Appendix 4D

Half year report

Name of the entity:	**Memphasys Limited**
ABN:	**33 120 047 556**

Half year ended ('current period')	Half year ended ('previous corresponding period')
31 December 2023	31 December 2022

Results for announcement to the market

				$A'000
Sales from continuing operations	**Up**	**743%**	**to**	**36**
Gross profit (loss) from continuing operations	**Up**	**550%**	**to**	**14**
Profit (loss) from continuing activities after tax attributable to members	**Up**	**95%**	**to**	**(2,303)**
Net Profit (loss) for the period attributable to members	**Up**	**95%**	**at**	**(2,303)**

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

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

Brief explanation of any of the figures reported above:

Refer to "Principal Activities and review of operations in the directors' report attached to the Appendix 4D"

NTA backing	**31 December 2023**	31 December 2022
Net tangible asset backing per ordinary security	**(0.0047) dollars**	(0.0026) dollars

Audit/Review Status

This report is based on accounts to which one of the following applies:(Tick one)

The accounts have been audited		The accounts have been subject to review	X
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

The review report is an unqualified review opinion

Memphasys Limited
and its Controlled Entities
ABN 33 120 047 556

Interim Financial Report
for the half-year ended 31 December 2023

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Directors' Report
31 December 2023

The Directors submit their report for the consolidated entity consisting of Memphasys Limited ("the Company") and its controlled entities ("MEM" or the "Group") for the half-year ended 31 December 2023.

Directors

The names of the Directors of the Company in office at any time during or since the end of the interim period are:

Mr Robert Cooke	Independent Non-Executive Chairman
Ms Alison Coutts	Managing Director and CEO (resigned 30 November 2023)
Mr Andrew Goodall	Non-Executive Director (resigned 30 November 2023)
Mr Paul Wright	Independent Non-Executive Director
Dr David Ali	Acting Managing Director and CEO (appointed 30 November 2023)

REVIEW OF OPERATIONS

EXECUTIVE STRUCTURAL CHANGES

MEM announced changes to its board and executive structure on 30 November 2023. After 10 years in the position of CEO and Managing Director, Ms Alison Coutts, elected to step down from this position. Alison, who is the Company's third largest shareholder, continues to support the Company as an external consultant.

The Company appointed Dr David Ali, who was Director of Business Development, to the role of Acting CEO and Managing Director, replacing Alison on the MEM board. Since joining MEM in March 2023, Dr Ali has led MEM's business development, sales, and marketing activities for all products in development, with significant focus on the Felix™ sperm separation device.

Long serving non-executive director and the Company's second largest shareholder, Mr Andrew Goodall, also retired from the board. A director since March 2012, Mr Goodall has provided the board with his business acumen, and has been a major contributor of capital and a strong supporter of the Group's innovative products.

During the reporting period, the Group has decreased consultants' fees, given that two senior executives have the skill sets to conduct the activities previously undertaken by these consultants.

DISTRIBUTION AGREEMENTS

Vitrolife agreement to distribute Felix™ in Japan.

In August 2023, MEM signed an exclusive agreement with Vitrolife Japan KK (Vitrolife), a subsidiary of the Vitrolife Group, to sell and distribute the Felix™ System (Felix™) in Japan. The agreement provides Vitrolife the exclusive right to sell and distribute the Felix™ system in Japan, for a term of five years. Under the agreement Vitrolife will provide marketing, sales and training with an initial focus on key clinicians and high-volume clinics in Japan's private health sector. Vitrolife will also work with MEM to build clinical data sets over time to position the Felix™ system to later receive full insurance coverage in Japan.

Vitrolife and MEM commenced discussions to implement orders to accommodate the anticipated growth in Felix™ uptake and commercial sales in 2024.

Vitrolife agreement to distribute Felix™ in Canada and New Zealand

During the reporting period, MEM worked on extending its exclusive agreement signed with Vitrolife Group for sale and distribution of the Felix™ system into Canadian and New Zealand markets, which was announced on 2 January 2024.

Canada and New Zealand are two key early access target markets for MEM. These markets also present a strong opportunity for early commercial access to legitimise and build the Felix™ brand whilst accessing key opinion leaders in the commercial landscape. For these reasons entry into markets with lower regulatory hurdles is an essential commercial pathway for the Felix™ system.

Canada presents a major opportunity for the Group with a total market of approximately $2m annualised revenue. New Zealand is a smaller market than Canada, with a total market of approximately $1m annualised revenue.

