Memphasys Limited
ABN 33 120 047 556
Financial Year Ended 30 June 2022
Appendix 4E: Performance Commentary

PRINCIPAL ACTIVITIES

Memphasys is focused on commercialising high value reproductive biotechnology and proprietary cell separation technologies. The Company is developing novel medical devices, diagnostics, and media with application to assisted reproduction technologies, including IVF in humans and artificial insemination in animals.

The Company's most advanced product is the Felix™ system which utilises a technology known as electrophoresis, combined with size-exclusion membranes to select the best quality cells for improved IVF treatments.

The Company is also in the process of developing several other technologies. These include its Samson™ Fertility Test, a rapid *in vitro* diagnostic device to detect the probability of the stallion being able to fertilise a mare; various media projects to extend the longevity of semen without the need for freezing; new, innovative methods of sperm separation and novel analytical methods to detect causes of infertility.

REVIEW OF OPERATIONS

Over the year Memphasys made great progress in commercialising the Felix™ system, Memphasys' most developed product, and developing its product pipeline. The Felix™ system is a novel automated device for quickly and gently separating high quality sperm from a raw semen sample for use in human IVF procedures, which is now starting to be sold in early access regulatory markets. This progress was made despite continued difficulties caused by Covid to supply chains and the global slowdown and temporary shutting of IVF clinics, many of which are still recovering and are still not back to pre-covid capacity.

Highlights over the year include the following:

- Appointing Distinguished Emeritus Professor John Aitken as Memphasys' Scientific Director. Professor Aitken's appointment has provided a fillip to the development of Memphasys' product pipeline by the reproduction biology specialists funded by Memphasys who he leads at the University of Newcastle.
- Progressing Memphasys' IP through obtaining more granted patents and lodging provisional patents on the Felix™ system and other pipeline products

and obtaining more trademark approvals for both the Felix™ and Samson™ brands.
- Achieving ISO 13485 accreditation for Memphasys' Quality Management System ("QMS"), which is a key requirement for selling the Felix™ system in many jurisdictions.
- Obtaining initial sales of the Felix™ system, both for research institutes in China and for clinical use in India.
- Recruiting and treating the first patient in the *in vitro* Intracytoplasmic Sperm Injection ("ISCI") clinical trial with Monash IVF of the Felix™ system.
- Progressing the regulatory planning process to achieve approvals to market the Felix™ system in jurisdictions including Australia, China, USA and Europe.

Employment of Professor John Aitken as Scientific Director

In July 2021, Laureate Professor John Aitken was appointed as Memphasys' Scientific Director. He is employed part time to oversee the development of the range of new assisted reproductive products as well as supporting the commercial development of the Felix™ system. Professor Aitken's employment by the Company followed his retirement from the full-time position of Distinguished Laureate Professor of Biological Sciences within the School of Environmental and Life Sciences at the University of Newcastle on 30th June 2021. Professor Aitken remains as Distinguished Emeritus Laureate Professor of Biological Sciences at University of Newcastle where he manages research staff as part of his role with Memphasys.

Commercial development of the Felix™ system

KOL *in vitro* studies

Fourteen internationally recognised IVF Clinic key opinion leader ("KOL") sites have been conducting *in vitro* assessments of the Felix™ system and the majority had completed these assessments by the end of the period. Professor John Aitken has analysed the results to date, comparing *in vitro* measures of the sperm post processing by the Felix™ system and by Discontinuous Gradient Centrifuge ("DGC"), the most globally common sperm preparation method for IVF procedures.

The initial results demonstrated that while both DGC and the Felix™ system were able to select sperm of high quality from the raw semen samples, the overall quality of recovered sperm from the Felix™ system was superior to DGC in most cases, and in particular, the level of DNA fragmentation was less. Notably, the Felix™ system processed the semen samples in six minutes whilst DGC required at least 30 minutes, which is a substantial advantage of the Felix™ system, especially in a busy IVF clinic.

Professor Aitken has prepared a paper on this work, to be co-authored with the participating KOLs. It is anticipated to be published in a substantive reproductive biology journal.

