LTR Pharma

BRING BACK SPONTANIETY

LTR Pharma Limited

ABN 64 644 924 569

Annual Financial Report

30 June 2022

LTR Pharma Limited
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The directors present their report, together with the financial statements, of LTR Pharma Limited and the entities it controlled (referred to hereafter as the 'company' or 'entity') for the year ended 30 June 2022.

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

Lee Rodne
Julian Chick
Maja McGuire appointed 6 September 2021

Name:	Lee Rodne
Title:	Executive Chairman
Experience and expertise:	Lee holds over 25 years' experience in the healthcare and technology sectors and has been in executive leadership roles in both Public and Private enterprises. He previously worked in Fortescue Metals Group and led a healthcare technology spin out (Allied Medical) as its CEO and Managing Director that resulted in increasing its valuation from $800k to a peak of $250m (ASX:AHZ, AVR). He was also the Senior Executive of Sirius Minerals Plc that led to its lead acquisition project and reached a peak market capitalisation of over $1 billion on the London exchange. Lee holds an MBA from the University of St Thomas, Minnesota and B.A. degree in Business Management from St John's University
Special responsibilities:	None

Name:	Julian Chick
Title:	Non-Executive Director
Experience and expertise:	Julian is an experienced healthcare executive with over 20 years' experience in senior management and board positions including in ASX listed companies Avexa (ASX:AVX) and Admedus (ASX: AHZ, AVR). He has eight years' investment banking experience and has also held a role as an analyst reviewing healthcare and biotechnology investment opportunities for private equity investors and venture capitalists. Julian has a PhD in Physiology and is currently Chair of ASX listed digital health company Opyl (ASX:OPL).
Special responsibilities:	None

Name:	Maja McGuire
Title:	Non-Executive Director
Experience and expertise:	Maja is an Australian qualified lawyer with almost 15 years' experience in the provision of corporate and compliance advice to ASX listed public companies. This includes working with listed companies as a non-executive director, general counsel, company secretary and in private practice. Maja commenced her career as a corporate lawyer at top tier Clayton Utz, before joining the Canadian Bankers Association in Toronto as a Financial Advisor. Between 2014 – 2018, Maja was both Company Secretary and Legal Counsel of previously named Admedus Limited (now Anteris Technologies Ltd ASX:AVR), a global healthcare company focused on developing, commercialising, manufacturing and distributing next generation medical technologies and devices. Subsequently, between 2018 – 2020, Maja undertook the role of Company Secretary and Legal Counsel at US based Alexium International Group Limited (ASX: AJX), a company which holds proprietary patent applications for novel technologies developed to provide thermal regulation and flame

retardancy. Maja continues her career as a corporate consultant and brings extensive experience in ASX Listing Rule and Corporations Act compliance, capital raisings, corporate governance, general commercial contracts and dispute resolution.

Maja is currently the non-executive chair of ASX listed TechGen Metals (ASX:TG1), non-executive director of Kuniko (ASX:KNI) and non-executive director of OliveX (NSX: OLX). She holds BComm and LLB qualifications from The University of Western Australia.

Special responsibilities: None

Company secretary
Automic Legal Pty Ltd has held the role of Company Secretary since July 2021.

Meetings of directors
No formal Board meetings were held by the Board of Directors during the financial year. The business of the Company was conducted via a number of circular resolutions on relevant matters during the period.

Principal activities
During the financial year the principal continuing activities of the company consisted of:

- Commercialising a 'First in Class' rapid onset on-demand PDE5 Inhibitor nasal spray product (SDS089)
- Continued Research & Development of SDS089
- Preparation for FDA Clinical Bridging Studies

Operating Result
The operating result for the year was as follows:

	30 June 2022 $	30 June 2021 $
Loss before Income Tax	**(1,027,121)**	**(40,803)**
Income Tax (Expense)/Benefit	-	-
Loss for the Year	**(1,027,121)**	**(40,803)**

Dividends
No dividend was paid during the year and the Board has not recommended the payment of a dividend.

Review of operations
LTR Pharma Limited is commercialising a 'First in Class' rapid onset, on-demand Nasal Spray treatment for Erectile Dysfunction (ED). The LTR Pharma product (SDS089) has completed a successful Human Proof of Concept study targeting a rapid onset of effect in approximately 10-15 minutes compared to 60 minutes typical of oral administration of ED drugs like Levitra and Viagra. LTR Pharma has a proprietary nasal delivery formulation to allow for a lower dose (less active ingredient), fast acting administration (nasal as opposed to processed orally that needs to pass through the liver), which potentially reduces the health risks that can be associated with ED drugs

The Global Erectile Dysfunction (ED) market is large and current drugs and methods to treat ED have hardly seen any change over the past 25 years and is ready for new technology centred change. Patents of major market players have lapsed over the last few years. This brings an exciting opportunity to bring to market a new fast acting, on demand treatment for ED.

The financial position of the entity is strong, and it could if required, access additional financial support from the majority shareholder in the future. The SDS continuing development loan has been fully funded and the majority shareholder utilized to fund the commitment was converted into equity in September 2021 with a balance of $359,500. As at the 30th of June there are no outstanding borrowings. There are no bank borrowings or other material liabilities.

During the 2021-22 FY LTR Pharma has continued to progress with execution of the commercialisation plan for (SDS089) and has achieved several key milestones. These milestones include:

- Engaged with Global Nasal Spray Device Leader, APTAR for services including product optimisation and manufacturing method development studies.
- The Australian based CRO (Southern Star) was engaged for conducting the company's upcoming human clinical study and the protocol development for this study was primarily completed.
- Australian manufacturing experts (Mayne Pharma) were formally contracted for clinical trial product manufacturing

- Progressed the SDS089 formula optimisation process via the Aptar / Nanopharm Ltd. group
- Early acceptance was issued from IP Australia for our product trademark “SPONTAN™”.
- Completed a secondary fund raising at $0.14 per share raising an additional $600,000.

Significant changes in the state of affairs

The company completed a capital raising of $1,847,210 during the start of the year, as well as a secondary capital raising $600,000 in June 2022 and converted to a public unlisted company.