FELIX™ COMMERCIAL ROLL-OUT

Japan

Vitrolife Japan KK successfully incorporated the Felix™ system into several of its high-volume clinics in the private health sector. In the quarter ended December 2023, 300 cartridges were sold to these clinics and Memphasys anticipates regular orders to maintain and grow sales in Japan in 2024.

India

India is a substantial and growing commercial market. It is one of the top five addressable markets globally for Felix™.

Before regulatory changes were introduced in August 2022 by the Indian regulator, the Central Drugs Standard Control Organisation (CDSCO), MEM made a substantial number of Felix™ cartridge sales to the Coimbatore Women's Hospital (CWH). These cartridges were clinically used to make embryos, which were subsequently frozen for future implantation. CWH successfully recorded ten new live births using Felix™. This brings the total live births to eleven following the first live birth of a baby using Felix™ in the 2023 financial year. All patients had previously failed IVF and the males had high levels of sperm DNA fragmentation, a known cause of infertility. The results confirmed the positive impact of Felix™ on sperm selection in highly challenged patients. Dr Ramya Jayaram from CWH, one of MEM's KOL partners, presented the paper titled: 'First Recorded Normal Live Birth after ICSI with Electrophoretically Isolated Spermatozoa Using the Felix™ System' in September 2023 at the ASPIRE Congress in Adelaide. Dr Jayaram is an internationally recognised specialist in reproductive medicine.

Australia

While not a top five target market in terms of sales, Australia is MEM's home market and is important to obtaining regulatory clearance for Felix™, not only for Australian access, but also for access to other markets, notably India and various Asian and Middle Eastern countries.

MEM's clinical trial with Monash IVF Group Ltd (MVF) steadily gained momentum in the swim-up arm, which is nearing completion. Based on current indications, MEM expects the trial to be completed in the current calendar year and the results analysis and regulatory submission to be filed 3-6 months later. The results of the clinical trial will be filed as a formal regulatory submission with the Therapeutic Goods Administration (TGA).

MEM is evaluating the possibility of adding an international institution that predominantly uses DGC (Density Gradient Centrifugation). DGC is a common method used by clinics globally, but it is not a common sperm preparation method used by MVF. It is expected that the addition of this institution will expedite the trial completion.

RoXsta (Rapid Oxidative Stress Assay)

RoXsta is an in-vitro diagnostic device that assesses semen and other bodily fluids for oxidative stress load. Oxidative stress is linked to human infertility and is an underlying factor in Alzheimer's disease, diabetes, and heart disease. This diagnostic has an estimated addressable market size of more than A$2 billion, in the human fertility market alone. MEM's initial focus has been modified to develop disposable cartridges ("cuvettes"), rather than an entire device. This change will enable the acceleration of testing and validation of the four RoXsta assays at the University of Newcastle. This work will enable MEM to expedite its current

patent application to include other fluids apart from semen. MEM's initial focus for RoXsta's commercialisation will be the reproductive science research market, which has minimal regulatory hurdles and early access human fertility markets such as Japan. In addition, food technology will also be assessed in the initial stages as an early target market.

Artificial Insemination (AI)-Port

This technology has been developed for the purpose of maintaining the viability of livestock semen for up to seven days at a temperature range of 22–25 degrees Celsius. This would enable collection and transportation of semen without needing cryopreservation and offers considerable efficiencies over current practice. AI-Port has an estimated addressable market size in the beef (non-dairy) sector of nearly A$2.4 billion.

A field trial was conducted in November 2023, with four bulls across 146 cows at a farm in the NSW Hunter region. AI-Port pregnancies were significantly higher than those achieved in the initial pilot study. However, AI-Port's results are not yet equivalent or superior to traditional AI. In addition, pregnancies were less than the expected industry standard across both groups indicating a possible issue with the herd used in the study. However, the results are believed to be heading in the right direction and offer valuable insights for improvement in identifiable areas. Media optimisation work has already commenced by University of Newcastle researchers. MEM is seeking commercial partners with access to distribution networks both locally and internationally.

Financial performance

The net loss for the half-year ended 31 December 2023 was $2,302,515 (2022: $1,183,480). The items of expenditure showing the most significant increases from the prior period were as follows:

- $662,465 in employee benefits expenses mainly due to Alison Coutts termination payment and David Ali's salary for the period July-November 2023 while being in the position of Director of Business Development.
- $185,185 in R&D expenses mainly due to the substantial increase in developing the RoXsta project.
- $266,725 in depreciation and amortisation costs due to amortisation of the *Sperm Separation Humans and Membranes for the Felix™ device* project.