Sales of the Felix™ system

During the period, the Felix™ system transitioned from product development to commencing commercial sales for clinical use, initially in India, a market with high and growing IVF demand. The first clinical sale was to the Coimbatore Womens Hospital Centre, one of the many international participants in the Felix™ system's KOL *in vitro* study.

The sale comprised a Felix™ desktop console, and an initial supply of sterile Felix single-use cartridges which are used to quickly process a semen sample and separate the best sperm cells. A single-use cartridge is used for processing each semen sample and the sperm separated in the cartridge, in an easy, automated, 6-minute, single step process, are then ready for use in IVF procedures.

The Coimbatore Womens Hospital is initially utilising the Felix™ system for couples suspected of suffering from male factor infertility. A further, follow up sale of a batch of cartridges was subsequently made to this clinic and more sales are expected in the future. Post reporting date, the clinic also reported that some frozen embryos have been implanted and have resulted in pregnancies.

Another two Indian KOL sites in Ahmedabad, Gujarat, are also testing the Felix™ system. One clinic has started undertaking embryo studies utilising the Felix™ system, which is the process adopted before a purchase decision is made. The other clinic is establishing a protocol with Memphasys for undertaking embryo testing.

To date the feedback from all three sites has been very positive on the ease of use, the speed and the performance of the Felix™ system. All three sites are keen to develop a database of clinical use case studies of the use of the Felix™ system for a range of couples with differing fertility issues and to publish the clinical outcomes.

India has implemented a range of medical device (IVF and non-IVF) regulatory changes, which require all medical devices to be registered. Memphasys appointed Implantex, a company headquartered in Singapore, with offices throughout S E Asia, including Mumbai, India, as its agent to oversee the required regulatory application for the Felix™ system. The application was lodged on on 13 June 2022, post the Company's formal receipt of the ISO 13485 certificate, which was required for the application. The Indian regulator, Central Drugs Standard Control Organisation (CDSCO) has advised the approximate time frame to process the application is four to nine months from date of lodgement.

Companies may still sell medical devices in India without regulatory approval (under transition provisions) until 30 September 2022. The Company does not consider that these regulatory updates will have any material impact on the IVF market in India or the medium to long term prospectus of the Company.

India represents one of four 'early access markets' for the Felix™ system. The other markets, in order of size, are Japan, Canada and New Zealand. The Indian market accounts for approximately 10% of the global demand for fresh IVF cycles1. In 2017, approximately 190,000 IVF cycles were performed in India. This number is forecast to rise to 587,570 by 2025. Increasingly, IVF centres are also freezing embryos for later implantation when the female partner's hormone levels have stabilised. This is the case with the Coimbatore centre, where embryo freezing rather than fresh transfers is preferred.

Memphasys also completed its first sale of a Felix™ system for research use with a sale to Anhui Women & Children's Hospital in China, a national leader in male infertility research. The sale was made by Memphasys' China distributor, Diagens Biotechnology Company Ltd ("Diagens").

Diagens is a Chinese company that manufactures and distributes proprietary and other products to its network of 500+ assisted reproduction centres and 300+ prenatal diagnosis centres in China. Memphasys has been collaborating with Diagens for the past two years.

In 2017, 302,190 IVF cycles were performed in China which is expected to reach up to 842,890 by 2025[1].

Although it was heartening that maiden sales of the device and repeat sales of cartridges were made in the period, sales were slower than expected for a variety of reasons.

KOL testing, a prerequisite for initial sales, slowed within most of the KOL practices at various times over the past couple of years due to Covid restrictions and the subsequent requirement to re-establish IVF operations. Covid related travel restrictions also prohibited the Company's management from conducting sales discussions in person with KOL executives. Fortunately, travel restrictions have eased. The Company's CEO and Managing Director, Alison Coutts, travelled to clinics in India and to the ESHRE international human fertility conference in Italy in June and July 2022 and obtained great feedback from multiple KOLs on their experiences with using the Felix System, which was generally very positive. The KOLs have stated they

[1] Allied Market Research Report, 2019

like the ease of use, the speed, the quality of sperm processed and the wide array of semen samples that the Felix™ System can treat.