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not financially impacted the entity adversely up to 30 June 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is still developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than the above events, no other matter or circumstance has arisen since the end of the financial year and the date of this report that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

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

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

Indemnity and insurance of officers

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

During the 2022 financial year, the company has been covered as a subsidiary of the majority shareholder which has paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the company

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

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

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

On behalf of the directors

Lee Rodne
Chairman

21 September 2022
Brisbane

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of LTR Pharma Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
21 September 2022

M R Ohm
Partner

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Consolidated Group	**Note**	**30 June 2022**	**30 June 2021**
		$	**$**
Continuing operations			
Other Income		9,078	-
Interest income		238	11
Expenses			
Employee benefits expense		(390,496)	-
Consultancy and legal fees	3	(279,933)	(19,056)
Office and administrative costs		(4,615)	-
Research and development expense		(348,305)	-
Finance costs		(27)	(9,383)
Other expenses	4	(2,014)	(9,514)
Currency gains/(losses)		(11,047)	(2,861)
Loss before income tax		(1,027,121)	(40,803)
Income tax expense		-	-
Loss after income tax expense for the year		(1,027,121)	(40,803)
Other comprehensive income for the year		44,827	-
Total comprehensive income (loss) for the year		(982,294)	(40,803)

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

LTR Pharma Limited
Statement of financial position
As at 30 June 2022

Consolidated Group	**Note**	**As at 30 June 2022**	**As at 30 June 2021**
		$	**$**
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,911,397	146,413
Other assets	6	43,295	-
TOTAL CURRENT ASSETS		1,954,692	146,413
NON-CURRENT ASSETS			
Trade and other receivables	6	290,680	276,287
TOTAL NON-CURRENT ASSETS		290,680	276,287
TOTAL ASSETS		2,245,372	422,700
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		465,906	1,000
Borrowings	8	-	359,503
Other liabilities	7	10,000	103,000
TOTAL CURRENT LIABILITIES		475,906	463,503
TOTAL LIABILITIES		475,906	463,503
NET ASSETS / (LIABILITIES)		1,769,466	(40,803)
EQUITY			
Issued capital	8	2,792,563	-
Reserves	8	44,827	-
Accumulated losses	9	(1,067,924)	(40,803)
TOTAL EQUITY / (DEFICIENCY)		1,769,466	(40,803)

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

LTR Pharma Limited
Statement of changes in equity
30 June 2022

Consolidated Group	Note	Ordinary Share Capital	Accumulated losses	Foreign currency translation reserve	Total
		$	$	$	$
Balance at 7 October 2020		-	-	-	-
Comprehensive income					
Loss for the year		-	(40,803)	-	(40,803)
Total comprehensive (loss) for the year		-	(40,803)	-	(40,803)
Balance at 30 June 2021		**-**	**(40,803)**	**-**	**(40,803)**

Consolidated Group	Note	Ordinary Share Capital	Accumulated losses	Foreign currency translation reserve	Total
		$	$	$	$
Balance at 1 July 2021		-	(40,803)	-	(40,803)
Comprehensive (loss)					
Loss for the year		-	(1,027,121)	-	(1,027,121)
Currency translation differences		-	-	44,827	44,827
Total comprehensive loss for the year		-	(1,027,121)	44,827	(982,294)
Transactions with owners, in their capacity as owners, and other transfers					
Capital raising fees		(138,218)			(138,218)
Shares placement		2,447,210	-	-	2,447,210
Loan conversion LTR Medical		359,500	-	-	359,500
Settlement of advisory fees		124,071	-	-	124,071
Total transactions with owners and other transfers		**2,792,563**	-	-	**2,792,563**
Balance at 30 June 2022		**2,792,563**	**(1,067,924)**	**44,827**	**1,769,466**

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

LTR Pharma Limited
Statement of cash flows
For the year ended 30 June 2022

Consolidated Group	**Note**	**As at 30 June 2022**	**As at 30 June 2021**
		$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest income		238	11
Payments to suppliers and employees		(577,468)	(29,077)
Interest paid		(27)	-
R&D tax incentives received		9,078	-
Net cash (used in)/generated by operating activities		(568,179)	(29,066)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,344,210	-
Equity raising funds in advance		-	103,000
Proceeds from borrowings		-	350,120
Loans advanced		-	(274,780)
Net cash (used in)/generated by financing activities		2,344,210	178,340
Cash and cash equivalents at beginning of year		146,413	-
Net increase/(decrease) in cash held		1,776,031	149,274
Effects of exchange rate changes on cash and cash equivalents		(11,047)	(2,861)
Cash and cash equivalents at end of year	5	1,911,397	146,413

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

Note 1. Significant accounting policies

General information

The financial statements cover "LTR Pharma" or the "company" during the year ended 30 June 2022. The financial statements are presented in Australian dollars, which is LTR Pharma Limited's functional and presentation currency.

LTR Pharma Limited is a company limited by shares, incorporated, and domiciled in Australia. Its registered office and principal place of business are:

Registered office & principal place of business

Registered office
9A/204 Alice Street
Brisbane

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

The financial statements were authorized for issue, in accordance with a resolution of directors, on 21 September 2022. The directors have the power to amend and reissue the financial statements.

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

New and amended standards adopted by the Company
There were no new standards effective for the first time for years beginning on or after 1 July 2021 that have had a significant effect on the Company's financial statements.

New standards, amendments and interpretations not yet adopted
Any standards and interpretations that have been issued but are not yet effective, and that are available for early application, have not been applied by the Company in these financial statements. There would be no material impact of those issued but not yet effective standards on the financial statements. International Financial Reporting Standards that have recently been issued or amended but are not yet effective have not been adopted for the reporting year ended 30 June 2022.

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

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Note 1. Significant accounting policies (continued)

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and realization of assets and discharge of liabilities in the ordinary course of business.

As disclosed in the financial statements, the Company incurred a net loss of $1,027,121 and had net cash inflows of $1,776,031 for the financial year ended 30 June 2022. As at that date, the Company had cash balances of $1,911,397 and net assets of $1,769,466.

