure of information, in addition to that provided in this report, regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

### Significant changes in state of affairs

Other than as detailed in this Annual Report there were no significant changes to the state of affairs of Bio-Gene Technology Limited during the year.

### Business strategies and prospects

The Company's strategy is to develop its proprietary technologies to a point where they can be licensed and/or partnered with an agricultural, chemical or biotech partner for further development and ultimately released to the market. Bio-Gene would generate milestone payments and royalty revenues from such transactions.

#### *Material business risks:*

The Company's operations and business prospects are subject to a number of risks. The Board regularly reviews the possible impact of these risks and seeks to minimise this impact through a commitment to its corporate governance principles and risk management function. However, not all risks are manageable or within the control of the Company. The key business risks faced by the Company that are likely to have an effect on its future prospects include:

#### *1. Laboratory and Field Trials*

Development of the Company's products may fail for a number of reasons including lack of efficacy, toxicity or adverse side effects. Failure can occur at any stage of the trials, requiring the Company to abandon or repeat trials. The Company or the relevant regulatory authorities may suspend the Company's trials at any time if it appears that the trials could potentially result in unacceptable health risks.

#### *2. Manufacturing/production*

The Company has successfully manufactured product at a scale sufficient to conduct the trials that have been undertaken to date. The Company is now working on improving the production process to allow for cost effective manufacturing at scale. With any chemical production process, however, there is inherent variability which cannot be controlled and therefore the yields of finished product can vary. The Company's production technologies have also not been tested at a scale sufficient to make commercial quantities of a product in the event that it proves successful and can be brought to market and are therefore subject to risk of failure or high costs.

#### *3. Out-licencing*

The Company is relying on its ability to be able to out-licence its products at a time deemed appropriate. The agricultural industry is highly competitive and numerous entities around the world compete with the Company to discover, validate and commercialise insecticides. The Company's competitors may discover and develop products in advance of the Company and/or products that are more effective than those developed by the Company. As a consequence, the Company may not be able to out-licence its products or not be able to out-licence its products for the desired returns, resulting in adverse effects on revenue and profitability.

#### *4. Sufficiency of funding*

The Company has limited financial resources and may need to raise additional funds from time to time to finance the development and commercialisation of its products and its other objectives. The Company's product development activities may never generate revenues and the Company may never achieve profitability. The Company's ability to raise funds in the future will be subject, among other things, to factors beyond the control of the Company and its Directors including cyclical factors affecting the economy and share markets generally. The Directors can give no assurance that future funds can be raised by the Company on favourable terms, if at all.

#### *5. Third party collaborations*

The Company has established and intends to continue to establish collaborative relationships to achieve its product development objectives. The Company does not have all the resources that it needs to internally develop its product candidates through to full development and to launch marketable products and relies on its ability to maintain and enter into collaborative and licencing relationships to achieve this objective and relies on its collaborators to fulfil their responsibilities. Any failure by these collaborators to fulfil their responsibilities could adversely impact the Company.



## DIRECTORS' REPORT

### Insurance and indemnification

During the financial year, the Company paid a premium in respect of a contract insuring the Directors and Company Secretary (as named above), and all executive officers of the Company against a liability incurred when acting in their capacity as a Director, Company Secretary or executive officer to the extent permitted by the Corporations Act 2001. Further disclosure required under section 300(9) of the Corporations Act 2001 is prohibited under the terms of the insurance contract.

Other than to the extent permitted by law, the Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or any other related body corporate against a liability incurred as such by an officer or auditor.

### Environmental issues

The company's operations are not currently regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

### Auditor's Independence Declaration

A copy of the auditor's declaration under Section 307C in relation to the audit for the year ended 30 June 2021 is included in this report.

### Auditor

JTP Assurance continues in office in accordance with Section 327 of the *Corporations Act 2001*.

### Non-audit services

The Company did not employ the auditor on assignments additional to their statutory audit duties during the year.

Accordingly, no amount was paid or payable to the auditor (JTP Assurance) for non-audit services provided during the year. Details of amounts paid or payable for audit services are set out below.

The Board of Directors has considered the position and is satisfied that the planned provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in Professional Statement APES 110, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2021 \$	2020 \$
<b>Audit services</b>		
JTP Assurance:		
Audit and review of financial reports and other audit work under the Corporations Act 2001	30,000	28,000
<i>Total remuneration for audit services</i>	<u>30,000</u>	<u>28,000</u>
<b>Other advisory services associated with the audit firm</b>		
Jeffrey Thomas & Partners		
Advice on taxation and other matters and review and lodgement of corporate tax returns	4,500	5,800
<b>Total remuneration</b>	<u><u>34,500</u></u>	<u><u>33,800</u></u>

No officers were previously partners of the audit firm JTP Assurance.

### 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.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the Corporations Act 2001.

## DIRECTORS' REPORT

### Options issued

On 6 May 2021 the Company issued 2,500,000, options for equity and advisory services.

Details of options currently on issue are:

	<i>Options Issued</i>	<i>Exercise Price</i>	<i>Expiry</i>
Options – issued 6 May 2021	2,500,000	25 cents	06/05/2024

Further details in respect of these options are included in Note 15(b).

### Meetings of directors

The number of meetings of the Company's Directors (including committee meetings of Directors) held during the year ended 30 June 2021 and the numbers of meetings attended by each Director were:

<i>Director</i>	<i>Board of Directors</i>		<i>Remuneration &amp; Nomination Committee<sup>1</sup></i>		<i>Audit &amp; Risk Committee<sup>1</sup></i>	
	<i>Held and Eligible to Attend</i>	<i>Attended</i>	<i>Held and Eligible to Attend</i>	<i>Attended</i>	<i>Held and Eligible to Attend</i>	<i>Attended</i>
Robert Klupacs	16	16	1	1	1	1
Richard Jagger <sup>2</sup>	16	16	0	0	0	1
Peter Beetham <sup>3</sup>	7	7	7	6	4	4
James Joughin <sup>3</sup>	5	5	1	1	1	1
Andrew Guthrie <sup>3</sup>	4	4	1	1	1	0
Peter May	16	16	0	0	0	0
Donald Brumley <sup>4</sup>	6	6	0	0	0	0
Kevin Rumble <sup>4</sup>	6	6	0	0	0	0

1. The Remuneration & Nomination and Audit & Risk Committees were established by resolution of the Board on 30 March 2021.
2. While Richard Jagger was not a member of the Audit & Risk Committee he was invited to attend these meetings.
3. Dr. Peter Beetham, Mr. James Joughin and Mr. Andrew Guthrie were appointed as non-executive directors on 21 December 2020, 1 March 2021 and 26 April 2021 respectively.
4. Messrs. Donald Brumley and Kevin Rumble retired on 26 November 2020.

## DIRECTORS' REPORT

### Information on directors and key management personnel in office during or since the end of the financial year and to the date of this report

Name and Position	Qualifications and Experience	Particulars of interests in shares and options of Bio-Gene Technology Limited		
		Shares	LSP Shares (Vested)*	LSP Shares (Not Vested)*
<b>Non-Executive Chairman</b>	Robert is an Australian registered patent attorney who has had a wide and successful career to date within both private and publicly traded companies as well as the academic arena. He has over 30 year's corporate experience in the international technology development arena.	311,244	3,320,000	-
Robert Klupacs				
BSc (Hons) Grad Dip IP Law, Australian Registered Patent and Trademark Attorney	His corporate development experience encompasses, healthcare, software, scientific instrumentation, food technologies and enabling agricultural technology. He has deep expertise and experience in all facets of corporate development including: IP licensing, patenting, intellectual property strategy and management, joint venture creation and management, fund-raising (private and public markets), corporate and scientific due diligence, technology and corporate acquisitions, corporate compliance and corporate governance and academic liaison. He is the Founder of 28 companies in Australia and Singapore. He is a highly experienced professional Director having been an Executive or Non-Executive Chairman/Director on over 24 different corporate entities. He was previously a member of the Pharmaceutical Industry Group and a past member of the Victorian Biotechnology Advisory Committee.			
Chair of Remuneration & Nomination Committee				
Member of Audit & Risk Committee				
	Director of Bio-Gene Technology Limited since 29 May 2015.			
	Other Directorships of listed companies over the past three years: None.			
<b>Managing Director and Chief Executive Officer</b>	Richard has over 25 years' experience in the Agricultural sector, working for Fortune 500 companies around the world. He managed the introduction of Australia's first agricultural biotech products into the cotton sector. Having worked as a senior executive manager for Monsanto he has extensive knowledge of the local ag industry, as well as the major Crop Protection companies globally.	580,407	625,000	3,502,003
Richard Jagger				
B.Sc.(Hons), Masters of International Business, GAICD	Prior to joining Bio-Gene he co-created the Australian subsidiary of Sinochem – one of the largest Crop Protection companies in China – in the role of Managing Director.			
	He was previously a board member of Crop Life Australia, and is a founding member of Victoria's Cleantech Cluster, designed to support, consolidate and promote clean, sustainable technology for use around the world. Richard is also a director of Agriculture Victoria Services (AVS), which provides expert IP management, commercialisation, R&D collaboration and technology investment services to maximise the adoption and impact of the research capabilities and IP assets of AVR.			
	Director of Bio-Gene Technology Limited since 26 April 2017.			
	Other Directorships of listed companies over the past three years: None.			

## DIRECTORS' REPORT

Name and Position	Qualifications and Experience	Particulars of interests in shares and options of Bio-Gene Technology Limited		
		Shares	LSP Shares (Vested)*	LSP Shares (Not Vested)*
<b>Non-Executive Director</b>	Peter has over 30 years of experience in the bio-agriculture community, with a passion for moving technology to commercial application. He is currently the President and CEO of Cibus Global, LLC. As co-founder of Cibus, he has taken a lead role in developing the core gene editing technologies associated with the proprietary Rapid Trait Development System (RTDS™).	-	-	-
Peter Beetham				
BSc (Hons), PhD				
Member of Remuneration & Nomination Committee	<p>Peter has spent more than three decades in agricultural research, with direct experience in areas including plant biotechnology, precision gene-editing and the applications of novel breeding technologies. Early in his career he was also involved in the introduction of improved root crops to many countries in Southeast Asia and the South Pacific.</p> <p>Prior to joining Cibus, he was Research Director of the Plant and Industrial Products Division at ValiGen, formerly Kimeragen, Inc. At Cibus he has led the scientific and regulatory endeavours that have led to the launching of Cibus' first products in USA. More recently he was tasked with taking Cibus to the next level of growth as a growth stage commercial company leading the way for licensing of gene edited traits to leading global seed companies.</p> <p>Peter received his Ph.D. in Plant Molecular Virology from QUT in Brisbane, Australia and is a BSc (Hons) graduate of Monash University, Melbourne, Australia. Dr Beetham has authored many scientific publications including the pioneering publications for gene-editing starting in 1999. He has also been a leading author on over 100 patents and patent applications.</p> <p>Director of Bio-Gene Technology Limited since 21 December 2020.</p> <p>Other Directorships of listed companies over the past three years: None.</p>			
<b>Non-Executive Director</b>	James is a highly experienced ASX listed and private company Director. He is currently the Non-Executive Chairman at Spirit Technology Solutions Ltd (ASX:ST1) and a Non-Executive Director at Mydeal.com.au Ltd (ASX:MYD), Viridian Financial Group Ltd (an unlisted public company) and Melbourne Institute of Technology Pty Ltd.	142,382	-	-
James Joughin				
B.Bus, CPA, GAICD	Past directorships have included companies in healthcare, engineering, and veterinary products. Many had direct R&D activities, ranging from start-ups, listed and not for profit companies.			
Chair of Audit & Risk Committee				
Member of Remuneration & Nomination Committee	<p>Prior to his career as a non-executive director James was a Partner in a Big 4 accounting professional services firm and specialised and led the Melbourne office in its corporate finance section in the areas of mergers &amp; acquisitions, IPO's, debt and equity raisings and private equity. He advised many smaller cap listed companies and has wide experience across a number of industries.</p> <p>Director of Bio-Gene Technology Limited since 1 March 2021.</p> <p>Other Directorships of listed companies over the past three years: Spirit Technology Solutions Ltd (from June 2016 ongoing) and Mydeal.com.au Ltd (from August 2020 ongoing).</p>			

## DIRECTORS' REPORT

Name and Position	Qualifications and Experience	Particulars of interests in shares and options of Bio-Gene Technology Limited		
		Shares	LSP Shares (Vested)*	LSP Shares (Not Vested)*
<b>Non-Executive Director</b>	<p>Andrew has dedicated his career to agriculture and worked for 32 years with one of the world's leading agriculture companies, Syngenta, and predecessor companies around the world. After building his early career in sales, marketing and supply chain roles in Australian agriculture, Andrew spent 20 years working internationally with assignments in the United Kingdom, Switzerland, Hong Kong, Singapore, Thailand, Japan and China. He gained significant experience in diverse cultural environments that require broad leadership skills. Andrew spent most of his senior leadership years with Syngenta in Asia, as Regional Director for Asia Pacific, before he was promoted to lead Syngenta's multi-billion dollar business in Europe, Africa and the Middle East.</p> <p>During his career, Andrew led business growth in developed and emerging markets by creating country operating businesses with the right culture, capability, people and business strategies to access attractive market segments that constituted tens of millions of grower customers in some countries. Andrew has a strong understanding of corporate governance and the risk management required to successfully grow business in emerging markets.</p> <p>Andrew was a member of Syngenta's Global Crop Protection Leadership team that was responsible for business strategy that leveraged Syngenta's extensive research and development capability to invent, gain regulatory approval and launch new products, including insecticides, to agricultural markets globally.</p> <p>In 2019 he retired from executive management roles and now acts as a company director and mentor.</p> <p>Director of Bio-Gene Technology Limited since 26 April 2021.</p> <p>Other Directorships of listed companies over the past three years: None.</p>	-	-	-
<p>Andrew Guthrie</p> <p>B. AgSci (Hons), GAICD</p> <p>Member of Remuneration &amp; Nomination and Audit &amp; Risk Committees</p>				
<b>Executive Director – Research &amp; Development</b>	<p>Peter's career has included over 20 years of experience in the Australian and international crop protection and pest management markets with companies Orica and Crop Care (now part of Nufarm). In 2001, he founded Xavca Pty Ltd, providing marketing &amp; consultancy services to mainly international clients including Syngenta and Sorex (now part of BASF). In 2008 Peter joined BioProspect Limited (ASX: BPO) as Chief Executive Officer and subsequently was appointed Non-Executive Director and then Non-Executive Chairman of that company.</p> <p>Peter is a graduate member of the Australian Institute of Company Directors (AICD) and member of the Australian Environmental Pest Managers Association (AEPMA) and the Mosquito Control Association of Australia (MCAA). Peter holds a Bachelor of Applied Science (First Class Honours) from the University of Queensland, and a MBA from the Queensland University of Technology.</p> <p>Director of Bio-Gene Technology Limited since 29 May 2015.</p> <p>Other Directorships of listed companies over the past three years: None.</p>	401,888	596,000	1,124,205
<p>Peter May</p> <p>B.App.Sc (Rural Technology) (Hons), MBA, GAICD, AFAIM</p>				