It has become apparent that KOLs able to purchase the device in the early access regulatory markets will want to undertake *in vivo* testing of the Felix™ system, making embryos with sperm selected by the Felix™ device before they make a purchasing decision. The clinics will typically compare the embryo quality produced from their current sperm preparation method with the embryo quality produced by the Felix™ system. They may only test with a limited number of embryos, which was the case for the initial Indian purchaser. Some other KOLs have indicated they may want to do a small clinical study to compare the two processes.

Obtaining published clinical data on the *in vivo* performance of the Felix™ system should also assist with the sales process. Memphasys is hopeful that such data will be available from the early clinics using the device *in vivo*, and from the clinical trial it is undertaking in Australia when it is finalised.

Quality Management System and ISO13485 accreditation

During the period Memphasys completed Verification and Validation ("V&V") on the Felix™ system for early access regulatory markets, which enabled Memphasys to subsequently sell the Felix™ system in these markets. Verification is undertaken to confirm the specified design requirements have been fulfilled. Validation is undertaken to confirm requirements for specific intended use can be consistently fulfilled. Passing V&V assessments was a prerequisite before commencing commercial sales.

Passing V&V was a precondition for Memphasys to subsequently receive ISO 13485 certification, an international accreditation for its Quality Management System. ISO 134895 accreditation, which was formally achieved in June 2022, means that processes, as documented in the Company's quality management system, required to design, manufacture and market a device such as the Felix™ system comply with the international ISO 13485 standard. It is a requirement in later access regulatory countries for a company marketing a medical device such as the Felix™ system, to have ISO13485 accreditation.

Regulatory Clinical trial for Felix™ System with Monash IVF

Memphasys is conducting a clinical study (FELIX- ICSI) in collaboration with the Monash IVF Group Ltd (ASX: MVF), a leading Australian reproductive and fertility services company[2].

[2] Refer ASX announcement dated 9 December 2021

The clinical study will assess the safety and performance of the Felix™ system vs Swim-Up ("SU") and DGC, to isolate sperm from semen prior to its use for human ICSI, a common technique used in IVF.

Enrolment and treatment of first patients has begun, however, post reporting date, some changes to the trial protocol were made to speed up enrolment. A further three sites were added to the original four sites by the end of August. As the selection criteria were also found to be too restrictive, various of these criteria were also loosened e.g., by increasing female participant age to 42.5 years and allowing any male to participate if the fertilisation method was by ICSI (providing that the male met various other inclusion criteria). The study is anticipated to be completed by the end of December 2022, subject to recruitment/treatment rates.

Results, together with a comprehensive literature review, will be filed in a formal regulatory submission to the Therapeutic Goods Administration ("TGA") of Australia in support of Memphasys' application seeking to have the Felix™ system approved for sale in Australia, and will also support Felix™ system regulatory filings in international jurisdictions, most notably in the EU. TGA registration will also be recognised in many countries in S E Asia and in the Middle East.

Regulatory progress in high regulatory markets

The Company is continuing its activities to enable the Felix™ system to obtain regulatory approval in other later access countries which generally require the submission of a comprehensive technical file including clinical trial data. These later access countries include China (NMPA), United States (FDA) and Europe (C.E. Mark).

Memphasys is preparing for a pre-submission meeting with the USA Food and Drug Administration. Initial feedback from specialist regulatory consultants is that as the Felix™ system will be a novel class II device and, as there is no predicate device, it is likely to require a *de novo* submission.

The Company is pursuing the grant of Chinese regulatory approval and is hopeful that it will receive an accelerated review using the "green track" channel for innovative medical devices. Diagens is working with Memphasys to prepare a submission to China's National Medical Products Administration (NMPA) - the medical regulatory authority in China - on a potential fast track "Green Channel" regulatory approval for Felix to enable quicker commercial launch of the Felix™ in China, the world's largest IVF market.

Memphasys' Reproductive Biotechnology Product Pipeline

It is strategically important that Memphasys develops a high-quality product portfolio. This strategy is to mitigate the risk of over-reliance on any single product or process, keep Memphasys at the leading edge of new reproductive biotechnology developments, capitalise on the lifetime of experience and expertise that Professor John Aitken brings to the company and enable a cross pollination of expertise and discovery across the projects.