The Directors believe that it is reasonably foreseeable that the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- Majority shareholder LTR Medical Limited has converted their loan to equity.
- The company has successfully raised capital twice (at increasing valuation) in FY2022 for the company's research and development including manufacturing preparation for clinical bridging studies, advancing plans for an expedited FDA approval pathway, providing working capital and the costs of undertaking a potential IPO. As at the 21th of September $2,447,210 has been received.
- New partnerships and alliances.
- Monitoring, management, and containment of discretionary costs, including R&D costs, and capital expenditures.
- The Company's cash flow forecasts that incorporate some but not all the above factors, thus providing some upside sensitivity, indicated that the Company will be in a positive cash position during twelve months from the date of approval of this report

Accordingly, the Directors believe that the Company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

Segment reporting

AASB 8 Operating segments requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Makers in order to allocate resources to the segment and to assess its performance.

The company operates one segment this has been determined with reference to the monthly management accounts used by the Chief Operating Decision Maker to make decisions regarding the Company's operations and allocation of working capital. Due to the size and nature of the Company, the Board as a whole has been determined as the Chief Operating Decision Maker.

Foreign currency translation

The financial statements are presented in Australian dollars, which is LTR Pharma Limited's functional and presentation currency.

Foreign currency transactions

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

Note 1. Significant accounting policies (continued)

Revenue recognition

Revenue is recognized when it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenue and Other Income

To determine whether to recognize revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

The revenue and profits recognized in any year are based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

Revenue is recognized either when the performance obligation in the contract has been performed, so 'point in time' recognition or 'over time' as control of the performance obligation is transferred to the customer.

The nature of performance obligations categorized within this revenue type includes delivery of the order or alternatively collection by customer, being ‘point in time’ when performance obligation is performed, control is transferred to the customer and revenue is recognized at the transaction price.

Interest revenue is recognized using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Refundable R&D tax offsets that relate to R&D expenditure which has been expensed are recognised in income within profit or loss.

Dividend revenue is recognized when the right to receive a dividend has been *established.*

All revenue is stated net of the amount of goods and services tax.

Income tax

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

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

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

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

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

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

Note 1. Significant accounting policies (continued)

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

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

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

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

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables
Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting year are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

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

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

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

Provisions
Provisions are recognised when the company has a present (legal or constructive) obligation due to 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, considering the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

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

Note 1. Significant accounting policies (continued)

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

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one year to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Contributed equity
Ordinary shares are classified as equity.

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

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e., trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are recognized as expenses in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value through profit and loss, amortized cost using the effective interest method, or fair value through other comprehensive income. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortized cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortization of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Note 1. Significant accounting policies (continued)

The effective interest method is used to allocate interest income or interest expense over the relevant year and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Impairment

At the end of each reporting year, the Company assesses whether there are any expected credit losses in relation to its financial assets, and if so, allowance is made for these.

In the case of financial assets carried at amortized cost, loss events may include indications that the debtors or a company of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganization; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortized cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognized in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognizes the impairment for such financial assets by considering the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognized when the contractual rights to receipt of cash flows expire, or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognized when the related obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognized in profit or loss.

Note 2. Critical accounting judgements, estimates and assumptions

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

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.
Allowance for expected credit losses
Expected credit losses are probability weighted estimates of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contracted cashflows that are due and all cashflows expected to be received discounted at the original effective interest rate of the financial instrument.

Note 3. Expenses

	30 June 2022 $	30 June 2021 $
Loss before income tax includes the following specific expenses:		
Consultancy and legal fees		
Consulting, Accounting and Audit fees	197,876	19,056
Legal fees	82,057	-
Total Consultancy and legal fees	279,933	19,056

Note 4. Other Expenses

	30 June 2022 $	30 June 2021 $
Loss before income tax includes the following specific expenses:		
Finance costs		
Interest and finance charges on borrowings	27	9,383
Other expenses		
Advertising	2,014	9,514
Total other expenses	2,014	9,514

Note 5. Cash and cash equivalents

	30 June 2022 $	30 June 2021 $
Cash at bank LTR Pharma Limited	1,475,301	146,413
Cash at bank LTR Pharma Inc	436,096	-
Total Cash at bank	1,911,397	146,413

Note 6. Trade and other receivables

	30 June 2022 $	30 June 2021 $
GST receivables - current	43,295	1,507
SDS Continuing Development Loan - non-current	290,680	274,780
	333,975	276,287

The loan is unsecured and is fully funded. No interest is charged on this loan. The loan will be offset against future milestone payments due to SDS upon successful granting of patents. If such patents are not granted, the loan will be fully repayable to the company.

Note 7. Other liabilities

	30 June 2022 $	30 June 2021 $
Accruals	10,000	1,000
Total Other liabilities	10,000	1.000

Note 8. Issued capital

	30 June 2022 $	30 June 2021 $
Shares placement	2,447,210	-
Loan conversion LTR Medical	359,500	-
Share issue costs	(138,218)	-
Settlement of advisory fees	124,071	-
Total Issued capital	2,792,563	-

Note 9. Equity – Accumulated losses

	30 June 2022 $	30 June 2021 $
Accumulated losses at the beginning of the financial year	(40,803)	-
Loss after income tax expense for the year	(1,027,121)	(40,803)
Accumulated losses at the end of the financial year	(1,067,924)	(40,803)

Note 10. Remuneration of auditors

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

	2022 $	2021 $
Audit services – HLB Mann Judd		
Audit of the annual financial report	10,000	7,000
Other services - HLB Mann Judd		
Review of interim financial report	6,000	3,500
Independent Limited Assurance Report Stage 1	5,000	-
	21,000	10,500

Note 11. Contingent liabilities

During the financial period, the directors are of the opinion, that the entity does not have any contingent liabilities. Accordingly, no provision has been provided within these financial statements.

The entity has not given any bank guarantees as at 30 June 2022.

The company has commitments for milestone payments under agreement with SDS.