## DIRECTORS' REPORT

Name and Position	Qualifications and Experience	Particulars of interests in shares and options of Bio-Gene Technology Limited		
		Shares	LSP Shares (Vested)*	LSP Shares (Not Vested)*
<b>Former Non-Executive Chairman</b>	Don has 30 years' experience as a senior partner of Ernst & Young, Oceania, has extensive experience in IPO's, transactions and audit. Don has advised and worked with Boards of organisations, ranging from some of the largest in Australia to fast growing entrepreneurial and medium sized organisations.	N/A	N/A	N/A
Donald Brumley				
FCA, MAICD	Don was the Oceania IPO Leader at Ernst & Young and worked with clients listing on the Australian, US, UK and key Asian stock exchanges. He held positions as Biotech Markets Leader, National Leader of Strategic Growth Markets and on the Board of Partners of Ernst & Young.  Don is a Fellow of Chartered Accountants Australia & New Zealand, a member of the Australian Institute of Company Directors and a former Director of Murray River Organics Group Limited.  Director of Bio-Gene Technology Limited from 26 April 2017 until his retirement on 26 November 2020.  Other Directorships of listed companies over the past three years: Murray River Organics Group Limited from September 2016 to November 2017.			
<b>Former Non-Executive Director</b>	Kevin was a founding director of Bio-Gene. Kevin has had an extensive career in the fields of Advertising and Marketing having run his own Advertising Agency for more than 20 years. He has more than 20 years' experience in new plant propagation, farming, and processing and live plant transport techniques.	N/A	N/A	N/A
Kevin Rumble				
AFAIA	He was involved in the development of Qcide™ from the outset and has a vast knowledge of the plant husbandry and the extraction methods used to produce natural Qcide™. Kevin was also involved in development of the synthesis of flavesone as a first step in the commercialisation of Flavocide™.  Director of Bio-Gene Technology Limited from 16 June 2004 until his retirement on 26 November 2020.  Other Directorships of listed companies over the past three years: None.			
<b>Chief Financial Officer and Company Secretary</b>	Roger has more than 25 years' experience in senior finance roles in a wide variety of industries. His early career included working with a Chartered Accounting practice and two years with the Australian Taxation Office.	199,447	375,000	749,488
Roger McPherson				
B.Bus, CPA, GAICD	Prior to Bio-Gene, Roger was CFO and Company Secretary for a number of SMEs both listed and unlisted including Patrys Limited, TPI Enterprises Ltd and eChoice Home Loans. In these roles he was responsible for all financial affairs and corporate administration as well as assisting in investor relations activities. He has over 20 years of biotechnology and pharmaceutical experience.  In addition to his role with Bio-Gene, Roger also provides CFO services to other unlisted entities.			

\*Shares issued under the Loan Share Plan do not vest on issue and are subject to a number of restrictions refer Note 15(c) for details. No member of Key Management Personnel hold Options in the Company.

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## DIRECTORS' REPORT

### REMUNERATION REPORT (Audited)

#### **Introduction**

This Remuneration Report for the year ended 30 June 2021 outlines the remuneration arrangements in place for the key management personnel ('KMP') of Bio-Gene Technology Limited which comprises all Directors (executive and non-executive) and those executives who have authority and responsibility for planning, directing and controlling the activities of the Company.

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

- A. Key management personnel
- B. Remuneration governance
- C. Principals used to determine the nature and amount of remuneration
- D. Details of remuneration
- E. Service Agreements
- F. Share-based compensation to Directors and key management personnel
- G. Additional disclosures relating to Directors and key management personnel

#### **A) Key management personnel**

The following individuals were classified as KMP during the 2021 financial year and unless otherwise indicated were classified as KMP for the entire year.

##### **(a) Directors**

###### **(i) Non-executive Chairman**

Mr. Robert Klupacs (Appointed as Chairman on 26 November 2020)

###### **(ii) Managing Director and Chief Executive Officer**

Mr. Richard Jagger

###### **(iii) Executive Directors**

Mr. Peter May (Executive Director Research & Development)

###### **(iv) Non-executive Directors**

Dr. Peter Beetham (Appointed 21 December 2020)

Mr. James Joughin (Appointed 1 March 2021)

Mr. Andrew Guthrie (Appointed 26 April 2021)

###### **(v) Former Directors**

Mr. Donald Brumley (Retired 26 November 2020)

Mr. Kevin Rumble (Retired 26 November 2020)

##### **(b) Executives**

The following people were the executives with the greatest authority for the strategic direction and management of the group ("other key management personnel") during the financial period:

Mr. Roger McPherson

Chief Financial Officer and Company Secretary

#### **B) Remuneration governance**

##### *Role of Remuneration and Nomination Committee (Committee)*

The Company has adopted various Corporate Governance charters and policies including a Remuneration & Nomination Committee Charter. The Charter includes principles for establishing appropriate remuneration policies and levels including incentive policies for directors and senior executives and ensuring that senior executives are being rewarded commensurate with their responsibilities and the market. Further information on the Committee's role and responsibilities is contained in its Charter which is available on the Company's website at <https://bio-gene.com.au>.

The Committee was established on 31 March 2021 and is Chaired by Robert Klupacs. The other Non-executive Directors of the Board (Dr. Peter Beetham, Mr James Joughin and Mr. Andrew Guthrie) are all members of the Committee. Prior to the establishment of the Committee, the functions of the Committee were managed by the then Non-executive Directors of the Company, Chaired by Mr. Robert Klupacs.

The Committee is authorised by the Board to obtain outside independent professional advice with relevant experience and expertise. No advice as to specific remuneration levels nor actual remuneration recommendations were provided by independent consultants during the year.

During the 2018 financial year and continuing into the 2019 financial year, the non-executive Chairman and Directors of the Company worked closely with VSOPP Advisory (an independent professional advisory firm specialising in remuneration issues) and in conjunction with the Managing Director developed the Executive Remuneration Strategy and Structure which is outlined below. The Board believes the Remuneration Strategy and Structure to be appropriate and effective in that it needs to create goal congruence between directors, executives and shareholders.

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## DIRECTORS' REPORT

### C) Principals used to determine the nature and amount of remuneration

#### *Executive remuneration strategy and structure*

The Company's remuneration strategy is founded on the objective of aligning remuneration with the interests of the Company's shareholders by providing market competitive remuneration arrangements that attract, incentivise and retain quality personnel and which encourage and promote achievement of the Company's short and medium term strategic objectives consistently with the Company's longer term corporate goals.

The remuneration strategy is underpinned by a remuneration structure comprising fixed remuneration, a short-term incentive and long-term incentive as described below:

#### *Fixed Remuneration ("FR")*

FR consists of base salary and statutory superannuation contributions in recognition of day-to-day accountabilities. KMP may elect to have specific benefits provided out of fixed remuneration on a total employment cost basis, that is, the cost of the benefit along with any costs of providing the benefit such as fringe benefits tax are deducted from pre-tax salary.

#### *Short-Term Incentive ('STI')*

The STI was a cash and equity based plan that involved linking the achievement of specific financial and non-financial stretch targets using a balanced scorecard approach with the opportunity to earn an annual incentive up to a maximum set percentage of total remuneration.

#### *Long-Term Incentive ('LTI')*

The LTI plan was an equity based plan which was intended to provide the opportunity to earn incentives over the medium and longer term based on the achievement of the Company's strategic goals and the creation of shareholder value measured in terms of share price growth.

Total Remuneration refers to the aggregate of the above remuneration components. Remuneration mix refers to the proportion of Total Remuneration that each remuneration component makes up. The mix of remuneration components within the Company's remuneration structure is as follows:

<i>Component</i>	<i>Fixed remuneration</i>	<i>Short-term incentive</i>	<i>Long-term incentive</i>
CEO	50%	25%	25%
Executive Team	70%	15%	15%
Senior Managers	85%	15%	N/A

#### *Executive remuneration components*

#### *Fixed Remuneration ("FR")*

Fixed pay is set with reference to the assessment of the external market for comparable roles having regard to relevant industries and the relative stage of an organisation's business life-cycle taking into consideration the size and complexity of the executive's role and the skills and experience of the executive.

#### *Short-Term Incentive ('STI')*

Under the STI, executives were awarded cash and shares under the Company's loan-funded share plan (LSP) having regard to the short-term incentive proportion of the executive's total remuneration (the STI value) and the extent to which performance has been achieved against stretch targets over the financial year.

Performance is determined by assessing actual performance against targets across a number of financial and non-financial dimensions as described in the table below. The executives are measured as a group using these criteria as it is considered key to encouraging team approach to achieving the Company's objectives.

<i>Component</i>	
Customers and partners	45%
Intellectual property and technology enabling	10%
Corporate overarching (including funding)	45%
	<u>100%</u>

The STI Value is determined by applying the executive team's performance out of 100% to the executive team's maximum potential STI amount. 50% of the STI Value (subsequent to assessment and approval) was delivered immediately in cash. The remaining 50% of the STI value was delivered in the form of shares under the Company's loan-funded share scheme (LSP). The shares were issued at a nominal value. The number of shares awarded is based on the weighted average closing prices over the five trading days up to and including 30 June in the relevant year. When the shares vest they can only be dealt with by the executive having regard to the Company's securities trading policy.

#### *Long-Term Incentive ('LTI')*

Under the LTI, executives were awarded shares under the Company's loan-funded share plan (LSP) having regard to the long-term incentive proportion of the executive's total remuneration (the LTI value). The LTI value was satisfied with the annual issue of shares, under two different programs, and these shares were then tested against specific performance conditions in future years to determine whether the shares vest.

## DIRECTORS' REPORT

### LTI Type 1

50% of the LTI Value is delivered as shares issued at the share price based on the weighted average closing prices over the five trading days up to and including 30 June in the relevant year with a three year performance condition. The performance condition was focussed on the successful execution of commercial agreements approved by the Board. The number of shares awarded was based on a valuation of this instrument using an appropriate valuation methodology.

The Company provided an interest-free loan to the executives to fund the acquisition of these shares. The proceeds from the sale of shares that vest must first be applied to extinguishing the loan prior to remittance to executives.

### LTI Type 2

50% of the LTI Value was delivered as shares issued at a nominal value with a three year progressive performance condition. One third of the allocation vested each year provided a 15% compound share price growth target was achieved. If the performance condition was not met at either (or both) of the first two testing points the shares were carried forward and retested the following year. Shares that have not vested at the third testing point are forfeited. The number of shares awarded is based on the weighted average closing prices over the five trading days up to and including 30 June in the relevant year.

Unvested shares are subject to forfeiture in the event of any executive resigning or where the executive acts fraudulently or dishonestly or is in breach of his or her obligations to the Company. Once vested, the shares are subject to a disposal restriction being the earliest time after vesting when the executive can deal in the shares having regard to the Company's securities trading policy.

The Board believed the LTI to be appropriate and effective in that it created goal congruence between directors, executives and shareholders with the dual focus on the successful execution of commercial deals and share price growth.

### Performance and remuneration outcomes

The financial year ended 30 June 2021 was a difficult one due in large part to the effects of the Covid-19 pandemic which made international travel to meet with potential partners and face to face meetings with investors virtually impossible. In addition, the impact resulted in delays being experienced by some of the research laboratories testing our products. The delay in the completion of certain testing impacted the ability of the executives to meet the STI targets. Despite this the executive team has made significant advances towards meeting the STI targets and accordingly the Remuneration & Nomination Committee agreed to award a discretionary cash payment of 30% of target under the STI program as shareholders had not supported any issue of equity to executives.

Both components of the LTI were tested at 30 June 2021. As the Company had not entered into any commercial agreements at that date the LTI Type 1 shares issued in respect of the 2018 financial year were forfeited and those for the 2019 and 2020 financial years were carried forward to be tested again at 30 June 2022.

The Company's share price on the ASX at the end of the financial year was 17.5 cents. As the price target for 30 June 2021 was 28.42 cents the LTI Type 2 shares issued in respect of the 2018 financial year were forfeited, two-thirds of the LTI Type 2 shares issued in respect of the 2019 financial year and one-third of the LTI Type 2 shares issued in respect of the 2020 financial year were carried forward to be tested again at 30 June 2022.

The LTI shares that were issued in respect of the 2018 financial year, that have been forfeited, were all cancelled in accordance with the process required under Section 257 of the *Corporations Act 2001* on 16 August 2021. The procedure for cancelling these shares is by way of a share buy-back. No funds were exchanged at the time of issue or at the time of cancellation of these shares.