Not all projects will be commercially successful; some will fail on technical or commercial grounds along the development pathway. Memphasys' approach is to identify projects that are unlikely to be commercially successful as early in the development process as possible and to redeploy its highly valuable human resources to other projects with higher potential.

Memphasys has made considerable progress in new reproductive biotechnology product development with a group of seven highly qualified researchers at University of Newcastle, funded by Memphasys and under the leadership of Professor John Aitken. These potential new products address major market needs in human and animal reproduction and cover new sperm separation devices, male fertility diagnostics (human and animal), and accessory products that enable artificial reproduction services to be more widely and cheaply employed in humans and animals.

Memphasys' most advanced new product in the pipeline is its Samson^{TM} stallion fertility diagnostic. The Samson^{TM} device field trial in thoroughbreds and standardbred horses was completed during the September-November 2021 breeding season in Australia. The Samson^{TM} device is designed to assess the stallion's semen quality and predict the likelihood of a successful pregnancy from a 'service' when combined with basic data on the serviced mare. An algorithm using retrospective data from the Samson^{TM} device and other pertinent data such as stallion and mare age accurately predicted mare pregnancy within 30 minutes of the fertilising event in the horse stud field trials. A more sophisticated prototype device has been manufactured in preparation for testing in the coming season and it will utilise prospective rather than retrospective data, which will be more commercially useful, but it will also be more technically challenging.

The University of Newcastle research team has made great progress in developing a quick and readily applied oxidative stress diagnostic that could be utilised for a semen assessment in the home, GP office or IVF clinic. Further testing with student semen samples will be undertaken and, if the outcome continues to be successful, a prototype device will be fabricated for testing on clinical samples.

The researchers have been working on various other projects including a semen transportation device to enable human semen to be held at ambient temperature for shipment to a remotely located diagnostic laboratory, and devices with proprietary media for enabling artificial insemination in horses and cattle to be performed without freezing the semen beforehand.

Patents and Trademarks

Memphasys maintains strong protection for its unique bio-separations technology and reproductive biotechnology products. It has several pending patent applications in regions including USA, Europe, Australia and various Asian countries.

During the period, Memphasys was granted a patent for its sperm separation system in China and a patent in Japan for the unique hydrogel membranes used in the Felix™ system. The granting of these patents adds to the Company's suite of patents already granted in regions including USA, China, UK, and Australia.

The Felix™ trademark is registered in Australia, USA, UK, EU, India, Japan, and Canada.

The granting of patents and the registering of the trademark in key markets is important in protecting what the Company believes will be a globally significant device for the IVF industry. The Samson™ brand is also trademarked in Australia.

Other business

Settlement Agreement with Hydrix

During the period, Memphasys entered a settlement agreement (via a binding Heads of Agreement) with its engineering and design partner Hydrix Services Pty Ltd ("Hydrix") concerning an engineering flaw with the Felix™ device[3]. The parties worked together to remediate the engineering issue within the device and were subsequently able to come to commercially acceptable terms to settle the issue.

R&D Rebate

The Company received a $1.36 million tax rebate following the submission of its 2021 R&D Tax Incentive claim.

[3] Refer to ASX announcement dated 8th March 2021

Financial Performance

In the financial year ended 30 June 2022, Memphasys incurred a net loss from continuing operations of $2,081,964 (2021: net loss of $1,486,432). The main reasons causing this difference were as follows:

a) Although the total R&D expenditure slightly increased by 4% to $3,511,856 (2021: $3,368,704), the composition of this expenditure has moved from projects in 'development phase' (capitalised as Intangible Assets in the balance sheet) to projects in 'research phase' (released as R&D expenses to the P&L), which are the new portfolio of novel artificial reproduction products for human and animals under development with Professor Aitken and his team at the University of Newcastle, after a new agreement was signed with this University in November 2021. The table below shows the variances between projects and the resulting increase of $623,102 in R&D expenditure released to the P&L:

Breakdown of R&D expenditure	2022 $	2021 $
Projects in "Development phase"		
Sperm separations human (Felix)	2,234,988	2,401,500
Sperm separations animal	5,127	298,014
Membranes	182,375	202,926
Total capitalised R&D expenditure	2,422,490	2,902,440
Projects in "Research phase"		
Nexgen bio-separations	-	27,937
New long-life sperm storage media (human & animal)	501,843	208,084
Rapid equine pregnancy prediction assay (Samson)	346,249	116,613
Rapid oxidative stress assay (ROSA)	241,274	113,630
Total R&D expenditure released to P&L	1,089,366	466,264
Total R&D expenditure	3,511,856	3,368,704

b) Finance costs expenses have significantly increased by $480,163 due interest and expenses of convertible note loans announced to the market in May 2021.

c) Other expenses have increased by $238,685. This includes, among others, items like D&O insurance, website re-design, options issued to Hydrix as part of the agreement for the settlement of the engineering flaw, the payment of cash bonuses to employees and consultants for achieving milestone of first clinical

sale in an early market by 31 December 2021, recruitment expenses and company promotional activities.

The increase in expenditure mentioned in paragraphs above was partially offset by two main revenue items, as follows:

a) The extraordinary revenue of $650,000 due to the agreement reached with Hydrix for the settlement of the engineering flaw announced to the market in March 2021, and

b) The increase of $278,448 in the accrual of R&D tax incentive grant, driven by the bigger proportion of R&D expenditure on projects undergoing its 'research' phase.

The company has achieved in December 2021 the significant milestone of making the first commercial sale in an early access market of its Felix™ system to the Coimbatore Womens Hospital Centre in India, followed by a second sale to the same institution in March 2022. Although the quantum of the second sale was not material, the repeat clinical order validated Memphasys business model of recurring cartridge sales. Sales for research purposes were also made in October 2021 and March 2022 to Diagens in China.

The tax refund on R&D activities granted by the Federal Government ("Tax Incentive") continues to be the Company's main source of regular revenue. An R&D tax refund of $1,495,672 has been approved by AusIndustry for R&D expenditure incurred in the current financial year.

Memphasys finalised the financial year with a deficiency in working capital of $2,510,764 (2021: excess $2,831,940) and with net assets of $7,646,534 (2021: $8,606,990). The deterioration in working capital is due to the reclassification from non-current to current liabilities of convertible note loans announced in May 2021, which at 30 June 2022 had a maturity date on 31 December 2022. Subsequent to year end the parties are in conversations to extend the maturity date to 31 December 2023.

Board and management

Memphasys appointed Robert Cooke on 26 April 2022 as Non-Executive Chairman. On the same date, Shane Hartwig resigned as Non-Executive Director and Alison Coutts was appointed Managing Director and CEO.

On 1 July 2021, Memphasys entered into an employment agreement with Professor John Aitken, who was appointed as Scientific Director.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to 30 June 2022, the company announced $3.36 million capital raising to accelerate commercialisation of Felix™ system and continue development of other pipeline products.

Appendix 4E

Preliminary final report

Name of entity

Memphasys Limited

ABN or equivalent company reference	Financial year ended ('current period')
33 120 047 556	30 JUNE 2022 (Comparisons to 30 June 2021)

For announcement to the market

				$A'000
Revenue from continuing ordinary activities	**From 0**		**to**	**27**
Total income from continuing ordinary activities	**Increased**	**177%**	**to**	**544**
Loss from continuing operations	**Increased**	**84%**	**to**	**(2,082)**
Loss from ordinary activities after tax attributable to members	**Increased**	**84%**	**to**	**(2,082)**
Net Loss for the period attributable to members	**Increased**	**84%**	**to**	**(2,082)**

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Previous corresponding year	Nil	Nil

Record date for determining entitlements to the dividend, N/A

For a brief explanation of any of the figures reported above see notes below and also refer to the attached market announcement.