Note 12. Events after the reporting year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not financially impacted the entity adversely up to 30 June 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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

Note 13. Reconciliation of loss after income tax to net cash from operating activities

	2022 $	2021 $
Loss after income tax expense for the year	(1,027,121)	(40,803)
Adjustments for non-cash income and expense items:		
	11,047	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(12,860)	(1,507)
Increase/(decrease) in trade and other payables	460,755	13,244
Net cash outflow from operating activities	(568,179)	(29,066)

Note 14. Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans.

The totals for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments, as detailed in the accounting policies to these financial statements, are as follows:

	Note	30 June 2022 $	30 June 2021 $
Financial assets			
Cash and cash equivalents	5	1,911,397	146,413
Trade and other receivables	6	333,975	276,287
Total financial assets		2,245,372	422,700
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables		465,906	1,000
Borrowings		-	359,503
Other liabilities	7	10,000	103,000
Total financial liabilities		475,906	463,503

Financial Risk Management Policies

The directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The finance committee, consisting of senior executives of the Company, meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The finance committee operates under policies approved by the Board of Directors.

Specific Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk, and market risk relating to interest rate risk and other price risk.

Note 14. Financial Risk Management (continued)

There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous year.

a. Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness, which includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 to 45 days from the date of invoice.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the finance committee has otherwise assessed as being financially sound. Where the Company is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting year, excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Company has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables are provided in Note 6.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 6.

b. Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

– preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities.

	Note	**2022**	**2021**
		$	**$**
Cash and cash equivalents:		1,911,397	146,413
	5	1,911,397	146,413

– monitoring undrawn credit facilities.

– obtaining funding from a variety of sources.

– maintaining a reputable credit profile.

– managing credit risk related to financial assets.

– only investing surplus cash with major financial institutions; and

– comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. Financial guarantee liabilities are treated as payable on demand since the Company has no control over the timing of any potential settlement of the liability. The Company does not hold any derivative financial liabilities directly.

Note 14. Financial Risk Management (continued)

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timings of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	2022	**2022**	**2022**	**2022**
	$	**$**	**$**	**$**
Financial liabilities due for payment				
Trade and other payables	465,906	-	-	465,906
Borrowings	-	-	-	-
Other liabilities	10,000	-	-	10,000
	475,906	-	-	475,906
Financial assets – cash flows realisable				
Cash and cash equivalents	1,911,397	-	-	1,911,397
Trade and other receivables	43,295	290,680	-	333,975
	1,954,692	290,680	-	2,245,372
	1,478,786	290,680	-	1,769,466

Market risk

(I) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting year whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Company is also exposed to earnings volatility on floating rate instruments. The financial instruments that expose the Company to interest rate risk are limited to borrowings and cash and cash equivalents.

The Company also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

The net effective variable interest rate borrowings (i.e. unhedged debt) expose the Company to interest rate risk, which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities.

Note 14. Financial Risk Management (continued)

Sensitivity analysis

The Company is exposed to changes in interest rates. The impact on profit and equity values reported at the end of the reporting year would be affected by changes in the relevant risk variable that management considers to be reasonably possible, of 2% as considered is insignificant.

These sensitivities also assume that the movement in a particular variable is independent of other variables.

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

	Note	30 June 2022		30 June 2021	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		$	$	$	$
Financial assets					
Cash and cash equivalents (i)	5	1,911,397	1,911,397	146,413	146,413
Trade and other receivables (i)	6	333,975	333,975	276,287	276,287
Total financial assets		2,245,372	2,245,372	422,700	422,700
Financial liabilities					
Trade and other payables (i)	7	465,906	465,906	1,000	1,000
Borrowings		-	-	359,503	359,503
Other liabilities	8	10,000	10,000	103,000	103,000
Total financial liabilities		475,906	475,906	463,503	463,503

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values

Note 15. Tax Expense

	30 June 2022	30 June 2021
	$	$
a. The components of tax expense comprise:		
Current tax	-	-
	-	-
b. The prima facie tax on loss from ordinary activities before income tax is reconciled to income tax as follows:		
Prima facie tax benefit on profit from ordinary activities before income tax at 25%		

– Company	(256,780)	(10,201)
Add:		
Tax effect of:		
– Tax loss carried forward	256,780	10,201
Income tax attributable to the company	-	-

Note 16. KMP Remuneration

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

	2022 $	2021 $
Short-term employee benefits	357,500	-
	357,500	-

Note 17. Related Party Transactions

No payments were made to related parties to date.

Note 18. Reserves

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

	2022 $	2021 $
Opening value – 1 July	-	-
Foreign currency translation differences	44,827	-
Closing balance – 30 June	44,827	-

The foreign currency translation reserve is used to record exchange differences arising on the translation to presentation currency in addition to monetary items which in substance form part of the entity's net investment in a foreign operation.

Note 19: Interest in subsidiary

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiary:

	Principal place of business/ Country of incorporation	Ownership Interest 2022 %	2021 %
LTR Pharma Inc	United States of America	100.00	100.00

The subsidiary holds $300,052 of cash at balance date and an intercompany liability of $300,794. There are no other material transactions or account balances to disclose as at 30 June 2022 or in the comparative period.

With the exception of the aforementioned account balances, there are no material differences between the parent entity and consolidated entity financial information.

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

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

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

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

LTR Pharma Pty Ltd
Directors Declaration
30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Lee Rodne

Lee Rodne
Chairman

21 September 2022
Brisbane

INDEPENDENT AUDITOR'S REPORT

To the members of LTR Pharma Limited

Report on the Audit of the Financial Report

Opinion

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

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

a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

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 Group 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.

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 Group's annual report for the year ended 30 June 2022 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

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of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We, also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R Ohm
Partner

Perth, Western Australia
21 September 2022

BRING BACK SPONTANEITY

LTR Pharma Limited

ABN 64 644 924 569

Annual Financial Report

30 June 2023

LTR Pharma Limited
Contents
30 June 2023

The directors present their report, together with the financial statements, of LTR Pharma Limited and the entities it controlled (referred to hereafter as the 'company' or 'entity') for the year ended 30 June 2023.