The Company had planned to launch a new LTI program in respect of the 2021 financial year by way of an issue of out of the money options to the executives which would further incentivise them and ultimately result in an increase in the share price if successful. Unfortunately, shareholders did not support this initiative and therefore there is no formal LTI program currently in place. The Remuneration & Nomination Committee have elected to replace the LTI program for the 2021 financial year with a one off cash payment to each of the executives of 30% of what would have otherwise been their entitlement under an LTI program which generally covers a three year period. This payment will be made in the 2022 financial year.

Accordingly, the impact of these items is reflected in the STI outcome. The table below summarises the remuneration outcomes for executives under the Company's STI program having regard to the performance outcomes outlined above.

2021	STI		STI Outcomes		STI Delivery		Total
Name	Maximum STI % of TR	Actual STI % of TR	Max STI Value	Actual STI Value	Cash	Shares	
	%	%	\$	\$	\$	\$	\$
Richard Jagger	25	8.95	151,286	45,386	45,386	-	45,386
Peter May	15	4.92	44,576	13,373	13,373	-	13,373
Roger McPherson	15	4.90	29,717	8,915	8,915	-	8,915
<b>Total</b>			<b>225,579</b>	<b>67,674</b>	<b>67,674</b>	-	<b>67,674</b>

As outlined above, there are no remuneration outcomes under the Company's LTI program from prior financial years as the relevant performance targets had not been met. The same amount that was awarded in cash for the STI has been awarded in lieu of the LTI for the 2021 financial year and will be paid out in the 2022 financial year.

## DIRECTORS' REPORT

### Non-executive director remuneration

The Company's remuneration strategy regarding non-executive directors is that remuneration for non-executive directors should be sufficiently competitive to attract and retain individuals of calibre that have the skills and experience to contribute towards a Board that will drive the Company towards achievement of shareholder aligned objectives whilst fulfilling its governance role of prudential oversight.

Given the Company's size and scale of intended operations and the distribution of membership by each of the directors to relevant Board sub-committees, the Board has adopted a non-executive director fee structure during the financial year which comprises solely of board fees.

At the 2017 Annual General Meeting a Non-Executive Directors' Fee Pool of \$450,000 was approved by shareholders.

### D) Details of remuneration

#### Year ended 30 June 2021

Details of the remuneration of each Director of Bio-Gene and the key management personnel (KMP) of the Company are set out in the following table for the year ended 30 June 2021. As indicated above incentives are dependent upon the attainment of agreed corporate and individual milestones and all incentives related to the year have been expensed in full over the vesting period.

2021	Short-term employee benefits		Post employment benefits		Equity-based payments		Total
Name	Cash salary & fees	Cash STI <sup>5</sup>	Non-monetary benefits	Super-annuation	STI <sup>1</sup>	LTI <sup>2</sup>	
	\$	\$	\$	\$	\$	\$	\$
<b>Executive Directors</b>							
Richard Jagger	280,942	45,386	-	21,631	1,795	157,248	507,002
Peter May	189,972	13,373	-	18,047	595	49,663	271,650
<i>Subtotal Executive Directors</i>	<i>470,914</i>	<i>58,759</i>	<i>-</i>	<i>39,678</i>	<i>2,390</i>	<i>206,911</i>	<i>778,652</i>
<b>Non-Executive Directors</b>							
Robert Klupacs <sup>3</sup>	59,792	-	-	-	-	-	59,792
Peter Beetham <sup>4</sup>	26,507	-	-	-	-	-	26,507
James Joughin <sup>4</sup>	15,221	-	-	1,446	-	-	16,667
Andrew Guthrie <sup>4</sup>	8,562	-	-	813	-	-	9,375
Donald Brumley <sup>5</sup>	31,963	-	-	3,037	-	-	35,000
Kevin Rumble <sup>5</sup>	17,980	-	-	1,708	-	-	19,688
<i>Subtotal Non-Executive Directors</i>	<i>160,025</i>	<i>-</i>	<i>-</i>	<i>7,004</i>	<i>-</i>	<i>-</i>	<i>167,029</i>
<i>Total Directors</i>	<i>630,939</i>	<i>58,759</i>	<i>-</i>	<i>46,682</i>	<i>2,390</i>	<i>206,911</i>	<i>945,681</i>
<b>Other KMP</b>							
Roger McPherson	114,423	8,915	-	24,255	396	33,877	181,866
<i>Total Other KMP</i>	<i>114,423</i>	<i>8,915</i>	<i>-</i>	<i>24,255</i>	<i>396</i>	<i>33,877</i>	<i>181,866</i>
<b>Total</b>	<b>745,362</b>	<b>67,674</b>	<b>-</b>	<b>70,937</b>	<b>2,786</b>	<b>240,788</b>	<b>1,127,547</b>

1. The STI recorded for the executives represents adjustments to the valuation at issue date (30 July 2020) of the STI for the year ending 30 June 2020.
2. The LTI is recognised based on the expected period to vesting of the equity at the date of issue. At this stage none of the LTI Shares have vested.
3. Mr. Robert Klupacs was appointed as Non-executive Chairman on 26 November 2020.
4. Dr. Peter Beetham, Mr. James Joughin and Mr. Andrew Guthrie were appointed as non-executive directors on 21 December 2020, 1 March 2021 and 26 April 2021 respectively.
5. Messrs. Donald Brumley and Kevin Rumble retired on 26 November 2020.



## DIRECTORS' REPORT

Details of the remuneration of each Director of Bio-Gene and the key management personnel (KMP) of the Company are set out in the following table for the year ended 30 June 2020. As indicated above incentives are dependent upon the attainment of agreed corporate and individual milestones and all incentives related to the year have been expensed in full over the vesting period.

2020	Short-term employee benefits		Post employment benefits		Equity-based payments		Total
Name	Cash salary & fees	Cash STI <sup>5</sup>	Non-monetary benefits	Super-annuation	STI <sup>1</sup>	LTI <sup>2</sup>	
	\$	\$	\$	\$	\$	\$	\$
<b>Executive Directors</b>							
Richard Jagger	239,219	38,833	-	22,726	24,610	141,019	466,407
Peter May	185,018	12,872	-	17,577	13,348	38,261	267,076
<i>Subtotal Executive Directors</i>	<i>424,237</i>	<i>51,705</i>	<i>-</i>	<i>40,303</i>	<i>37,958</i>	<i>179,280</i>	<i>733,483</i>
<b>Non-Executive Directors</b>							
Donald Brumley	73,059	-	-	6,941	-	-	80,000
Robert Klupacs	50,000	-	-	-	-	-	50,000
Kevin Rumble	41,096	-	-	3,904	-	-	45,000
<i>Subtotal Non-Executive Directors</i>	<i>164,155</i>	<i>-</i>	<i>-</i>	<i>10,845</i>	<i>-</i>	<i>-</i>	<i>175,000</i>
<i>Total Directors</i>	<i>588,392</i>	<i>51,705</i>	<i>-</i>	<i>51,148</i>	<i>37,958</i>	<i>179,280</i>	<i>908,483</i>
<b>Other KMP</b>							
Roger McPherson	123,353	8,582	-	11,719	6,020	29,413	179,087
<i>Total Other KMP</i>	<i>123,353</i>	<i>8,582</i>	<i>-</i>	<i>11,719</i>	<i>6,020</i>	<i>29,413</i>	<i>179,087</i>
<b>Total</b>	<b>711,745</b>	<b>60,287</b>	<b>-</b>	<b>62,867</b>	<b>43,978</b>	<b>208,693</b>	<b>1,087,570</b>

1. The STI recorded for the executives is the amount payable in respect of the year ending 30 June 2020, less adjustments to the valuation at issue date (1 November 2019) of the STI for the year ending 30 June 2019.
2. The LTI is recognised based on the expected period to vesting of the equity at the date of issue. At this stage none of the LTI Shares have vested.

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## DIRECTORS' REPORT

### E) Service agreements

The terms of employment for the Non-Executive Chairman, Managing Director and Chief Executive Officer, Non-Executive Directors and other key management personnel are formalised in service agreements. These agreements may provide for the provision of performance related cash bonuses and the award of equity in the Company.

#### *Robert Klupacs, Non-executive Chairman*

- Term of Agreement – Commencing from 1 January 2018.
- Termination – No terms have been agreed.
- Incentive – Nil.
- Equity – Nil

#### *Richard Jagger, Managing Director and Chief Executive Officer*

- Term of Agreement – Commencing from 1 January 2018 and ongoing unless terminated in accordance with its terms.
- Base Remuneration – Effective 1 July 2021 \$342,916 per annum on a fulltime basis, subject to annual increases at the discretion of the Board of Directors.
- Termination – By four months' notice from either side.
- Potential Incentive – Short Term Incentive of up to \$171,458 per annum on a fulltime basis and Long Term Incentive of up to \$171,458 on a full time basis subject to achievement of performance targets and at the discretion of the Board of Directors.
- Equity – The Director shall be entitled to participate any Employee Equity Plans of the Company.

#### *Peter Beetham, Non-executive Director*

- Term of Agreement – Commencing from 21 December 2020.
- Termination – No terms have been agreed.
- Incentive – Nil.
- Equity – Nil.

#### *James Joughin, Non-executive Director*

- Term of Agreement – Commencing from 1 March 2021.
- Termination – No terms have been agreed.
- Incentive – Nil.
- Equity – Nil.

#### *Andrew Guthrie, Non-executive Director*

- Term of Agreement – Commencing from 26 April 2021.
- Termination – No terms have been agreed.
- Incentive – Nil.
- Equity – Nil.

#### *Peter May, Executive Director, Research & Development*

- Term of Agreement – Commencing from 1 January 2018 and ongoing unless terminated in accordance with its terms.
- Base Remuneration – Effective 1 July 2021 \$235,755 per annum on a fulltime basis, subject to annual increases at the discretion of the Board of Directors. Currently working on the basis of 90% of a full time equivalent.
- Termination – By two months' notice from either side.
- Potential Incentive – Short Term Incentive of up to \$50,519 per annum on a fulltime basis and Long Term Incentive of up to \$50,519 on a full time basis subject to achievement of performance targets and at the discretion of the Board of Directors.
- Equity – The Director shall be entitled to participate any Employee Equity Plans of the Company.

#### *Roger McPherson, Chief Financial Officer and Company Secretary*

- Term of Agreement – Commencing from 1 January 2018 and ongoing unless terminated in accordance with its terms.
- Base Remuneration – Effective 1 July 2020 \$235,755 per annum on a fulltime basis, subject to annual increases at the discretion of the Board of Directors. Currently working on the basis of 60% of a full time equivalent.
- Termination – By two months' notice from either side.
- Potential Incentive – Short Term Incentive of up to \$50,519 per annum on a fulltime basis and Long Term Incentive of up to \$50,519 on a full time basis subject to achievement of performance targets and at the discretion of the Board of Directors.
- Equity – The Executive shall be entitled to participate any Employee Equity Plans of the Company.

### F) Share-based compensation to Directors and key management personnel

#### *(i) General overview*

The Company issues equity to Directors, employees and key consultants under the Loan Share Plan (LSP). Under the plan, participants are issued with equity to foster an ownership culture to motivate Directors, employees and consultants to achieve performance targets of the Company. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The LSP was re-approved at the 2019 Annual General Meeting. Only Australian residents are eligible to participate in the plan. The plan allows non-recourse, interest free loans to be provided to eligible participants to acquire shares under the plan. If and when an issue is made involving an interest free-loan, it is treated as an in-substance grant of options and expensed over the vesting period because of the limited recourse nature of the loans.

Generally, except for shares issued as part of the annual short-term incentive arrangements, shares issued under the plan will vest over a three year period. The shares are acquired in the name of the participant and each participant authorises and appoints the Company Secretary to act on their behalf. Any dividends paid on the shares are used to repay the loan. In all other respects the shares issued under the LSP carry the same rights as other ordinary shares on issue.

## DIRECTORS' REPORT

If the participant leaves the Company, any shares that have not vested will be brought back by the Company and cancelled along with the loan. In respect of shares that have vested the loan balance must generally be paid in full within six months of termination or the shares will be sold and the proceeds applied to settle the loan balance. The issue price of the shares in the Company held under LSP is not included in equity until the loan has been repaid.

In accordance with the rules of the LSP the Board has the ability to vary the terms in respect of issues in circumstances it considers appropriate. The valuations of shares issued under the LSP are determined by using an industry standard pricing model taking into account the terms and conditions upon which the instruments were issued.

Participants are not permitted to enter into transactions which limit the economic risk of participating in the plan other than as described above as the LSP allows participants access to a limited recourse loan to fund the acquisition of any shares issued under the LSP.

The terms and conditions of each issue of equity affecting remuneration of Directors and key management personnel in this or future reporting periods are as follows:

Issue date	No. of shares	Loan expiry date	Vesting date	Issue price \$	Fair value per share at issue date \$	Date first available to deal with
06/12/2018	696,722	06/12/2025	30/06/2021	0.1420	0.0760	30/06/2021
06/12/2018	105,744	N/A	30/06/2021	Nominal	0.1311	30/06/2021
01/11/2019	483,220	N/A	01/11/2019	Nominal	0.1411	01/11/2019
01/11/2019	2,201,972	01/11/2026	30/06/2022	0.1500	0.0789	30/06/2022
01/11/2019	383,508	N/A	30/06/2021	Nominal	0.1411	30/06/2021
01/11/2019	383,507	N/A	30/06/2022	Nominal	0.1411	30/06/2022
30/07/2020	450,840	N/A	28/08/2020	Nominal	0.1399	28/08/2020
30/07/2020	1,262,930	30/07/2027	30/06/2023	0.1340	0.0843	30/06/2023
30/07/2020	253,424	N/A	30/06/2021	Nominal	0.1399	30/06/2021
30/07/2020	253,424	N/A	30/06/2022	Nominal	0.1399	30/06/2022
30/07/2020	253,422	N/A	30/06/2023	Nominal	0.1399	30/06/2023

### (ii) Equity issued to Directors and key management personnel

Details of equity issued in the Company provided as remuneration to each Director the key management personnel of the Company are set out below. When vested, prior to the Director or key management personnel being able to deal with each share, the loan advanced to acquire the share under the LSP must be repaid.