With the transition of Felix™ to commercialisation, less funds were spent on projects in 'development phase' (specifically Felix™) and an increase in funds spent on projects in 'research phase'. In following rules of accounting for R&D, a higher amount of funds spent on R&D are expensed than are capitalised to Intangible Assets.

Breakdown of R&D expenditure	**31 December 2023**	**31 December 2022**
	$	$
Projects in "Development phase"		
Sperm separations human (Felix™)	559,640	1,102,993
Membranes	-	17,718
Total capitalised R&D expenditure	**559,640**	1,120,711
Projects in "Research phase"		
New Sperm Sep	-	3,658
New long-life sperm storage media (human & animal)	77,865	47,734
Embryocradle	-	4,204
Stallion dismount fertility diagnostic test (Samson)	-	158,887
Sperm oxidative stress diagnostic test (RoXsta)	484,656	229,449
AI-Port	137,858	71,262
Total R&D expenditure released to P&L	700,379	515,194
Total R&D expenditure	**1,260,019**	1,635,905

At 31 December 2023, the Group had negative working capital of $4,066,630 (30 June 2023: $3,318,560), and a cash balance of $24,467 (30 June 2023: $637,832). The deterioration in working capital was mainly due to the decrease in assets as a result of having less cash in the bank and only half-year of R&D tax receivable accrued. The current liabilities have also decreased but less than proportionally, mainly due to the repayment of the R&D loan partially offset by the increase in Other Liabilities (due to the tax withheld to be paid on the Alison Coutts' termination payment as part of the BAS statement due in January 2024).

Peters Investments Pty Ltd agreed to extend the maturity date of the $3m convertible note to February 2024, which was further extended to December 2024 after receiving shareholder approval at the general meeting held on 14 February 2024 and which also enabled Peters Investments Pty Ltd to increase its voting power in the Company as a result of any future conversion of the convertible note to shares.

During the reporting period, the Group received an R&D grant of $1,315,087 (2022: $1,495,672) from the Australian Taxation Office.

Overall, the Group had cash outflows used in operating activities of $640,861 for the half-year ended 31 December 2023 (2022: cash inflows $260,387) and cash outflows used in investing activities of $859,425 (2022: $1,387,528).

The Group has recently raised $4,232,278 capital (before costs) by way of a $2,100,000 placement ($1,711,106 in December 2023, $238,835 in February 2024 following shareholder approval and the balance of $150,059 to be received from a related party within 30 days of the general meeting held on 14 February 2024) and $2,132,278 rights-issue entitlements in January 2024, and will continue to actively seek funding to progress the commercialisation of the Felix™ device and continue its R&D program.

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' report and in the financial report have been rounded to the nearest $1, unless otherwise specified.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year is set out on page 18 of this report.

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

Dr David Ali
Acting Managing Director and CEO

Sydney
26 February 2024

Memphasys Limited and its Controlled Entities

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2023

	Half-year 31 December 2023 $	Half-year 31 December 2022 $
Revenue and other income		
Revenue	**36,000**	4,271
Grant income	**304,665**	224,109
Interest income	**6,105**	5,475
Expenses		
Direct costs	**(22,139)**	(2,137)
Employee benefits expenses	**(721,844)**	(59,379)
Research and development expenses	**(700,379)**	(515,194)
Depreciation and amortisation expenses	**(325,604)**	(58,879)
Finance cost expenses	**(121,494)**	(179,137)
Marketing expenses	**(65,746)**	(14,445)
Director Expenses	**(89,729)**	(114,197)
Corporate consultant expenses	**(230,596)**	(165,613)
Compliance, audit, tax and legal expenses	**(207,966)**	(166,019)
Other expenses	**(163,788)**	(142,335)
Loss before income tax expense from continuing operations	**(2,302,515)**	(1,183,480)
Income tax expense	**-**	-
Loss after income tax expense from continuing operations	**(2,302,515)**	(1,183,480)
Net loss for the year attributable to members of parent	**(2,302,515)**	(1,183,480)
Other comprehensive income / (expense)		
Items that will not be reclassified subsequently to profit or loss:		
Net change in fair value of financial assets designated at fair value through other comprehensive income, net of tax	**(7,000)**	(23,000)
Total other comprehensive income / (expense) for the period	**(7,000)**	(23,000)
Total comprehensive loss for the period	**(2,309,515)**	(1,206,480)
Earnings per share (EPS)	**Dollar/share**	Dollar/share
– Basic loss per share	**(0.0024)**	(0.0013)
– Diluted loss per share	**(0.0024)**	(0.0013)