1. Consolidated Statement of Profit or Loss and Other Comprehensive Income

Continuing operations	For the year ended 30 June 2022 $	For the year ended 30 June 2021 $
1.1 Revenue		
Revenue from sales or services	27,148	-
Grant income	489,931	211,483
Interest income	709	2,543
Settlement of engineering flaw	650,000	-
Income on fair value of convertible note options	54,000	-
Other income	26,334	90,569
Total revenue	1,248,122	304,595
1.2 Expenses		
Direct costs	(18,905)	-
Transport expenses	(4,059)	-
Employee benefit expenses	(807,631)	(685,503)
Research & development expenses	(1,089,366)	(466,264)
Depreciation and amortisation expenses	(123,211)	(99,544)
Finance cost expense	(569,677)	(89,514)
Director expenses	(153,375)	(147,129)
Corporate consultants' expenses	(286,171)	(264,067)
General & administration	(277,691)	(39,006)
Total expenses	(3,330,086)	(1,791,027)
1.3 Loss before income tax	(2,081,964)	(1,486,432)
1.4 Income tax	-	-
1.5 Loss after tax from continuing operations	(2,081,964)	(1,486,432)
1.6 Net loss for the year	(2,081,964)	(1,486,432)
1.7 Net loss attributable to members of parent	(2,081,964)	(1,486,432)
1.8 Other comprehensive income / (loss)		
Items that will not be reclassified subsequently to profit or loss		
Net change in fair value of financial assets designated at fair value through other comprehensive income, net of tax	(76,000)	-
Total other comprehensive income / (loss) for the year	(76,000)	-
1.9 Total comprehensive loss for the year	(2,157,964)	(1,486,432)

Consolidated accumulated losses

		30 June 2022 $	30 June 2021 $
1.9	Accumulated losses at the beginning of the financial year	(41,167,423)	(39,680,991)
1.10	Net loss attributable to members (*item 1.6*)	(2,081,964)	(1,486,432)
1.11	Expired share options transferred to accumulated losses	478,775	-
1.12	**Accumulated losses at end of the financial year**	(42,770,612)	(41,167,423)

2. Consolidated Statement of Financial Position

		As at 30 June 2022 $	As at 30 June 2021 $
	Current assets		
2.1	Cash and cash equivalents	269,077	2,002,915
2.2	Inventories	87,082	118,794
2.3	Other current assets	1,672,931	1,567,072
2.4	**Total current assets**	**2,028,550**	**3,688,781**
	Non-current assets		
2.5	Financial assets at fair value through OCI	74,000	-
2.6	Property, plant and equipment	501,408	594,237
2.7	Intangible assets	9,678,774	8,291,264
2.8	Right-of-use asset	1,838,397	2,006,557
2.9	**Total non-current assets**	**12,092,579**	**10,892,058**
2.10	**Total assets**	**14,121,129**	**14,580,839**
	Current liabilities		
2.11	Trade & other payables	559,713	339,749
2.12	Interest-bearing liabilities	3,405,998	-
2.13	Non-interest-bearing liabilities	154,668	181,002
2.14	Lease liabilities	98,727	87,857
2.15	Tax liabilities	33,762	5,050
2.16	Provisions	286,446	243,183
2.17	**Total current liabilities**	**4,539,314**	**856,841**
	Non-current liabilities		
2.18	Lease liabilities	1,825,418	1,924,462
2.19	Interest bearing liabilities	-	2,932,339
2.20	Non-interest bearing liabilities	77,330	231,998
2.21	Provisions	32,533	28,209
2.22	**Total non-current liabilities**	**1,935,281**	**5,117,008**
2.23	**Total liabilities**	**6,474,595**	**5,973,849**
2.24	**Net assets**	**7,646,534**	**8,606,990**
	Equity		
2.25	Issued capital	50,340,937	48,884,176
2.26	Reserves	76,209	890,237
2.27	Accumulated losses	(42,770,612)	(41,167,423)
2.28	**Total equity**	**7,646,534**	**8,606,990**