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

Lee Rodne
Julian Chick
Maja McGuire

Name:	Lee Rodne
Title:	Executive Chairman & Company secretary
Experience and expertise:	Lee holds over 25 years' experience in the healthcare and technology sectors and has been in executive leadership roles in both Public and Private enterprises. He previously worked in Fortescue Metals Group and led a healthcare technology spin out (Allied Medical) as its CEO and Managing Director that resulted in increasing its valuation from $800k to a peak of $250m (ASX:AHZ, AVR). He was also the Senior Executive of Sirius Minerals Plc that led to its lead acquisition project and reached a peak market capitalisation of over $1 billion on the London exchange. Lee holds an MBA from the University of St Thomas, Minnesota and B.A. degree in Business Management from St John's University
Special responsibilities:	None

Name:	Julian Chick
Title:	Non-Executive Director
Experience and expertise:	Julian is an experienced healthcare executive with over 20 years' experience in senior management and board positions including in ASX listed companies Avexa (ASX:AVX) and Admedus (ASX: AHZ, AVR). He has eight years' investment banking experience and has also held a role as an analyst reviewing healthcare and biotechnology investment opportunities for private equity investors and venture capitalists. Julian has a PhD in Physiology and is currently Deputy Chair of ASX listed medicinal cannabis company Cann Group Ltd (ASX:CAN).
Special responsibilities:	None

Name:	Maja McGuire
Title:	Non-Executive Director
Experience and expertise:	Maja is an Australian qualified lawyer with almost 15 years' experience in the provision of corporate and compliance advice to ASX listed public companies. This includes working with listed companies as a non-executive director, general counsel, company secretary and in private practice. Maja commenced her career as a corporate lawyer at top tier Clayton Utz, before joining the Canadian Bankers Association in Toronto as a Financial Advisor. Between 2014 – 2018, Maja was both Company Secretary and Legal Counsel of previously named Admedus Limited (now Anteris Technologies Ltd ASX:AVR), a global healthcare company focused on developing, commercialising, manufacturing and distributing next generation medical technologies and devices. Subsequently, between 2018 – 2020, Maja undertook the role of Company Secretary and Legal Counsel at US based Alexium International Group Limited (ASX: AJX), a company which holds proprietary patent applications for novel technologies developed to provide thermal regulation and flame

retardancy. Maja continues her career as a corporate consultant and brings extensive experience in ASX Listing Rule and Corporations Act compliance, capital raisings, corporate governance, general commercial contracts and dispute resolution.

Maja is currently the non-executive chair of ASX listed TechGen Metals (ASX:TG1), non-executive director of Kuniko (ASX:KNI) and non-executive director of OliveX (NSX: OLX). She holds BComm and LLB qualifications from The University of Western Australia.

Special responsibilities: None

Company secretary
Lee Rodne had held the role of Company Secretary up to the 14th of September 2023.
Belinda Clemenson on behalf of Automic Legal Pty Ltd has held the role of Company Secretary since 15th of September 2023.

Belinda has over 20 years' experience as a Company Secretary of Australian listed and unlisted companies including ASX 200 clients. Belinda is the company secretary of various public and private companies, including ASX, NZX and OTC listed companies across a range of industries. Belinda is a member of the Governance Institute of Australia, and a member of the Australian Institute of Company Directors.

Meetings of directors
No formal Board meetings were held by the Board of Directors during the financial year. The business of the Company was conducted via circular resolutions on relevant matters during the period.

Principal activities
During the financial year the principal continuing activities of the company consisted of:
- Commercialising a 'First in Class' rapid onset on-demand PDE5 Inhibitor nasal spray product (SDS089)
- Continued Research & Development of SDS089
- Preparation for FDA Clinical Bridging Studies
- CMC development for Clinical and Commercial product release
- Packaging development to GMP standards for commercial release

Operating Result
The operating result for the year was as follows:

	30 June 2023	30 June 2022
	$	$
Loss before Income Tax	**(1,454,905)**	**(1,027,121)**
Income Tax (Expense)/Benefit	-	-
Loss for the Year	**(1,454,905)**	**(1,027,121)**

Dividends
No dividend was paid during the year and the Board has not recommended the payment of a dividend.

Review of operations
LTR Pharma Limited is commercialising a 'First in Class' rapid onset, on-demand Nasal Spray treatment for Erectile Dysfunction (ED). The LTR Pharma Limited product (SDS-089) has completed a successful Human Proof of Concept study targeting a rapid onset of effect in approximately 10-15 minutes compared to 60 minutes typical of oral administration of ED drugs like Levitra and Viagra. LTR Pharma Limited has a proprietary nasal delivery formulation to allow for a lower dose (less active ingredient), fast acting administration (nasal as opposed to processed orally that needs to pass through the liver), which potentially reduces the health risks that can be associated with ED drugs.

The financial position of the entity is strong, and it could, if necessary, access financial support from the majority shareholder in the future if larger liquidity is required. As at the 30th of June there are no outstanding borrowings. There are no bank borrowings or other material liabilities.

LTR Pharma continued to progress its program for the commercialization of the SDS089 formula. The key activities were focused towards preparing for the pivotal clinical trial (SDS089 Pk-1) which is planned to commence in the 1st half of FY24. The key milestones include.

- Completed optimisation of SDS089 formula.
- Completed development of protocol for SDS089-PK1 in preparation for HREC application.
- Technical transfer of the optimised SDS089 formula.
- Commenced Clinical manufacturing process in preparation for SDS089.
- HREC approval provided for SDS089
- Progressed with CMC development & commenced packaging trials for Clinical and Commercial product release
- Clinical service providers continued development of process and assays in preparation for SDS089

Significant changes in the state of affairs
The company completed a capital raising of $1,447,150 during the financial year.

Matters subsequent to the end of the financial year
There is a current discussion regarding the conditions tied to a patent-related milestone payment. LTR pharma's legal advisors and patent attorneys have a different interpretation of the milestone's requirements compared to those of SDS and therefore have not been provided for.