The assessed fair value at the date of issue of the equity instruments is allocated over the period from issue date to vesting date, and this amount is included in the remuneration tables above. Fair values at issue date are determined using a binomial option pricing model that takes into account the amount of loan, the term of the loan, the share price at issue date and expected price volatility of the Bio-Gene shares, the expected dividend yield and the risk-free interest rate for the term of the loan.

Further information on the shares issued under the LSP, including factors and assumptions used in determining fair value is set out in Note 15 to the financial statements.

Details of shares that have been issued and vested in this or the previous year are outlined in the table below. The tables only include transactions whilst a member of the key management personnel.

Name	Shares issued during the year				Shares vested during the year	
	2021		2020		2021	2020
	Number	Loan per share\$	Number	Loan per share\$	Number	Number
<b>Directors</b>						
Robert Klupacs	-	-	-	-	-	-
Richard Jagger	813,502	0.134	1,444,194	0.15	-	-
	780,124	N/A	1,071,514	N/A	290,404	316,927
Peter Beetham	-	-	-	-	-	-
James Joughin	-	-	-	-	-	-
Andrew Guthrie	-	-	-	-	-	-
Donald Brumley	-	-	-	-	-	-
Kevin Rumble	-	-	-	-	-	-
Peter May	269,650	0.134	454,667	0.15	-	-
	258,585	N/A	337,338	N/A	96,259	99,776
<b>Other key management personnel</b>						
Roger McPherson	179,778	0.134	303,111	0.15	-	-
	172,401	N/A	224,892	N/A	64,177	66,517

Refer to Section C of this Remuneration Report for details of the performance criteria that need to be met in relation to the shares issued above. Participants need to be appointed as a Director or employed by the company at the vesting date. Unvested shares are brought back by the Company at the cessation of appointment or employment at the issue price.

## DIRECTORS' REPORT

### G) Additional disclosures related to Directors and key management personnel

(i) Details of remuneration: cash bonuses and shares

Name	Cash bonus Note (vi)		Shares					
	Paid%	Forfeited %	Year issued	Vested%	Forfeited %	Financial years in which shares & options vest	Minimum total value of issue yet to vest \$	Maximum total value of issue yet to vest \$
Donald Brumley	-	-	2017	100	-	Note (iii)	-	-
Richard Jagger	-	-	2017	100	-	Note (iii)	-	-
	83	17	2018	100	-	Note (v)	-	-
	42	58	2019	100	-	Note (vi)	-	-
	59.3	40.7	2020	78.9	-	Note (vii)	-	56,039
			2021	58		Note (viii)		74,600
Robert Klupacs	-	-	2015	100	-	Note (i)	-	-
	-	-	2016	100	-	Note (ii)	-	-
	-	-	2017	100	-	Note (iii)	-	-
Kevin Rumble	-	-	2015	100	-	Note (i)	-	-
	-	-	2016	100	-	Note (ii)	-	-
	-	-	2017	100	-	Note (iii)	-	-
Peter May	-	-	2015	100	-	Note (i)	-	-
	-	-	2016	100	-	Note (ii)	-	-
	-	-	2017	100	-	Note (iii)	-	-
	83	17	2018	100	-	Note (v)	-	-
	42	58	2019	100	-	Note (vi)	-	-
	59.3	40.7	2020	78.9	-	Note (vii)	-	17,642
			2021	58		Note (viii)		24,727
Roger McPherson	83	17	2018	100	-	Note (iv,v)	-	-
	42	58	2019	100	-	Note (vi)	-	-
	59.3	40.7	2020	78.9	-	Note (vii)	-	11,762
			2021	58		Note (viii)		16,486

Notes:

- (i) The financial years in which shares vest are 100% in 2015.
- (ii) The financial years in which shares vest are 100% in 2016.
- (iii) The financial years in which shares vest are 100% in 2018.
- (iv) The financial years in which shares vest are 50% in 2018 and 50% in 2019.
- (v) The executive team were eligible to receive an STI which is made up of 50% cash and 50% shares issued at nominal value. These bonuses were not paid in the 2018 financial year but an allowance was made for payment of these in the 2018 financial year.
- (vi) The executive team were eligible to receive an STI which is made up of 50% cash and 50% shares issued at nominal value. These bonuses were not paid in the 2019 financial year but an allowance was made for payment of these in the 2019 financial year.
- (vii) The executive team are eligible to receive an STI which is made up of 50% cash and 50% shares issued at nominal value. These bonuses were not paid in the 2020 financial year but an allowance was made for payment of these in the 2021 financial year.
- (viii) The equity based component of the STI and the LTI for the 2020 year were issued in the 2021 year. The equity based component of the STI vested during the 2021 year.

## DIRECTORS' REPORT

### (ii) Share-based compensation

Further details relating to shares and options are set out below:

Name	A Remuneration consisting of shares and options %	B Value at issue date \$	C Value at loan repayment date \$	D Value at cancellation date \$	E Total of columns B-D \$
<b>2021</b>					
Robert Klupacs	-	-	-	-	-
Richard Jagger	34	177,718	-	-	177,718
Peter Beetham	-	-	-	-	-
James Joughin	-	-	-	-	-
Andrew Guthrie	-	-	-	-	-
Donald Brumley	-	-	-	-	-
Kevin Rumble	-	-	-	-	-
Peter May	21	58,908	-	-	58,908
Roger McPherson	21	39,274	-	-	39,274
<b>2020</b>					
Donald Brumley	-	-	-	-	-
Richard Jagger	47	265,137	-	-	265,137
Robert Klupacs	-	-	-	-	-
Kevin Rumble	-	-	-	-	-
Peter May	28	83,472	-	-	83,472
Roger McPherson	28	55,648	-	-	55,648

A = The percentage of the value of remuneration consisting of equity, based on the value at grant date set out in column B.

B = The value at issue date calculated in accordance with AASB 2 "Share-based Payments" of shares and options issued during the year as part of remuneration. These amounts represent the entire value of the equity issued during the year. The amount recognised in remuneration is the proportion of the value attributable to the period from issue date to vesting date for equity issued in the current and prior years.

C = The value at loan repayment date for shares and exercise date of options that were issued as part of remuneration and were repaid or exercised during the year.

D = The value at cancellation/lapse date of equity that was granted as part of remuneration and that was cancelled or lapsed during the year.

There were no equity awards under the Company's STI or LTI for the year ending 30 June 2021.

### (iii) Key management personnel equity holdings

#### Shareholdings

Fully paid ordinary shares and shares under the Loan Share Plan held by key management personnel or their related parties:

2021	Balance at 1 July No.	Issued as compensation under Loan Share Plan No.	Purchased on Market No.	Sold on Market No.	Net change other No.	Balance at 30 June No.	Total vested 30 June No.
Robert Klupacs	3,559,032	-	72,212	-	72,212	3,631,244	3,631,244
Richard Jagger	3,933,396	1,593,626	-	(136,490)	1,457,136	5,390,532	1,205,407
Peter Beetham	-	-	-	-	-	-	-
James Joughin	-	-	142,382	-	-	142,382	142,382
Andrew Guthrie	-	-	-	-	-	-	-
Donald Brumley	1,543,548	-	-	-	-	N/A	N/A
Kevin Rumble	8,671,373	-	-	-	-	N/A	N/A
Peter May	1,819,556	528,235	-	(45,242)	482,993	2,302,549	997,888
Roger McPherson	1,152,298	352,179	-	(30,163)	322,016	1,474,314	574,447
<b>Totals</b>	<b>20,679,203</b>	<b>2,474,040</b>	<b>214,594</b>	<b>(211,895)</b>	<b>2,334,357</b>	<b>12,941,021</b>	<b>6,551,368</b>

2020	Balance at 1 July No.	Issued as compensation under Loan Share Plan No.	Purchased Under SPP No.	Sold on Market No.	Net change other No.	Balance at 30 June No.	Total vested 30 June No.
Donald Brumley	1,350,000	-	193,548	-	193,548	1,543,548	1,543,548
Richard Jagger	1,550,514	2,515,708	16,129	(148,955)	2,382,882	3,933,396	1,051,493
Robert Klupacs	3,430,000	-	129,032	-	129,032	3,559,032	3,559,032
Kevin Rumble	8,671,373	-	-	-	-	8,671,373	8,671,373
Peter May	1,058,317	792,005	16,129	(46,895)	761,239	1,819,556	946,871
Roger McPherson	639,429	528,003	16,129	(31,263)	512,869	1,152,298	540,433
<b>Totals</b>	<b>16,699,633</b>	<b>3,835,716</b>	<b>370,967</b>	<b>(227,113)</b>	<b>3,979,570</b>	<b>20,679,203</b>	<b>16,312,750</b>



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## DIRECTORS' REPORT

### *Options*

Options held by key management personnel:

At 30 June 2021 no Options were held by the key management personnel.

### *(iv) Voting and comments made at the company's 2020 annual general meeting:*

Bio-Gene Technology Limited received more than 46.52% of "yes" votes on its remuneration report for the 2020 financial year and has therefore recorded a 1<sup>st</sup> strike under Section 250U of the Corporations Act 2001.

The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

## **END OF REMUNERATION REPORT (Audited)**

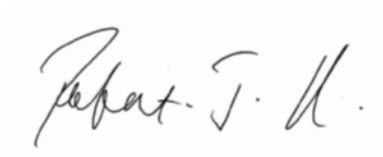
### **Events since the end of the financial year**

On 16 August 2021, the Company cancelled 1,013,956 ordinary shares which had been issued under its Long Term Incentive (LTI) program. These shares were issued in respect of the LTI for the 2018 financial year. The shares did not vest in accordance with their issue terms and have therefore been forfeited. The shares were all cancelled in accordance with the process required under Section 257 of the *Corporations Act 2001*. The procedure for cancelling these shares is by way of a share buy-back. No funds were exchanged at the time of issue or at the time of cancellation of these shares. For accounting purposes, the deemed value of these shares of \$94,540 was expensed over the vesting period over the period from issue to 30 June 2021.

No other matter or circumstance has arisen since 30 June 2021, other than as disclosed in this report, that has significantly affected or may significantly affect:

- Bio-Gene Technology Limited's operations in future financial years, or
- the results of those operations in future financial years, or
- Bio-Gene Technology Limited's state of affairs in future years.

This report is made in accordance with a resolution of the Directors.



**Mr. Robert Klupacs**  
Chairman

Date: 26 August 2021

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## AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF BIO-GENE TECHNOLOGY LIMITED



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### AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BIO-GENE TECHNOLOGY LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 there have been:

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

A handwritten signature in blue ink that reads 'JTP Assurance'.

**JTP ASSURANCE**  
Chartered Accountants

A handwritten signature in blue ink that reads 'W. Tarrant'.

**WAYNE TARRANT**  
Partner

Signed at Melbourne this 26<sup>th</sup> day of August 2021

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## CORPORATE GOVERNANCE

The Board of Directors of Bio-Gene Technology Limited (Board) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board supports the core corporate governance principles published by the ASX Corporate Governance Council (Council). The Company's corporate governance framework is designed to comply with the Council's principles whilst being relevant, efficient and cost effective for the current stage of the Company's development.

The Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the Council's principles during the 2021 financial year. Bio-Gene's Corporate Governance Statement is structured with reference to the ASX Corporate Governance Principles and Recommendations 4th Edition and can be found on the Bio-Gene website at:  
<http://bio-gene.com.au/investors/governance/>.

The Board will continue its ongoing review process to ensure that the model is relevant, efficient and cost effective to the Company and its shareholders.

**BIO-GENE TECHNOLOGY LIMITED**  
**ABN 32 071 735 950**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2021**

		2021	2020
	Note	\$	\$
Revenues from continuing operations	3(a)	62,610	122,795
Other income	3(b)	579,589	1,013,814
Expenses from continuing operations	3(c)		
Research & Development		(1,676,417)	(1,444,154)
Commercialisation Expenses		(298,058)	(306,523)
Management Administration Expenses		(204,558)	(194,440)
Directors Expenses		(170,013)	(189,944)
Professional Services		(192,522)	(378,614)
Intellectual Property		(118,981)	(208,690)
Depreciation & Amortisation		(54,222)	(58,439)
Other Expenses		(323,692)	(288,904)
Loss from continuing operations before tax		(2,396,264)	(1,933,099)
Income tax (expense)	1(o)	-	-
<b>Loss for the year from continuing operations after income tax</b>		<b>(2,396,264)</b>	<b>(1,933,099)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
<b>Total comprehensive loss for the year attributable to members of the Company</b>		<b>(2,396,264)</b>	<b>(1,933,099)</b>

**Earnings per share:**

Basic loss per share - from continuing operations	4	(1.75¢)	(1.62¢)
Diluted loss per share - from continuing operations	4	(1.75¢)	(1.62¢)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**BIO-GENE TECHNOLOGY LIMITED**  
**ABN 32 071 735 950**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Note	2021 \$	2020 \$
<b>Current assets</b>			
Cash and cash equivalents	5	3,933,195	5,521,868
Trade and other receivables	6	523,751	483,041
Other current assets	7	207,067	176,756
<b>Total current assets</b>		<b>4,664,013</b>	<b>6,181,665</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	22,725	24,656
Right of use assets	9	-	12,320
Intangible assets	10	314,013	350,955
<b>Total non-current assets</b>		<b>336,738</b>	<b>387,931</b>
<b>Total assets</b>		<b>5,000,751</b>	<b>6,569,596</b>
<b>Current liabilities</b>			
Trade and other payables	11	409,588	188,787
Lease liabilities	12	-	11,663
Employee benefits	13	183,126	211,558
<b>Total current liabilities</b>		<b>592,714</b>	<b>412,008</b>
<b>Non-current liabilities</b>			
Employee benefits	13	11,859	5,280
Financial liabilities	14	150,000	150,000
<b>Total non-current liabilities</b>		<b>161,859</b>	<b>155,280</b>
<b>Total liabilities</b>		<b>754,573</b>	<b>567,288</b>
<b>Net assets</b>		<b>4,246,178</b>	<b>6,002,308</b>
<b>Equity</b>			
Issued capital	15	15,062,071	14,535,664
Reserves	16(a,b)	863,329	950,002
Accumulated losses	16(c)	(11,679,222)	(9,483,358)
<b>Total equity</b>		<b>4,246,178</b>	<b>6,002,308</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**BIO-GENE TECHNOLOGY LIMITED**  
**ABN 32 071 735 950**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2021**