3. Consolidated Statement of Cash Flow

		For the year ended 30 June 2022 $	For the year ended 30 June 2021 $
	Cash flows from operating activities		
3.1	Receipts from customers	27,148	-
3.2	Payments to suppliers and employees	(1,478,534)	(1,221,125)
3.3	Government grants	1,379,512	1,352,331
3.4	Interest received	709	2,543
3.5	Finance costs	(117,018)	(66,500)
3.6	**Net cash flows used in operating activities**	**311,817**	**67,249**
	Cash flows from investing activities		
3.7	Payment for purchases of property, plant and equipment	(2,864)	(118,073)
3.8	Payment for cleanroom set up	(154,668)	(20,000)
3.9	Payment for purchases of development assets	(2,920,248)	(2,886,019)
3.10	**Net cash flows used in investing activities**	**(3,077,780)**	**(3,024,092)**
	Cash flows from financing activities		
3.11	Proceeds from issues of securities	1,075,828	192,560
3.12	Share issue costs	(30,529)	(6,128)
3.13	Proceeds from third party loans	-	1,600,129
3.14	Proceeds from related party borrowings	75,000	1,374,196
3.15	Repayment of related party borrowings	-	(65,000)
3.16	Repayment of lease liabilities	(88,174)	(103,799)
3.17	**Net cash flows from financing activities**	**1,032,245**	**2,991,958**
3.18	**Net (decrease)/increase in cash held**	**(1,733,838)**	**35,115**
3.19	Cash at beginning of year	**2,002,915**	**1,967,800**
3.20	**Cash and cash equivalents at end of year** *(See reconciliation of cash)*	**269,077**	**2,002,915**

4. Consolidated Statement of Changes in Equity

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2021	48,884,176	890,237	(41,167,423)	8,606,990
Movement				
Loss for the year	-	-	(2,081,964)	(2,081,964)
Net change in fair value of financial assets designated at fair value through other comprehensive income, net of tax	-	(76,000)	-	(76,000)
Total comprehensive income for the year	-	(76,000)	(2,081,964)	(2,157,964)
Issue of share capital	1,075,828	-	-	1,075,828
Transaction costs on share issue	(30,529)	-	-	(30,529)
Share options issued	-	152,209	-	152,209
Expired share options transferred to equity	411,462	(411,462)		-
Expired share options transferred to accumulated losses	-	(478,775)	478,775	-
Balance at 30 June 2022	**50,340,537**	**76,209**	**(42,770,612)**	**7,646,534**

	Issued capital $	Share options reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2020	48,697,744	739,007	(39,680,991)	9,755,760
Movement				
Loss for the year	-	-	(1,486,432)	(1,486,432)
Total comprehensive income for the year	-	-	(1,486,432)	(1,486,432)
Issue of share capital	192,560	-	-	192,560
Transaction costs on share issue	(6,128)	-	-	(6,128)
Share options issued	-	151,230	-	151,230
Balance at 30 June 2021	**48,884,176**	**890,237**	**(41,167,423)**	**8,606,990**

5. Reconciliation of cash

Reconciliation of cash at the end of the year (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	30 June 2022 $	30 June 2021 $
5.1 Cash on hand and at bank	269,077	2,002,915
5.2 Total cash at end of year *(item 3.20)*	**269,077**	**2,002,915**

6. Earnings per security (EPS)

		30 June 2022	30 June 2021
6.1	Basic losses per share	(0.0027)	(0.0020)
6.2	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	784,355,320	756,698,537
6.3	Diluted losses per share	(0.0027)	(0.0019)
6.4	Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	784,355,320	789,102,994

7. NTA backing

		30 June 2022	30 June 2021
7.1	NTA backing per ordinary security	$(0.003)	$0.0000

8. Matters subsequent to the end of the financial year

Subsequent to 30 June 2022, the company announced $3.36 million capital raising to accelerate commercialisation of Felix™ system and continue development of other pipeline products.

Annual General Meeting

The annual general meeting will be held as follows:

Place	30 Richmond Road, Homebush West, NSW 2140
Date	Thursday 24th of November 2022
Time	11 a.m.
Approximate date the annual report will be available	Wednesday 1st September 2022

Compliance statement

1 The report has been prepared in accordance with the Corporations Act 2001, the recognition and measurement criteria of Accounting Standards and Urgent Issues Group Interpretations and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards "AIFRS". Compliance with AIFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards "IFRS".

2 This report, and the accounts upon which the report is based, use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed.

4 This report is based on accounts that have been audited.

6 The entity has a formally constituted Audit Committee.

Signed: 

Name: Alison Coutts
Chairman

Date: 31 August 2022