Likely developments and expected results of operations
Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

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

Shares under option
There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

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

During the 2023 financial year, the company has been covered as a subsidiary of the majority shareholder which has paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

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

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

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

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

On behalf of the directors

____
Lee Rodne
Chairman

23 October 2023
Brisbane

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of LTR Pharma Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
23 October 2023

M R Ohm
Partner

hlb.com.au

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LTR Pharma Limited
Statement of profit or loss and other comprehensive income
30 June 2023

Consolidated Group	Note	30 June 2023	30 June 2022
		$	$
Continuing operations			
Other income		-	9,078
Interest income		90	238
Expenses			
Employee benefits expense		(445,994)	(390,496)
Consultancy and legal fees	3	(129,315)	(279,933)
Office and administrative costs		(16,089)	(4,615)
Research and development expense		(817,835)	(348,305)
Finance costs		(20)	(27)
Other expenses		(26,450)	(2,014)
Currency gains/(losses)		(19,292)	(11,047)
Loss before income tax		(1,454,905)	(1,027,121)
Income tax expense		-	-
Loss after income tax expense for the year		(1,454,905)	(1,027,121)
Other comprehensive income for the year		23,507	44,827
Total comprehensive income (loss) for the year		(1,431,398)	(982,294)

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

LTR Pharma Limited
Statement of financial position
As at 30 June 2023

Consolidated Group	**Note**	**As at 30 June 2023**	**As at 30 June 2022**
		$	**$**
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	1,728,742	1,911,397
Other assets	5	64,821	43,295
TOTAL CURRENT ASSETS		1,793,563	1,954,692
NON-CURRENT ASSETS			
Trade and other receivables	5	300,180	290,680
TOTAL NON-CURRENT ASSETS		300,180	290,680
TOTAL ASSETS		2,093,743	2,245,372
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		11,259	465,906
Other liabilities	6	10,000	10,000
TOTAL CURRENT LIABILITIES		21,259	475,906
TOTAL LIABILITIES		21,259	475,906
NET ASSETS		2,072,484	1,769,466
EQUITY			
Issued capital	7	4,526,979	2,792,563
Reserves		68,334	44,827
Accumulated losses	8	(2,522,829)	(1,067,924)
TOTAL EQUITY		2,072,484	1,769,466

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

LTR Pharma Limited
Statement of changes in equity
30 June 2023

Consolidated Group	**Note**	**Ordinary Share Capital**	**Accumulated losses**	**Foreign currency translation reserve**	**Total**
		$	**$**	**$**	**$**
Balance at 1 July 2021		-	(40,803)	-	(40,803)
Comprehensive income					
Loss for the year		-	(1,027,121)	-	(1,027,121)
Currency translation differences		-	-	44,827	44,827
Total comprehensive loss for the year		-	(1,027,121)	44,827	(982,294)
Transactions with owners, in their capacity as owners, and other transfers					
Capital raising fees		(138,218)			(138,218)
Shares placement		2,447,210	-	-	2,447,210
Loan conversion LTR Medical		359,500	-	-	359,500
Settlement of advisory fees		124,071	-	-	124,071
Total transactions with owners and other transfers		**2,792,563**	-	-	**2,792,563**
Balance at 30 June 2022		**2,792,563**	**(1,067,924)**	**44,827**	**1,769,466**

Consolidated Group	**Note**	**Ordinary Share Capital**	**Accumulated losses**	**Foreign currency translation reserve**	**Total**
		$	**$**	**$**	**$**
Balance at 1 July 2022		2,792,563	(1,067,924)	44,827	1,769,466
Comprehensive (loss)					
Loss for the year		-	(1,454,905)	-	(1,454,905)
Currency translation differences		-	-	23,507	23,507
Total comprehensive loss for the year		-	(1,454,905)	23,507	(1,431,398)
Transactions with owners, in their capacity as owners, and other transfers					
Capital raising fees		(69,054)			(69,054)
Shares placement		1,447,510	-	-	1,447,510
Settlement of advisory fees		355,960	-	-	355,960
Total transactions with owners and other transfers		**1,734,416**	-	-	**1,734,416**
Balance at 30 June 2023		**4,526,979**	**(2,522,829)**	**68,334**	**2,072,484**

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

LTR Pharma Limited
Statement of cash flows
For the year ended 30 June 2023

Consolidated Group	**Note**	**As at 30 June 2023**	**As at 30 June 2022**
		$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest income		90	238
Payments to suppliers and employees		(1,535,587)	(577,468)
Interest paid		(20)	(27)
R&D tax incentives received		-	9,078
Net cash (outflow) by operating activities		(1,535,517)	(568,179)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for Computer Equipment		(1,987)	-
Net cash (outflow) from investing activities		(1,987)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,447,510	2,344,210
Share issue costs		(69,055)	-
Proceeds from borrowings		-	-
Loans advanced		-	-
Net cash inflow by financing activities		1,378,455	2,344,210
Cash and cash equivalents at beginning of year		1,911,397	146,413
Net increase/(decrease) in cash held		(159,049)	1,776,031
Effects of exchange rate changes on cash and cash equivalents		(23,606)	(11,047)
Cash and cash equivalents at end of year	4	1,728,742	1,911,397

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

Note 1. Significant accounting policies

General information

The financial statements cover “LTR Pharma” or the “company” and the entities it controlled (the “group”) during the year ended 30 June 2023. The financial statements are presented in Australian dollars, which is LTR Pharma Limited’s functional and presentation currency.

LTR Pharma Limited is a company limited by shares, incorporated, and domiciled in Australia. Its registered office and principal place of business are:

Registered office & principal place of business

Registered office
9A/204 Alice Street
Brisbane

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

The financial statements were authorized for issue, in accordance with a resolution of directors, on 23 October 2023. The directors have the power to amend and reissue the financial statements.

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

New and amended standards adopted by the Company

There were no new standards effective for the first time for years beginning on or after 1 July 2022 that have had a material effect on the Company’s financial statements.