		Fully paid ordinary shares	Share option reserve	Share loan plan reserve	Accumulated losses	Total
		\$	\$	\$	\$	\$
<b>2021</b>						
<b>At 1 July 2020</b>		<b>14,535,664</b>	<b>200,400</b>	<b>749,602</b>	<b>(9,483,358)</b>	<b>6,002,308</b>
Loss for the period		-	-	-	(2,396,264)	(2,396,264)
Other comprehensive income		-	-	-	-	-
Total comprehensive income/(loss) for the year		-	-	-	(2,396,264)	(2,396,264)
<i>Transactions with owners in their capacity as owners:</i>						
Issued capital		272,600	-	-	-	272,600
Re-allocation of value of equity on expiry of options and repayment of loans on shares		184,713	(200,400)	(184,713)	200,400	-
Re-allocation of value of equity which vested during the period	15(a)	69,094	-	(69,094)	-	-
Cost of share-based payment	16(a,b)	-	57,681	309,853	-	367,534
<b>At 30 June 2021</b>		<b>15,062,071</b>	<b>57,681</b>	<b>805,648</b>	<b>(11,679,222)</b>	<b>4,246,178</b>
<b>2020</b>						
		\$	\$	\$	\$	\$
<b>At 1 July 2019</b>		<b>11,804,199</b>	<b>113,600</b>	<b>582,249</b>	<b>(7,550,587)</b>	<b>4,949,461</b>
Loss for the period		-	-	-	(1,933,099)	(1,933,099)
Other comprehensive income		-	-	-	-	-
Adjustment following the adoption of AASB16	16(c)	-	-	-	328	328
Total comprehensive income/(loss) for the year		-	-	-	(1,932,771)	(1,932,771)
<i>Transactions with owners in their capacity as owners:</i>						
Issued capital		2,828,600	-	-	-	2,828,600
Transaction costs related to shares issued		(168,695)	-	-	-	(168,695)
Re-allocation of value of equity which vested during the period	15(a)	71,560	-	(71,560)	-	-
Cost of share-based payment	16(a,b)	-	86,800	238,913	-	325,713
<b>At 30 June 2020</b>		<b>14,535,664</b>	<b>200,400</b>	<b>749,602</b>	<b>(9,483,358)</b>	<b>6,002,308</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



**BIO-GENE TECHNOLOGY LIMITED**  
**ABN 32 071 735 950**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		40,000	120,000
Payments to suppliers and employees inclusive of GST		(2,419,245)	(2,771,071)
Interest received		45,069	65,835
R&D tax incentive		425,415	824,433
Government grants		80,966	114,549
Licence fees		2,610	2,795
Interest paid	17(c)	(337)	(1,232)
<b>Net cash used in operating activities</b>	17(b)	<b>(1,825,522)</b>	<b>(1,644,691)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(3,029)	-
Payments for intangible assets		-	-
Payments for security deposits		-	-
<b>Net cash used in investing activities</b>		<b>(3,029)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		272,600	2,828,600
Payment for share issue expenses		(21,059)	(147,637)
Repayments of lease liabilities	17(c)	(11,663)	(13,768)
<b>Net cash provided by financing activities</b>		<b>239,878</b>	<b>2,667,195</b>
Net increase in cash and cash equivalents		(1,588,673)	1,022,504
Cash and cash equivalent at beginning of year		5,521,868	4,499,364
<b>Cash and cash equivalents at end of year</b>	17(a)	<b>3,933,195</b>	<b>5,521,868</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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# BIO-GENE TECHNOLOGY LIMITED

## ABN 32 071 735 950

### NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### Introduction

The financial report covers Bio-Gene Technology Limited ("Bio-Gene" or "Company"), as an individual entity.

Bio-Gene is a listed public company limited by shares, incorporated and domiciled in Australia. The presentation currency and functional currency of the Company is Australian dollars.

The principal activity of the Company during the financial year was developing insecticides/pesticides.

The Registered office address of the Company is Quinert Rodda and Associates, Level 6, 400 Collins Street, Melbourne, Victoria 3000.

The financial report was authorised for issue by the Board of Directors of Bio-Gene on the date shown on the Declaration by Directors attached to the Financial Statements.

#### Note 1: Statement of significant accounting policies

The principal accounting policies which have been adopted in the preparation of these financial statements are set out below.

##### a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations, and complies with other requirements of the law. Bio-Gene is a for-profit entity for the purpose of preparing these financial statements.

These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

##### b) Basis of preparation

The financial report has been prepared on an accruals basis and are based on historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted. All values are rounded to the nearest dollar.

The accounting policies have been consistently applied and, except where there is a change in accounting policy, are consistent with those of the previous year.

##### c) Going concern

The financial statements have been prepared on a going concern basis. The financial statements have been prepared in accordance with generally accepted accounting standards, which are based on the Company continuing as a going concern. The Company has incurred operating losses; however the Company is able to continue as a going concern on the basis that the Company has sufficient cash reserves to cover expenditure for at least the next twelve months following the signing date of these financial statements.

##### d) Earnings per share

###### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year. Shares issued under the Loan Share Plan and options issued under the Employee Share Option Plan are excluded from this calculation. Refer to Note 4 for further details.

###### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. Shares issued under the Loan Share Plan and options issued under the Employee Share Option Plan are excluded from this calculation. Refer to Note 4 for further details.

##### e) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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# BIO-GENE TECHNOLOGY LIMITED

## ABN 32 071 735 950

### NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

Judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements concerns management's review of finite life intangibles for indicators of impairment. The carrying amount of intangibles at 30 June 2021 is \$314,013 (2020: \$350,955). Refer to Note 10 for details of the assumptions made on the carrying value of Intangibles.

At each reporting period the Company assesses whether finite life intangibles have suffered any impairment in accordance with the accounting policy stated in Note 1(h).

The Going Concern assumption also requires significant estimates, mainly in relation to expected cash inflows and outflows from various alternatives available to the Company.

Other areas that require significant judgement and key assumptions include share based payments, which are calculated at fair value using industry standard option pricing models, and the estimated useful life of intangibles, which is based understanding of competitive forces, and general familiarity with the market.

There have been no other significant judgments made in applying accounting policies that the Directors consider would have a significant effect on the amounts recognised in the financial statements. There have been no key assumptions made concerning the future, and there are no other key sources of estimation uncertainty at the reporting date, that the Directors consider would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **f) Property, plant and equipment**

The purchase method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Property, plant and equipment is recognised at cost and are depreciated over their estimated useful lives using the straight-line method. The expected useful life for property, plant and equipment is:

- Computer equipment – 2 years; and
- Plant and equipment – 10 years.

Profits and losses on disposal of plant and equipment are taken into account in determining the result for the year.

#### *Impairment*

The carrying values of plant and equipment are reviewed for impairment at each reporting date with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. Impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

#### **g) Intangible assets**

##### *Licences*

Licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses.

Amortisation is calculated using the straight-line method, over the assets estimated useful lives of 20 years.

#### **h) Impairment of non-financial assets**

Intangible assets that have an indefinite useful life and intangible assets not yet available for use are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount may not be recoverable.

At each reporting date, the Company reviews the carrying amounts of its finite life tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **i) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, held at call with financial institutions, and other short-term deposits with an insignificant risk of change in value.

#### **j) Trade and other receivables**

Trade receivables and other receivables represent the principal amounts due at reporting date less, where applicable, any provision for doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Debts which are known to be uncollectable are written off. All trade receivables and other receivables are recognised at the amounts receivable as they are due for settlement within 90 days.

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**BIO-GENE TECHNOLOGY LIMITED**  
**ABN 32 071 735 950**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**k) Research and development costs**

Research and development expenditure is expensed as incurred except to the extent that its future recoverability can reasonably be regarded as assured, in which case it is deferred and amortised on a straight line basis over the period in which the related benefits are expected to be realised.

The carrying value of development costs that have been capitalised are reviewed for impairment annually when the asset is not yet in use or when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

**l) Employee benefits**

*Short-term employee benefits*

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

*Long-term employee benefits*

Liabilities for annual leave and long service leave that are not expected to be settled wholly within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 end of the reporting period of the corporate bonds.

*Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

**m) Share based payments**

Equity settled share based payments with employees, key consultants providing similar services and Directors are measured at fair value at the date of issue. Fair value is measured by use of industry standard pricing models. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value determined at the issue date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the entity's estimate of shares that will eventually vest.

For cash settled share based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

**n) Provisions**

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company 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.

**o) Income taxes**

Income taxes are accounted for using the comprehensive statement of financial position liability method whereby:

- the tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements;
- current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- a deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset; and
- deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

Unused tax losses for which no deferred tax asset has been recognised are \$7,791,213 (2020: \$6,095,694) resulting in a potential tax benefit at 25.0% (2020: 26.0%) of \$1,947,803 (2020: \$1,584,880). The unused tax losses were incurred as part of the company's research and development activities. They can be carried forward indefinitely provided that the Company satisfies the "same business" or "continuing ownership" tests.

**p) Issued capital**

Ordinary shares are classified as equity (Note 15).

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

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# BIO-GENE TECHNOLOGY LIMITED

## ABN 32 071 735 950

### NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### q) Revenue recognition

##### *Licence revenue*

Licence revenue is recognised in accordance with the underlying agreement. Upfront milestone payments are brought to account as revenues at the time of execution of the agreement and subsequent milestones when the relevant milestone has been achieved.

##### *Research collaboration receipts*

Research collaboration receipts are recognised in accordance with the underlying agreement. Payments are brought to account as revenues at the time that the relevant milestone has been achieved.

##### *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

##### *R&D tax incentive*

Income from the R&D Tax Incentive is recognised on an accruals basis when AusIndustry accept the claim or there is a reasonable probability that AusIndustry will accept the claim.

##### *Grant income*

Grant income is recognised on a receipts basis.

##### *Government stimulus*

The government cash boost stimulus in respect of Covid-19 is recognised on an accruals basis when the Company qualifies for the payment.

##### *Sales*

Sales are recognised when the goods have been delivered to the purchaser.

#### r) Comparative figures

Comparatives have been reclassified, where necessary, so as to be consistent with the figures presented in the current year.

#### s) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

#### t) Foreign currency translation

##### *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Australian dollars, which is Bio-Gene's functional and presentation currency.

##### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at reporting date. Foreign exchange gains or losses resulting from the translation of monetary assets and liabilities at year end exchange rates are recognised in the statement of profit or loss and other comprehensive income.

#### u) Financial Instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

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# BIO-GENE TECHNOLOGY LIMITED

## ABN 32 071 735 950

### NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### *Financial assets*

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### *Classification*

On initial recognition, the Company classifies its financial assets into the following category, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

#### *Amortised cost*

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

#### *Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

#### *Term Deposits*

The Company has financial assets in the nature of term deposits which are held to maturity.

#### *Trade receivables*

Impairment of trade receivables has been determined using the simplified approach in AASB 9 which uses an estimation of lifetime ECLs. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

#### *Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the ECL model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.



# BIO-GENE TECHNOLOGY LIMITED

## ABN 32 071 735 950

### NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### *Financial liabilities*

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade and other payables.

#### **v) Leases**

Leases of property, plant and equipment where the Company bears substantially all the risks and benefits incidental to ownership of the asset, are classified as finance leases.

Finance leases are capitalised, recorded as an asset and a liability equal to the present value of the minimum lease payments, including any residual payments as determined by the lease contract. Leased assets are amortised on a straight line basis over the estimated useful lives where it is likely that the Group will obtain legal ownership of the asset on expiry of the lease. Lease payments are allocated over both the lease interest expense and the lease liability.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

#### *Right-of-use asset*

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

#### *Lease liability*

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### **w) New Accounting Standards and Interpretations**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company is not affected by these Standards.

#### **Note 2: Remuneration of auditors**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Audit services</b>		
JTP Assurance:		
Audit and review of financial reports and other audit work under the Corporations Act 2001	30,000	28,000
<i>Total remuneration for audit services</i>	<u>30,000</u>	<u>28,000</u>
<b>Other advisory services provided by firms associated with the audit firm</b>		
Jeffrey Thomas & Partners		
Advice on taxation and other matters and review and lodgement of corporate tax returns	4,500	5,800
<b>Total remuneration</b>	<u><u>34,500</u></u>	<u><u>33,800</u></u>

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**Note 3: Revenue, other income and expenses**

	2021 \$	2020 \$
<b>(a) Revenue from continuing operations</b>		
Research collaboration receipts	60,000	120,000
Licence fees	2,610	2,795
<b>Total revenue from continuing operations</b>	<b>62,610</b>	<b>122,795</b>
<b>(b) Other income</b>		
Interest received	38,114	64,480
R&D tax incentive <sup>1</sup>	510,509	784,785
Government grants	30,966	64,549
Government stimulus	-	100,000
<b>Total other income</b>	<b>579,589</b>	<b>1,013,814</b>

1. During the prior year the Company settled its dispute with AusIndustry resulting in an additional \$359,140 for the R&D Incentive.

**(c) Expenses**

Loss before income tax includes the following specific expenses:

*Employee salary and benefit expenses:*

Salary and employee benefit expenses	725,652	758,739
Defined contribution superannuation expenses	79,684	65,494
Share based payments	309,853	238,913
<b>Total employee salary and benefit expenses</b>	<b>1,115,189</b>	<b>1,063,146</b>

*Depreciation, amortisation and impairment of non-current assets:*

Plant and equipment	4,960	8,056
Right of use assets	12,320	13,440
License and registered patents	36,942	36,943
<b>Total depreciation and amortisation expenses</b>	<b>54,222</b>	<b>58,439</b>

*Foreign currency exchange differences:*

Foreign currency exchange losses	1,105	3,482
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*Operating expenses:*

Interest expense on lease liabilities (under other expenses)	337	1,232
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**Note 4: Earnings per share**

	2021 \$	2020 \$
Net loss used in calculating basic earnings per share:	2,396,264	1,933,099
Net loss used in calculating diluted earnings per share:	2,396,264	1,933,099
<b>No. of Shares</b>	<b>No. of Shares</b>	
Weighted average number of ordinary shares used in calculating basic earnings per share	137,232,931	119,372,094
Dilutive potential ordinary shares	-	-
<b>Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share</b>	<b>137,232,931</b>	<b>119,372,094</b>

**Information concerning the classification of securities**

*Fully paid ordinary shares*

Fully paid ordinary shares carry the right to participate in dividends and the proceeds on winding up of the Company in equal proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Fully paid ordinary shares are included as ordinary shares in the determination of basic earnings per share.

*Loan Share Plan*

The Loan Share Plan ("LSP") allows non-recourse, interest free loans to be provided to eligible participants to acquire shares under the plan. When an issue is made it will be treated as an in-substance grant of options and expensed over the vesting period because of the limited recourse nature of the loans. Shares offered under the LSP may be subject to Vesting Conditions, Forfeiture Conditions and Disposal Restrictions (collectively referred to as "Conditions") as determined by the Board and specified in the Offer documents sent to participants. The Board has discretion to waive or deem Conditions to have been satisfied. Shares under the LSP cannot be dealt with (including traded on the ASX) unless they are not subject to any Conditions and there is no outstanding Loan on the shares.

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Generally shares issued under the plan will vest over a 6 or 12 month period. The shares are acquired in the name of the participant and each participant authorises and appoints the Company Secretary to act on their behalf. Any dividends paid on the shares are used to repay the loan. In all other respects the shares issued under the LSP carry the same rights as other ordinary shares on issue. If the participant leaves the Company, any shares that have not vested will be bought back by the Company and cancelled along with the loan. In respect of shares that have vested the loan balance must be paid in full within six months of termination or the shares will be sold and the proceeds applied to settle the loan balance. The issue price of the shares in the Company held under the LSP is not included in equity until the loan has been repaid.

Amounts unpaid on shares held under the LSP are treated as the equivalent of options to acquire ordinary shares and are excluded as potential ordinary shares in the determination of diluted earnings per share and basic earnings per share. Details relating to the LSP are set out in Note 15(c).

The 14,474,452 shares on issue at reporting date that were granted under the LSP are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 30 June 2021. These shares could potentially dilute basic earnings per share in the future.

*Options*

Options granted by the Company are considered to be potential ordinary shares and have been excluded in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share because they are anti-dilutive for the year ended 30 June 2021. Details relating to the options are set out in Note 15(b).

**Note 5: Cash and cash equivalents**

	2021 \$	2020 \$
Cash at bank	9,894	32,411
Deposit at call	3,923,301	189,457
Term deposits	-	5,300,000
	<b>3,933,195</b>	<b>5,521,868</b>

Funds placed on term deposit are invested for a maximum of 90 days and therefore considered to be cash equivalents. During and at the end of the Reporting Period, interest rates on deposits at call were more favourable than interest rates on term deposits.

**Note 6: Trade and other receivables**

	2021 \$	2020 \$
Trade debtors	22,000	-
R&D tax incentive	480,000	394,907
GST refund due	21,557	30,985
Other receivables	194	57,149
	<b>523,751</b>	<b>483,041</b>

The balance of Trade and other receivables of \$523,751 (2020: \$483,041) is not past due and not considered impaired.

**Note 7: Other current assets**

	2021 \$	2020 \$
Prepayments	132,867	102,556
Security deposits	74,200	74,200
	<b>207,067</b>	<b>176,756</b>

**Note 8: Property, plant and equipment**

	2021 \$	2020 \$
<i>Plant and equipment</i>		
At cost	52,212	49,183
Accumulated depreciation	(29,487)	(24,527)
Total net plant and equipment	<b>22,725</b>	<b>24,656</b>

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Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Plant and equipment</i>		
Balance at the beginning of year	24,656	32,712
Additions	3,029	-
Disposals	-	-
Depreciation expense, impairment and asset write off	(4,960)	(8,056)
Carrying amount at the end of year	<b>22,725</b>	<b>24,656</b>

**Note 9: Right of use assets**

On 1 June 2019 the Company entered into a two year lease for its office at Level 12, 456 Lonsdale Street, Melbourne. The lease expired on 31 May 2021 and was not renewed. The Company now occupies the premises on a month to month lease.

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Right of use asset</i>		
Leased office	26,880	26,880
Less: Accumulated depreciation	(26,880)	(14,560)
Total net right of use assets	<b>-</b>	<b>12,320</b>

Movements in the carrying amounts for right of use assets between the beginning and the end of the current financial year

<i>Right of use assets</i>		
Balance at the beginning of year	12,320	-
Recognised on initial application of AASB16	-	25,760
Disposals	-	-
Depreciation expense, impairment and asset write off	(12,320)	(13,440)
Carrying amount at the end of year	<b>-</b>	<b>12,320</b>

**Note 10: Intangible assets**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Licences - Qcide	557,818	557,818
Less: Accumulated amortisation	(243,805)	(206,863)
Total net intangible assets	<b>314,013</b>	<b>350,955</b>

Movements in the carrying amounts for intangible assets between the beginning and the end of the current financial year

Carrying amount at the beginning of year	350,955	387,898
Additions – acquisitions	-	-
Amortisation expense (i)	(36,942)	(36,943)
Carrying amount at the end of year (ii)	<b>314,013</b>	<b>350,955</b>

- (i) Intangible assets comprise licences in relation to Qcide, which has a finite useful life and is recorded at cost. Amortisation has been historically calculated using straight line method over the estimated useful life of 20 years.
- (ii) Intangible assets are reviewed on a regular basis and where a decision has been made not to pursue a product, the remaining value recorded as an asset is impaired. At balance date, the directors also review the intellectual property portfolio to determine whether there are any indicators of impairment related to intellectual property.

**Note 11: Trade and other payables**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Trade creditors	88,107	133,954
Other creditors and accruals	321,481	54,833
Total trade and other payables	<b>409,588</b>	<b>188,787</b>

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**Note 12: Lease liabilities**

On 1 June 2019 the Company entered into a two year lease for its office at Level 12, 456 Lonsdale Street, Melbourne. The Company adopted AASB 16 effective from 1 July 2019. The lease expired on 31 May 2021 and was not renewed. The Company now occupies the premises on a month to month basis.

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Lease of office	-	11,663
	<b>-</b>	<b>11,663</b>

**Note 13: Employee benefits**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Annual leave	105,712	73,092
Short-term incentive	77,414	138,466
	<b>183,126</b>	<b>211,558</b>
<i>Non-current</i>		
Long service leave	11,859	5,280
	<b>11,859</b>	<b>5,280</b>

**Note 14: Financial liabilities**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Amount payable for IP licences	-	-
	<b>-</b>	<b>-</b>
<i>Non-current</i>		
Amount payable for IP licences	150,000	150,000
	<b>150,000</b>	<b>150,000</b>

In December 2016 the company signed a variation agreement to the Intellectual Property Assignment Deed originally signed 16 November 2009. This variation agreed additional fees of \$376,000 to be paid to the licensor following the successful completion of an IPO and signing of 2 licencing agreements. Following the successful listing of the Company the payment for \$226,000 became due and was paid.

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**Note 15: Contributed equity**

The Company does not have authorised capital nor par value in respect of its issued shares.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in equal proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(a) Movements in issued capital during the year were as follows:

	2021 No.	2020 No.	2021 \$	2020 \$
<i>Issued shares:</i>				
At the beginning of the reporting period	151,116,276	129,007,597	14,535,664	11,804,199
Shares issued at 15.5 cents pursuant to Share Placement	-	15,487,745	-	2,400,600
Shares issued at 15.5 cents pursuant to Share Purchase Plan	-	2,761,276	-	428,000
Repayment of Loans on LSP Shares	-	-	272,600	-
Transaction costs arising on issue of shares	-	-	-	(168,695)
Shares issued pursuant to the Loan Share Plan (LSP)	2,517,081	3,859,658	169,233	330,296
Re-allocation of value of shares issued under the LSP which vested or were repaid during the period	-	-	253,807	71,560
Employee share plan loans	-	-	(169,233)	(330,296)
<b>At end of the reporting period</b>	<b>153,633,357</b>	<b>151,116,276</b>	<b>15,062,071</b>	<b>14,535,664</b>
<i>Issued shares are comprised as follows:</i>				
Ordinary shares (net of transaction costs)	141,327,705	136,641,824	15,062,071	14,535,664
Restricted shares issued under the LSP	12,305,652	14,474,452	1,146,264	1,249,631
Re-allocation of value of shares issued under the LSP which vested or were repaid	-	-	(359,892)	(106,085)
	153,633,357	151,116,276	15,848,443	15,679,210
Accumulated transaction costs on issue of shares	-	-	1,600,299	1,600,299
<b>Balance at end of the year (ASIC reconciliation)</b>	<b>153,633,357</b>	<b>151,116,276</b>	<b>17,448,742</b>	<b>17,279,509</b>

(b) Movements in share options over ordinary shares during the year were as follows:

	2021 No.	2020 No.
Balance at beginning of the year	4,000,000	2,000,000
Exercised during the year	-	-
Expired during the year	(4,000,000)	-
Issued during the period <sup>4</sup>	2,500,000	2,000,000
<b>Balance at end of the year</b>	<b>2,500,000</b>	<b>4,000,000</b>

	Options Issued	Exercise Price	Value\$	Expiry
Terms of options issued				
Broker Options issued – 24 November 2017	2,000,000	20 cents	113,600	24/11/20
Options issued – 18 September 2019	2,000,000	20 cents	86,800	24/11/20
Options issued – 6 May 2021	2,500,000	25 cents	53,236	6/5/24

- Share options granted carry no rights to dividends and no voting rights.
- The Broker Options were issued pursuant to the Prospectus dated 5 October 2017.
- The valuations of options issued are determined by using an industry standard option pricing model taking into account the terms and conditions upon which the instruments were issued.
- The Options were issued for equity and advisory services.

(c) Loan share plan

The Company issues shares to Bio-Gene directors, executives and key consultants under the Loan Share Plan (LSP). Under the plan, participants are issued with equity to foster an ownership culture within the Company and to motivate them to achieve performance targets. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The Company introduced the LSP. The plan allows for shares to be issued for a nominal value or for non-recourse, interest free loans to be provided to eligible participants to acquire shares under the plan. Shares issued under the plan vest in accordance with the Executive Remuneration Strategy and Structure (refer to Remuneration Report for details).



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When an issue is made at nominal value it is expensed over the vesting period. If the participant leaves the Company, any shares that have not vested are bought back by the Company and cancelled. When an issue is made, and a loan is provided, it is treated as an in-substance grant of options and expensed over the vesting period because of the limited recourse nature of the loans. Each participant authorises and appoints the Company Secretary to act on their behalf. Any dividends paid on the shares are used to repay the loan. If the participant leaves the Company, any shares that have not vested are bought back by the Company and cancelled along with the loan. In respect of shares that have vested, generally, the loan balance must be paid in full within six months of termination of appointment or the shares are sold and the proceeds applied to settle the loan balance. The issue price of the shares in the Company held under the LSP is not included in equity until the loan has been repaid.

The valuations of shares issued under the LSP are determined by using an industry standard option pricing model taking into account the terms and conditions upon which the instruments were issued.

*Shares in existence in the current and past period under the Loan Share Plan:*

Following the consolidation of the Company's equity in September 2017, all share numbers are reported on a post consolidation basis.