New standards, amendments and interpretations not yet adopted

Any standards and interpretations that have been issued but are not yet effective, and that are available for early application, have not been applied by the Company in these financial statements. There would be no material impact of those issued but not yet effective standards on the financial statements. Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the reporting year ended 30 June 2023.

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Note 1. Significant accounting policies (continued)

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and realization of assets and discharge of liabilities in the ordinary course of business.

As disclosed in the financial statements, the Company incurred a net loss of $1,454,905 and had net cash outflow from operating and investing activities of $1,537,504 for the financial year ended 30 June 2023. As at that date, the Company had cash balances of $1,728,742 and net assets of $2,072,484.

The Directors believe that it is reasonably foreseeable that the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- There are no loans or borrowings and, if required, majority shareholder LTR Medical is prepared to further support.
- In addition, in the past the executives of the company have a demonstrated ability for being able to raise funds as and when required and the Directors believe that, should it be required, it can do so in the future.
- New partnerships and alliances.
- Monitoring, management, and containment of discretionary costs, including R&D costs, and capital expenditures.
- The Company's cash flow forecasts that incorporate some but not all the above factors, thus providing some upside sensitivity, indicated that the Company will be in a positive cash position during twelve months from the date of approval of this report
- During the period of twelve months from the date of this report it is anticipated that the company will lodge an application to receive an R&D refundable tax offset in relation to its R&D expenditure.

Accordingly, the Directors believe that the Company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

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

Segment reporting
AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Makers in order to allocate resources to the segment and to assess its performance.

The company operates one segment this has been determined with reference to the monthly management accounts used by the Chief Operating Decision Maker to make decisions regarding the Company's operations and allocation of working capital. Due to the size and nature of the Company, the Board as a whole has been determined as the Chief Operating Decision Maker.

Foreign currency translation
The financial statements are presented in Australian dollars, which is LTR Pharma Limited's functional and presentation currency.

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

Note 1. Significant accounting policies (continued)

Revenue recognition
Revenue is recognized when it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is recognized using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

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

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

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

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

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

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

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

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

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

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

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Note 1. Significant accounting policies (continued)

Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting year are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

Trade and other payables

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

Provisions

Provisions are recognised when the company has a present (legal or constructive) obligation due to 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, considering the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Fair value measurement

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

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

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one year to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Contributed equity

Ordinary shares are classified as equity.

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

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

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

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

Note 1. Significant accounting policies (continued)

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

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

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

Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e., trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are recognized as expenses in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value through profit and loss, amortized cost using the effective interest method, or fair value through other comprehensive income. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortized cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortization of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant year and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Impairment

At the end of each reporting year, the Company assesses whether there are any expected credit losses in relation to its financial assets, and if so, allowance is made for these.

In the case of financial assets carried at amortized cost, loss events may include indications that the debtors or a company of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganization; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortized cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognized in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognizes the impairment for such financial assets by considering the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognized when the contractual rights to receipt of cash flows expire, or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognized when the related obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognized in profit or loss.

LTR Pharma Pty Ltd
Notes to the financial statements
30 June 2023

Note 2. Critical accounting judgements, estimates and assumptions

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

Allowance for expected credit losses
Expected credit losses are probability weighted estimates of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contracted cashflows that are due and all cashflows expected to be received, discounted at the original effective interest rate of the financial instrument.

Note 3. Expenses

	30 June 2023 $	30 June 2022 $
Loss before income tax includes the following specific expenses:		
Consultancy and legal fees		
Consulting, Accounting and Audit fees	99,156	197,876
Legal fees	30,159	82,057
Total Consultancy and legal fees	129,315	279,933

Note 4. Cash and cash equivalents

	30 June 2023 $	30 June 2022 $
Cash at bank LTR Pharma Limited	1,210,553	1,475,301
Cash at bank LTR Pharma Inc	518,189	436,096
Total Cash at bank	1,728,742	1,911,397

Note 5. Trade and other receivables

	30 June 2023 $	30 June 2022 $
GST receivables - current	64,821	43,295
SDS Continuing Development Loan - non-current	300,180	290,680
	365,001	333,975

Note 6. Other liabilities

	30 June 2023 $	30 June 2022 $
Accruals	10,000	10,000
Total Other liabilities	10,000	10,000

Note 7. Issued capital

	30 June 2023 $	30 June 2022 $
Opening balance	2,792,563	-
Shares placement	1,447,510	2,447,210
Loan conversion LTR Medical	-	359,500
Share issue costs	(69,054)	(138,218)
Settlement of advisory fees	355,960	124,071
Total Issued capital	4,526,979	2,792,563

Note 8. Equity – Accumulated losses

	30 June 2023 $	30 June 2022 $
Accumulated losses at the beginning of the financial year	(1,067,924)	(40,803)
Loss after income tax expense for the year	(1,454,905)	(1,027,121)
Accumulated losses at the end of the financial year	(2,522,829)	(1,067,924)

Note 9. Remuneration of auditors

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

	2023 $	2022 $
Audit services – HLB Mann Judd		
Audit of the annual financial report	10,000	10,000
Other services - HLB Mann Judd		
Review of interim financial report	8,670	6,000
Independent Limited Assurance Report Stage 1	-	5,000
	18,670	21,000

Note 10. Contingent liabilities

As at 30 June 2023, the Company has contingent liabilities which exist in relation to potential milestone payments arising under the licensing agreement with Strategic Drug Solutions, Inc. (‘SDS’). These contingent liabilities total US$4.0 million and are dependent upon the high-risk nature of the clinical research being successful, as well as future decisions regarding the clinical focus of the Company and are therefore not recognised in the statement of financial position.

The agreement with SDS allows for the deduction of the outstanding SDS Continuing Development Loan from the milestone payments (refer Note 5).

The entity has not given any bank guarantees as at 30 June 2023.

Note 11. Events after the reporting year

There is a current discussion regarding the conditions tied to a patent-related milestone payment. LTR pharma's legal advisors and patent attorneys have a different interpretation of the milestone's requirements compared to those of SDS and therefore have not been provided for.