**Loan Share Plan Tranche**

	Number	Issue date	Vesting Date	Loan expiry date	Unit Price \$	Fair Value at Issue Date \$
Tranche 1a	2,500,000	29/06/2015	29/06/2015	29/06/2022	0.0340	85,000
Tranche 1b <sup>1</sup>	2,500,000	29/06/2015	29/06/2015	29/06/2022	0.0340	85,000
Tranche 2a	416,000	30/06/2016	30/06/2016	30/06/2023	0.0334	13,894
Tranche 2b <sup>1</sup>	192,000	30/06/2016	30/06/2016	30/06/2023	0.0334	6,413
Tranche 3a	812,500	11/05/2017	11/11/2017	11/05/2024	0.0622	50,538
Tranche 3b <sup>1</sup>	750,000	11/05/2017	11/11/2017	11/05/2024	0.0622	46,650
Tranche 3c	812,500	11/05/2017	11/05/2018	11/05/2024	0.0622	50,538
Tranche 3d <sup>1</sup>	750,000	11/05/2017	11/05/2018	11/05/2024	0.0622	46,650
Tranche 4a	187,500	26/07/2017	26/01/2018	26/07/2024	0.0922	17,288
Tranche 4b	187,500	26/07/2017	26/07/2018	26/07/2024	0.0894	16,763
Tranche 5a	500,000	04/12/2017	04/06/2018	04/12/2024	0.1314	65,700
Tranche 5b	500,000	04/12/2017	04/12/2018	04/12/2024	0.1275	63,750
Tranche 6 <sup>2</sup>	263,304	06/12/2018	01/01/2019	N/A	0.1311	34,519
Tranche 7 <sup>5</sup>	696,722	06/12/2018	30/06/2021	06/12/2025	0.0760	52,951
Tranche 8a <sup>5</sup>	105,745	06/12/2018	30/06/2019	N/A	0.1311	13,863
Tranche 8b <sup>5</sup>	105,745	06/12/2018	30/06/2020	N/A	0.1311	13,863
Tranche 8c <sup>5</sup>	105,744	06/12/2018	30/06/2021	N/A	0.1311	13,863
Tranche 9 <sup>3</sup>	507,162	01/11/2019	01/11/2019	N/A	0.1411	71,560
Tranche 10 <sup>5</sup>	2,201,972	01/11/2019	30/06/2022	01/11/2026	0.0789	173,736
Tranche 11a <sup>5</sup>	383,509	01/11/2019	30/06/2020	N/A	0.1411	54,113
Tranche 11b <sup>5</sup>	383,508	01/11/2019	30/06/2021	N/A	0.1411	54,113
Tranche 11c <sup>5</sup>	383,507	01/11/2019	30/06/2022	N/A	0.1411	54,112
Tranche 12 <sup>4</sup>	493,881	30/07/2020	28/08/2020	N/A	0.1399	69,094
Tranche 13 <sup>5</sup>	1,262,930	30/07/2020	30/06/2023	30/07/2027	0.0789	106,465
Tranche 14a <sup>5</sup>	253,424	30/07/2020	30/06/2021	N/A	0.1399	35,454
Tranche 14b <sup>5</sup>	253,424	30/07/2020	30/06/2022	N/A	0.1399	35,454
Tranche 14c <sup>5</sup>	253,422	30/07/2020	30/06/2023	N/A	0.1399	35,454
	<u>17,761,999</u>					<u>1,366,798</u>
Less Unrestricted Shares <sup>1,2</sup>	<u>(5,456,347)</u>					<u>(359,886)</u>
	<b><u>12,305,652</u></b>					<b><u>1,006,912</u></b>

- The Loans outstanding on the Tranche 1b, 2b, 3b and 3d shares were repaid during the year.
- The Tranche 6 shares were issued in respect of the executives' short-term incentive for the 2018 financial year and vested on 1 January 2019.
- The Tranche 9 shares were issued in respect of the executives' and employee's short-term incentives for the 2019 financial year and vested on 1 November 2019.
- The Tranche 12 shares were issued in respect of the executives' and employee's short-term incentives for the 2020 financial year and vested on 28 August 2020.
- The Tranche 7, 8, 10, 11, 13 and 14 shares had not vested at the Reporting Date.

**(d) Fair values of share based payments**

The fair value of all loan shares granted to Directors, other key management personnel, other employees and consultants have been calculated using an industry standard option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise (including the probability of meeting market conditions attached to the option), and behavioural considerations. The model requires the Company share price volatility to be measured. The share price volatility has been measured with reference to the historical share prices of the Company and other similar Companies.

The fair value of share based payments is calculated on the date of issue less any consideration paid. The values are not revised if there is a subsequent change in terms.

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Details in respect of the fair value of equity, on issue/grant date, that was in existence at reporting date are outlined below. Following the consolidation of the Company's equity in September 2017, all share numbers and prices are reported on a post consolidation basis.

Equity Instrument	Loan /Exercise price \$	Share price on issue Date \$	Volatility	Maturity date	Time to maturity	Risk free interest rate	Expected dividend yield
Tranche 1	0.05	0.05	74%	29/06/2022	7 years	2.61%	-
Tranche 2	0.05	0.05	74%	30/06/2023	7 years	1.81%	-
Tranche 3	0.092	0.092	74%	11/05/2024	7 years	2.39%	-
Tranche 4	0.14	0.14	74%	26/07/2024	7 years	2.46%	-
Tranche 5	0.20	0.20	74%	04/12/2024	7 years	2.36%	-
Tranche 7	0.142	0.142	74%	06/12/2025	7 years	2.75%	-
Tranche 10	0.15	0.15	77.4%	01/11/2026	7 years	0.98%	-
Tranche 13	0.134	0.134	91.9%	30/07/2027	7 years	0.65%	-

Share Tranches 6, 8, 9, 11, 12 and 14 were issued for nominal consideration and valued at the 5 day VWAP on the day of issue.

(e) Share based payments

The amount expensed in relation to equity settled share based payments to the statement of profit or loss and other comprehensive income was \$367,534 (2020: \$325,713).

**Note 16: Reserves and accumulated losses**

	Note	2021 \$	2020 \$
Share options reserve	(a)	57,681	200,400
Share loan plan reserve	(b)	805,648	749,602
<b>Total reserves</b>		<b>863,329</b>	<b>950,002</b>

(a) Share option reserve

	2021 \$	2020 \$
Opening balance 1 July	200,400	113,600
Value of options issued <sup>1</sup>	57,681	86,800
Re-allocation of value of options which lapsed during the period <sup>2</sup>	(200,400)	-
<b>Closing balance</b>	<b>57,681</b>	<b>200,400</b>

(b) Share loan plan reserve

	2021 \$	2020 \$
Opening balance 1 July	749,602	582,249
Value of shares recognised over vesting period <sup>1</sup>	309,853	238,913
Re-allocation of value of shares issued under the LSP which became unrestricted during the period <sup>2</sup>	(253,807)	(71,560)
<b>Closing balance</b>	<b>805,648</b>	<b>749,602</b>

- The equity settled reserves arise on issue of equity under the LSP or the issue of options.
- Amounts are transferred out of the reserves and into issued capital when the loans are repaid, shares issued for nominal value vest or the options are exercised. Amounts are transferred to accumulated losses when the shares or options are cancelled.

(c) Movement in accumulated losses

	2021 \$	2020 \$
Opening balance 1 July	(9,483,358)	(7,550,587)
Adjustment following the adoption of AASB16 <sup>1</sup>	-	328
Re-allocation of value of options lapsed during the period	200,400	-
Net loss for the year	(2,396,264)	(1,933,099)
<b>Closing balance</b>	<b>(11,679,222)</b>	<b>(9,483,358)</b>

- AASB 16 related amounts recognised in the statement of changes in equity.

Reversal of lease payment expensed in the prior period	-	(1,600)
Depreciation of right of use asset for the prior period	-	1,120
Interest expense related to lease repayment for the prior period	-	152
	-	<b>(328)</b>

**BIO-GENE TECHNOLOGY LIMITED**  
**ABN 32 071 735 950**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**Note 17: Cash flow Information**

**(a) Reconciliation of cash**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	9,894	32,411
Deposit at call	3,923,301	189,457
Term deposits	-	5,300,000
<b>Total cash and cash equivalents</b>	<b>3,933,195</b>	<b>5,521,868</b>

**(b) Reconciliation of cash used in operating activities with loss after income tax**

<b>Loss from continuing operations after income tax</b>	(2,396,264)	(1,933,099)
<i>Non cash movements:</i>		
Depreciation and amortisation expense	54,222	58,439
Equity settled share based payment	367,534	325,713
Employee benefits	39,199	101,426
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(40,710)	(10,275)
(Increase)/decrease in other current assets	(30,311)	(6,425)
Increase/(decrease) in trade creditors and accruals	180,808	(180,470)
<b>Cash used in operating activities</b>	<b>(1,825,522)</b>	<b>(1,644,691)</b>

**(c) Non cash financing and investing activities**

*AASB 16 related amounts recognised in the statement of cash flows*

Repayments of principal	11,663	13,768
Interest paid	337	1,232
	<b>12,000</b>	<b>15,000</b>

**Note 18: Commitments and contingencies**

**(a) Capital expenditure commitments**

Committed but unrecognised expenditure as at reporting date amounted to \$Nil (2019: \$Nil).

**(b) Other contingencies**

*Research and development incentive*

Research and Development grants received may be subject to review by AusIndustry and subsequent claw back of funds should there be a determination of non-conforming claims.

**Note 19: Financial instruments**

**(a) Capital risk management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company's overall strategy remains unchanged from the prior financial year.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings as disclosed in Notes 15 and 16 respectively. The Company operates globally, primarily through arrangements with suppliers established in the markets in which the Company trades.

Operating cash flows are used to maintain and expand the Company's assets.

*Gearing ratio*

The Company's Board reviews the capital structure on a half-yearly basis. As a part of this review the Board considers the cost of capital and the risks associated with each class of capital. The Company has a target gearing of 0% in line with the industry norm that is determined as the proportion of net debt to equity. Based on recommendations of the Board the Company will balance its overall capital structure through new share issues.

**BIO-GENE TECHNOLOGY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

The gearing ratio at year end was as follows:

	Note	2021 \$	2020 \$
<i>Financial assets at amortised cost</i>			
Debt (i)		-	-
Cash and cash equivalents	5	3,933,195	5,521,868
<b>Net cash/(debt)</b>		<b>3,933,195</b>	<b>5,521,868</b>
Equity (ii)	15,16	4,246,178	6,002,308
Net debt to equity ratio		-	-

(i) Debt is defined as long-term and short-term borrowings.

(ii) Equity includes all capital and reserves as detailed in Note 15 and 16.

**(b) Financial risk management objectives**

The Company's CFO monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. There have been no changes to these risks since the previous financial year.

The Board of Directors ensures that the Company maintains a competent management structure capable of defining, analysing, measuring and reporting on the effective control of risk inherent in the Company's underlying financial activities and the instruments used to manage risk. Key financial risks including interest rate risk and foreign currency risk are reviewed by management on a regular basis and are communicated to the Board so that it can evaluate and impose its oversight responsibility. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Company currently does not hedge foreign exchange exposure however each transaction is assessed on a case by case basis. This and other financial risks are managed prudently by the Chief Financial Officer and the Board.

The entity holds the following financial instruments:

	Note	2021 \$	2020 \$
<i>Financial assets at amortised cost</i>			
Cash and cash equivalents	5	3,933,195	5,521,868
Trade and other receivables	6	523,751	483,041
Other current assets	7	207,067	176,756
		<b>4,664,013</b>	<b>6,181,665</b>
<i>Financial liabilities at amortised cost</i>			
Trade and other payables	11	409,588	188,787
Lease liabilities	12	-	11,663
Financial liabilities	14	150,000	150,000
		<b>559,588</b>	<b>350,450</b>

**(c) Market risk**

The Company's activities expose it primarily to the financial risks of changes in foreign currency rates. The Company undertakes a number of its research activities overseas, as the necessary experience and facilities are not available in Australia, and as such has exposure to foreign currency movements which are predominately in US dollars. The Board and Chief Financial Officer monitor the potential impact of movements in foreign exchange exposure. The Company currently does not hedge foreign exchange exposure however each transaction is assessed on a case by case basis.

**(d) Interest rate risk management**

The Company's exposure to market interest rates relates primarily to the Company's short term deposits held and deposits at call. The interest income earned from these balances can vary due to interest rate changes.

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end on the reporting period. If interest rates had been 100% higher/lower and all other variables were held constant, the Company's loss for the year ended 30 June 2021 would increase/decrease by \$38,114 (2020: \$64,481).

**(e) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to pay its debts as and when they fall due. The Company has no borrowings at reporting date and the Directors ensure that the cash on hand is sufficient to meet the commitments of the Company at all times during the research and development phase.

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash and where necessary unutilised borrowing facilities are maintained.

**BIO-GENE TECHNOLOGY LIMITED**  
**ABN 32 071 735 950**  
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**FOR THE YEAR ENDED 30 JUNE 2021**

*Financing arrangements*

The Company does not have access to any borrowing facilities at the reporting date.

*Maturities of financial liabilities*

The tables below analyse the Company's financial liabilities.

	0 -12 months	Maturing 1 to 3 years	Total
<b>30 June 2021</b>			
<i>Financial Liabilities at amortised cost</i>			
Trade and other payables	409,588	-	409,588
Lease liabilities	-	-	-
Financial liabilities	-	150,000	150,000
	<b>409,588</b>	<b>150,000</b>	<b>559,588</b>
<b>30 June 2020</b>			
<i>Financial Liabilities at amortised cost</i>			
Trade and other payables	188,787	-	188,787
Lease liabilities	11,663	-	11,663
Financial liabilities	-	150,000	150,000
	<b>200,450</b>	<b>150,000</b>	<b>350,450</b>

All current balances mature within one year; all non-current balances are expected to mature in between one and three years.

**(f) Foreign currency risk management**

The Company undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuation arise. Exchange rate exposures are managed within approved policy parameters. The Company manages the currency risk by monitoring the trend of the US dollar and Pound Sterling.

The entity's foreign currency risk denominated financial assets and financial liabilities at the reporting date are as follows:

	<b>30 June 2021</b>		<b>30 June 2020</b>	
	USD	GBP	USD	GBP
<i>Financial Assets at amortised cost</i>				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	-	-	-	-
<i>Financial Liabilities at amortised cost</i>				
Trade and other payables	63,042	2,651	3,975	-

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the statement of financial position date. A 10 percent increase or decrease in the foreign exchange rate is used and represents management's assessment of the possible change in foreign exchange rates and historically is within a range of rate movements. A positive number indicates an increase in result and other equity. A negative number indicates a decrease in result and other equity. At 30 June 2021, if foreign exchange rates had moved, as illustrated in the table below, with all other variables held constant, pre-tax result and equity would have been affected as follows:

	<b>- 10%</b>		<b>+ 10%</b>	
	Profit \$	Equity \$	Profit \$	Equity \$
<b>30 June 2021</b>				
<i>Financial Assets at amortised cost</i>				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	-	-	-	-
<i>Financial Liabilities at amortised cost</i>				
Trade and other payables	(9,860)	(9,860)	8,067	8,067
Financial liabilities	-	-	-	-
	<b>(9,860)</b>	<b>(9,860)</b>	<b>8,067</b>	<b>8,067</b>
<b>30 June 2020</b>				
<i>Financial Assets at amortised cost</i>				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	-	-	-	-
<i>Financial Liabilities at amortised cost</i>				
Trade and other payables	(644)	(644)	527	527
Financial liabilities	-	-	-	-
	<b>(644)</b>	<b>(644)</b>	<b>527</b>	<b>527</b>

# BIO-GENE TECHNOLOGY LIMITED

## ABN 32 071 735 950

### NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

#### (g) Price risk

Price risk is the risk that future cashflows derived from financial instruments will be changed as a result of a market price movement, other than foreign currency rates and interest rates. The Company is not exposed to any material commodity price risks, other than those already described above.