Note 12. Reconciliation of loss after income tax to net cash from operating activities

	2023 $	2022 $
Loss after income tax expense for the year	(1,454,905)	(1,027,121)
Adjustments for non-cash income and expense items:		
	23,506	11,047
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(31,026)	(12,860)
Increase/(decrease) in trade and other payables	(73,092)	460,755
Net cash outflow from operating activities	(1,535,517)	(568,179)

Note 13. Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans.

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments*, as detailed in the accounting policies to these financial statements, are as follows:

	Note	30 June 2023 $	30 June 2022 $
Financial assets			
Cash and cash equivalents	4	1,728,742	1,911,397
Trade and other receivables	5	365,001	333,975
Total financial assets		2,093,743	2,245,372
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables		11,259	465,906
Borrowings		-	-
Other liabilities	7	10,000	10,000
Total financial liabilities		21,259	475,906

Financial Risk Management Policies

The directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk, and market risk relating to interest rate risk and other price risk.

Note 13. Financial Risk Management (continued)

There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous year.

a. **Credit Risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness, which includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 to 45 days from the date of invoice.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the finance committee has otherwise assessed as being financially sound. Where the Company is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting year, excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Company has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables are provided in Note 6.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 6.

b. **Liquidity risk**

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities.

	Note	**2023**	**2022**
		$	**$**
Cash and cash equivalents:		1,728,742	1,911,397
	4	1,728,742	1,911,397

- monitoring undrawn credit facilities.
- obtaining funding from a variety of sources.
- maintaining a reputable credit profile.
- managing credit risk related to financial assets.
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. Financial guarantee liabilities are treated as payable on demand since the Company has no control over the timing of any potential settlement of the liability. The Company does not hold any derivative financial liabilities.

Note 13. Financial Risk Management (continued)

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timings of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	2023	2023	2023	2023
	$	$	$	$
Financial liabilities due for payment				
Trade and other payables	11,259	-	-	11,259
Borrowings	-	-	-	-
Other liabilities	10,000	-	-	10,000
	21,259	-	-	21,259
Financial assets – cash flows realisable				
Cash and cash equivalents	1,728,742	-	-	1,728,742
Trade and other receivables	64,821	300,180	-	365,001
	1,793,563	300,180	-	2,093,743
	1,772,304	300,180	-	2,072,484

Market risk

(I) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting year whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Company is also exposed to earnings volatility on floating rate instruments. The financial instruments that expose the Company to interest rate risk are limited to borrowings and cash and cash equivalents.

The Company also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

The net effective variable interest rate borrowings (i.e. unhedged debt) expose the Company to interest rate risk, which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities.

Note 13. Financial Risk Management (continued)

Sensitivity analysis

The Company is exposed to changes in interest rates. The impact on profit and equity values reported at the end of the reporting year would be affected by changes in the relevant risk variable that management considers to be reasonably possible. A change of 2% in interest rates would result in a $34,575 impact on the loss for the year.
These sensitivities also assume that the movement in a particular variable is independent of other variables.
There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

		30 June 2023		30 June 2022	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		$	$	$	$
Financial assets					
Cash and cash equivalents (i)	4	1,728,742	1,728,742	1,911,397	1,911,397
Trade and other receivables (i)	5	365,001	365,001	333,975	333,975
Total financial assets		2,093,743	2,093,743	2,245,372	2,245,372
Financial liabilities					
Trade and other payables (i)		11,259	11,259	465,906	465,906
Borrowings		-	-	-	-
Other liabilities	7	10,000	10,000	10,000	10,000
Total financial liabilities		21,259	21,259	475,906	475,906

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values

Note 14. Tax Expense

	30 June 2023	30 June 2022
	$	$
a. The components of tax expense comprise:		
Current tax	-	-
	-	-
b. The prima facie tax on loss from ordinary activities before income tax is reconciled to income tax as follows:		
Prima facie tax benefit on profit from ordinary activities before income tax at 30%		
– Company	(436,471)	(308,136)
Add:		
Tax effect of:		
– Tax loss carried forward	436,471	308,136
Income tax attributable to the company	-	-

Note 16. KMP Remuneration

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

	2023 $	2022 $
Short-term employee benefits	360,750	357,500
	360,750	357,500

Note 17. Related Party Transactions

Apart from the KMP remuneration detailed in note 16, no other payments were made to related parties to date.

Note 18. Reserves

	2023 $	2022 $
Opening value – 1 July	44,827	-
Foreign currency translation differences	23,507	44,827
Closing balance – 30 June	68,334	44,827

The foreign currency translation reserve is used to record exchange differences arising on the translation to presentation currency in addition to monetary items which in substance form part of the entity's net investment in a foreign operation.

Note 19: Interest in subsidiary

The consolidated financial statements incorporate the assets, liabilities, and results of the following wholly owned subsidiary:

	Principal place of business/ Country of incorporation	Ownership Interest 2023 %	2022 %
LTR Pharma Inc	United States of America	100.00	100.00

The subsidiary holds USD$345,252 of cash at balance date and an intercompany liability of USD$346,451. There are no other material transactions or account balances to disclose as at 30 June 2023 or in the comparative period.

With the exception of the aforementioned account balances, there are no material differences between the parent entity and consolidated entity financial information.

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

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

Significant accounting policies

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

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

LTR Pharma Pty Ltd
Directors Declaration
30 June 2023

In the directors' opinion:

1. the financial statements and notes comply with the *Corporations Act 2001* and;

    a. comply with Australian Accounting Standards which, as stated in Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
    b. give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Company and Group

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.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.
3.

On behalf of the directors

Lee Rodne

Lee Rodne
Chairman

23 October 2023
Brisbane

INDEPENDENT AUDITOR'S REPORT

To the members of LTR Pharma Limited

Report on the Audit of the Financial Report

Opinion

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

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

a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

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 Group 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.

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 Group's annual report for the year ended 30 June 2023 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.

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Responsibilities of the directors for the financial report

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

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

Auditor's 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We, also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R Ohm
Partner

Perth, Western Australia
23 October 2023