#### *Net fair values*

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their net fair values.

The net fair values of financial assets and financial liabilities are determined as follows:

- the net fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the net fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow theory.

#### (h) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults.

In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Company.

## Note 20: Key management personnel

#### (a) Details of key management personnel

The Directors and other members of key management personnel of the Company during the year were:

Name	Position
Mr. Robert Klupacs	Non-Executive Chairman
Mr. Richard Jagger	Managing Director and Chief Executive Officer
Dr. Peter Beetham	Non-executive Director (Appointed 21/12/2020)
Mr. James Joughin	Non-executive Director (Appointed 01/03/2021)
Mr. Andrew Guthrie	Non-executive Director (Appointed 26/04/2021)
Mr. Peter May	Executive Director – Research and Development
Mr. Roger McPherson	Chief Financial Officer and Company Secretary
Mr. Donald Brumley	Non-Executive Chairman (Retired 26/11/2020)
Mr. Kevin Rumble	Non-Executive Director (Retried 26/11/2020)

#### (b) Key management personnel compensation

The aggregate compensation made to Directors and other members of key management personnel of the Company is set out below:

	2021	2020
	\$	\$
Short term employee benefits	813,036	772,032
Post-employment benefits	70,938	62,867
Equity based payments	243,573	252,671
	<b>1,127,547</b>	<b>1,087,570</b>

Further disclosures regarding key management personnel compensation are contained within the Remuneration Report.

## Note 21: Related party transactions

#### (a) Receivable from and payable to related parties

The following balances were outstanding at 30 June 2021 in relation to transactions with related parties:

	2021	2020
	\$	\$
<i>Current payables</i>		
Trade payables to directors or their related entities	-	-

There were no other loans to or from related parties at the current and previous reporting date. All transactions were made on normal commercial terms and conditions and at market rates.



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**BIO-GENE TECHNOLOGY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**(b) Transactions with key management personnel**

Details of key management personnel compensation are disclosed in Note 20 and the Remuneration Report.

**Note 22: Segment information**

A segment is a component of the Company that engages in business activities to provide products or services within a particular economic environment. The Company operates in one business segment, being the conduct of research and development activities in the discovery of novel insecticides. The Board of Directors assess the operating performance of the Company based on management reports that are prepared on this basis. The Company invests excess funds in short term deposits but this is not regarded as being a separate segment.

**Note 23: Leases**

**Finance leases**

The Company does not currently have any finance leases in place.

**Operating leases**

*Lease arrangements*

Bio-Gene's office space at 456 Lonsdale Street, Melbourne, Australia, had a lease term extending to 31 May 2021. When the lease expired it was not renewed. The Company now occupies the premises on a month to month basis. The Company adopted AASB 16 effective from 1 July 2019 in respect of the former lease (refer to note 1x).

*Non-cancellable operating lease commitments*

	2021 \$	2020 \$
Not longer than 1 year	-	-
Longer than 1 year and not longer than 5 years	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Note 24: Events occurring after the reporting period**

On 16 August 2021, the Company cancelled 1,013,956 ordinary shares which had been issued under its Long Term Incentive (LTI) program. These shares were issued in respect of the LTI for the 2018 financial year. The shares did not vest in accordance with their issue terms and have therefore been forfeited. The shares were all cancelled in accordance with the process required under Section 257 of the *Corporations Act 2001*. The procedure for cancelling these shares is by way of a share buy-back. No funds were exchanged at the time of issue or at the time of cancellation of these shares. For accounting purposes, the deemed value of these shares of \$94,540 was expensed over the vesting period over the period from issue to 30 June 2021.

No other matter or circumstance has arisen since 30 June 2021, other than as disclosed in this report, that has significantly affected or may significantly affect:

- Bio-Gene Technology Limited's operations in future financial years, or
- the results of those operations in future financial years, or
- Bio-Gene Technology Limited's state of affairs in future years.

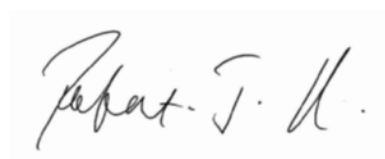
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## DECLARATION BY DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021

The directors of the company declare that:

1. The financial statements and notes, as set out in the following pages, are in accordance with the *Corporations Act 2001*:
  - a) comply with applicable Accounting Standards and the *Corporations Regulations 2001*; and
  - b) give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the board of directors.

A handwritten signature in black ink, appearing to read 'Robert J. H.', is displayed within a light gray rectangular box.

**Mr. Robert Klupacs**  
Director

Date: 26 August 2021

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## INDEPENDENT AUDITOR'S REPORT



JTP ASSURANCE

10th Floor, 446 Collins Street  
Melbourne, VIC 3000  
P.O. Box 627, Collins Street West  
VIC 8007

T: +61 3 9602 1494  
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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIO-GENE TECHNOLOGY LIMITED

ABN 32 071 735 950

#### Report on the Audit of the Financial Report

##### Opinion

We have audited the financial report of Bio-Gene Technology Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and 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 Bio-Gene Technology Ltd., is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2021 and of its financial performance for the year then ended;
- (b) 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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

##### R&D Tax Incentive (refer to note 3)

Under the research and development (R&D) tax incentive scheme, the Company receives a 43.5% refundable tax offset of eligible expenditure if its turnover is less than \$20 million per annum, provided it is not controlled by income tax exempt entities. The Company has recorded \$510,508 of income in the financial statements. This includes \$480,000 recorded as a receivable at year-end, representing an estimated claim for the period 1 July 2020 to 30 June 2021 using the same methodology that was accepted in the 2020 AusIndustry claim less \$34,050 which has been removed to present a more conservative accrual. A further \$30,508 represents underaccrual from previous year.

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## INDEPENDENT AUDITOR'S REPORT



We focused on the R&D tax incentive due to the material nature of the receivable and because there is a degree of judgement and interpretation of the R&D tax legislation required in assessing the eligibility of the R&D expenditure under the scheme. There is an inherent level of subjectivity in the R&D incentive in regard to the level of receivable recognised and the recognition of the related income.

### How our audit addressed the key audit matter

To evaluate the R&D tax incentive, we performed the following procedures, amongst others:

- Discussion with management to determine an understanding of the R&D environment the business operates in and to understand the process used to estimate the R&D tax incentive.
- Comparing the estimates made in previous years to the amount of cash physically received after year end.
- Testing the mathematical accuracy of the calculation and agreeing inputs to supporting documentation.
- Reviewing the classification of expenses included in the R&D claim to ensure that they meet the criteria of R&D expenditure
- Reviewing the work of experts who assisted the company in completing the claim.
- Assessing the adequacy of the related disclosures within the financial statements and reviewing accounting treatment in line with Australian Accounting Standards.

### Share Options and Equity Transactions (refer to note 15)

The Company issued shares to executive directors and senior management under a share-based compensation plan. These arrangements have differing terms and conditions that give rise to different accounting outcomes.

Share based payment arrangements require judgemental assumptions including volatility rate and expected life in determining the fair value of the arrangements and the expensing of that fair value over the estimated service period.

In recognising these transactions, the Company performed a valuation to calculate the accounting expense. Details of the share based payment arrangements offered to directors, executive management, third parties and shareholders, are disclosed in the Remuneration Report and note 15 to the financial report.

The audit of the share-based payment arrangements and the associated expense is a key audit matter due to the judgements required in determining fair value.

### How our audit addressed the key audit matter

To evaluate the share transactions, we performed the following procedures, amongst others:

- In performing our procedures we assessed the terms of the share based payment arrangements issued during the period including review of documentation issued to shareholders.
- We assessed the methodology used by the Company in valuing the share options.
- We assessed the expense recorded on the statement of comprehensive income.
- We assessed the share capital recorded for any loan repayments.
- We assessed whether the disclosure in note 15 in relation to the arrangements was adequate and whether it complied with Australian Accounting Standards.

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## INDEPENDENT AUDITOR'S REPORT



### Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

### Report on the Remuneration Report

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 17 to 26 of the directors' report for the year ended 30 June 2021. In our opinion, the Remuneration Report of Bio-Gene Technology Ltd., for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

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## INDEPENDENT AUDITOR'S REPORT



### *Responsibilities*

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

A handwritten signature in blue ink that reads 'JTP Assurance'.

**JTP ASSURANCE**

**Chartered Accountants**

**Signed at Melbourne this 26<sup>th</sup> day of August 2021**

A handwritten signature in blue ink that reads 'W. Tarrant'.

**WAYNE TARRANT**

**Partner**

**ABN: 13 488 640 554.** Liability limited by a scheme approved under Professional Standards Legislation

## SHAREHOLDER INFORMATION

### A. Substantial shareholders

The Company did not have any Holders of Relevant Interests as notified by ASX Substantial Shareholders under Part 6.7 of the Corporations Act 2001 as at 20 August 2021.

### B. Number of holders of equity securities and voting rights

	Ordinary Shares (i)	Share Options (ii)
Number of holdings as at 20 August 2021	1,132	1

The voting rights attaching to each class of equity securities are:

#### (i) Ordinary shares

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

#### (ii) Options

No voting rights.

### C. Distribution of equity securities

Distribution of holders of equity securities as at 20 August 2021:

No. of holders	Ordinary Shares	Options
1 - 1,000	24	0
1,001 - 5,000	159	0
5,001 - 10,000	152	0
10,001 - 100,000	529	0
100,001 and over	268	1
	<b>1,132</b>	<b>1</b>

Number of holders of less than a marketable parcel of shares 75

### D. 20 largest holders of quoted securities

The names of the 20 largest shareholders of each class of vested equity security as at 20 August 2021 are listed below:

No.	Name	No. of shares held	% of total shares
1	Rumble Nominees Pty Ltd	5,401,373	3.67
2	Mr Mun Kee Chang	4,862,435	3.30
3	Altor Capital Management Pty Ltd	3,950,000	2.68
4	Invia Custodian Pty Ltd	3,500,000	2.38
5	Dr Russell Kay Hancock	3,000,000	2.04
6	Magdajano Pty Ltd	2,870,000	1.95
7	Mr Victor Rosenberg & Miss Jacqueline Rosenberg	2,137,000	1.45
8	Dr Choon Huat Lee	2,000,000	1.36
9	Pyxis Holdings Pty Ltd	1,800,000	1.22
10	Macleay Pty Ltd	1,750,000	1.19
11	Inverness Capital Pty Ltd	1,617,384	1.10
12	SM Investments & Development Pty Ltd	1,572,000	1.07
13	Arision Pty Limited	1,555,265	1.06
14	Xeen	1,499,750	1.02
15	Spinite Pty Ltd	1,460,377	0.99
16	Max Kay & Norma Kay	1,392,640	0.95
17	BNP Paribas Nominees Pty Ltd	1,362,378	0.93
18	Kali Super Fund	1,350,000	0.92
19	Invia Custodian Pty Limited	1,300,000	0.88
20	Super Hero Squad Pty Ltd	1,250,000	0.85
		<b>45,630,602</b>	<b>31.01</b>



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## SHAREHOLDER INFORMATION

### E. Shares subject to restriction arrangements

The total number of shares subject to restriction arrangements is 11,291,696 shares. These shares were all issued under the Loan Share Plan and the escrow period ends on the latter of the date of repayment of the associated loan or as outlined below:

<i>Date shares issued</i>	<i>Vesting date</i>	<i>Number under shares</i>
29/06/2015	29/06/2015	2,500,000
30/06/2016	30/06/2016	416,000
11/05/2017	11/11/2017	812,500
11/05/2017	11/05/2018	812,500
26/07/2017	26/01/2018	187,500
26/07/2017	26/07/2018	187,500
04/12/2017	04/06/2018	500,000
04/12/2017	04/12/2018	500,000
01/11/2019 <sup>1</sup>	30/06/2022	3,352,496
30/07/2020 <sup>1</sup>	30/06/2022	506,848
30/07/2020 <sup>1</sup>	30/06/2023	1,516,352
		<u>11,291,696</u>

1. These shares have not vested as at the date of this report.

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## BOARD OF DIRECTORS AND COMPANY PARTICULARS

### Directors

- ❖ Robert Klupacs
- ❖ Richard Jagger
- ❖ Peter Beetham
- ❖ James Joughin
- ❖ Andrew Guthrie
- ❖ Peter May

### Secretary

- ❖ Roger McPherson

### Australian Company Number

071 735 950

### Australian Business Number

32 071 735 950

### Registered Office

Level 6  
400 Collins Street  
Melbourne, VIC 3000

### Business Address

Level 11  
456 Lonsdale Street  
Melbourne, VIC 3000

Tel: +61 3 9068 1062

Email: [bgt.info@bio-gene.com.au](mailto:bgt.info@bio-gene.com.au)

### Website

[www.bio-gene.com.au](http://www.bio-gene.com.au)

### Auditors

JTP Assurance  
Level 10  
446 Collins Street  
Melbourne, VIC 3000

### Lawyers

Quinert Rodda & Associates Pty Ltd  
Level 6  
400 Collins Street  
Melbourne, VIC 3000

### Share Registry

Automic Pty Ltd  
Level 5  
126 Phillip Street  
Sydney, NSW 2000

### Securities Quoted

Australian Securities Exchange (ASX)

Ordinary Fully Paid Shares (Code: BGT)

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