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

Memphasys Limited and its Controlled Entities

Consolidated Statement of Financial Position
As at 31 December 2023

	Note	**As at 31 December 2023 $**	As at 30 June 2023 $
CURRENT ASSETS			
Cash and cash equivalents		**24,467**	637,832
Inventories		**141,037**	130,786
Other current assets		**642,401**	1,480,113
TOTAL CURRENT ASSETS		**807,905**	2,248,731
NON-CURRENT ASSETS			
Financial assets at fair value through OCI		**19,000**	26,000
Property, plant and equipment		**388,229**	428,140
Intangible assets		**10,345,058**	10,294,734
Right-of-use assets		**1,586,156**	1,670,236
TOTAL NON-CURRENT ASSETS		**12,338,443**	12,419,110
TOTAL ASSETS		**13,146,348**	14,667,841
CURRENT LIABILITIES			
Trade and other payables		**520,218**	555,457
Non-interest-bearing liabilities		**-**	77,330
Interest-bearing liabilities	5	**3,774,475**	4,469,437
Lease liabilities		**117,908**	110,913
Other liabilities		**277,586**	47,647
Provisions for employee benefits		**184,048**	306,507
TOTAL CURRENT LIABILITIES		**4,874,235**	5,567,291
NON-CURRENT LIABILITIES			
Lease liabilities		**1,653,099**	1,714,506
Provisions for employee benefits		**2,893**	1,355
TOTAL NON-CURRENT LIABILITIES		**1,655,992**	1,715,861
TOTAL LIABILITIES		**6,530,227**	7,283,152
NET ASSETS		**6,616,121**	7,384,689
EQUITY			
Issued capital	6	**54,943,162**	53,417,790
Reserves		**(36,461)**	140,129
Accumulated losses		**(48,290,580)**	(46,173,230)
TOTAL EQUITY		**6,616,121**	7,384,689

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

Memphasys Limited and its Controlled Entities

Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2023

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2023	**53,417,790**	**140,129**	**(46,173,230)**	**7,384,689**
Loss for the period	-	-	(2,302,515)	(2,302,515)
Net change in fair value of financial assets designated at fair value through other comprehensive income, net of tax	-	(7,000)	-	(7,000)
Total comprehensive loss for the period	**-**	**(7,000)**	**(2,302,515)**	**(2,309,515)**
Transactions with owners recorded directly in equity:				
Issue of share capital	1,711,106	-	-	1,711,106
Transaction costs on share issue	(185,734)	-	-	(185,734)
Share-based payments	-	15,575	-	15,575
Expired share options transferred to Accumulated Losses	-	(185,165)	185,165	-
Balance 31 December 2023	**54,943,162**	**(36,461)**	**(48,290,580)**	**6,616,121**

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2022	**50,340,937**	**76,209**	**(42,770,612)**	**7,646,534**
Loss for the period	-	-	(1,183,480)	(1,183,480)
Net change in fair value of financial assets designated at fair value through other comprehensive income, net of tax	-	(23,000)	-	(23,000)
Total comprehensive loss for the period	**-**	**(23,000)**	**(1,183,480)**	**(1,206,480)**
Transactions with owners recorded directly in equity:				
Issue of share capital	3,360,418	-	-	3,360,418
Transaction costs on share issue	(283,565)	-	-	(283,565)
Issue of share options	-	20,530	-	20,530
Balance 31 December 2022	**53,417,790**	**73,739**	**(43,954,092)**	**9,537,437**

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

Memphasys Limited and its Controlled Entities

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2023

	Half-year 31 December 2023 $	Half-year 31 December 2022 $
Cash flows from operating activities		
Receipts from customers	**36,000**	4,271
Payments to suppliers and employees	**(1,950,503)**	(1,251,941)
Proceeds from government grants	**1,315,087**	1,504,045
Interest paid	**(47,550)**	(1,463)
Interest received	**6,105**	5,475
Net cash flows (used in) / provided by operating activities	**(640,861)**	260,387
Cash flows from investing activities		
Payments for cleanroom setup	**(77,334)**	(77,334)
Recoupment security deposit	**4,788**	-
Payments for internal development	**(786,879)**	(1,310,194)
Net cash flows used in investing activities	**(859,425)**	(1,387,528)
Cash flows from financing activities		
Proceeds from issue of shares	**1,438,194**	3,360,418
Payment of share issue costs	**(149,862)**	(283,565)
Receipts of third-party loans	**260,000**	-
Repayments of third-party loans	**(849,000)**	-
Receipts of related party loans	**419,000**	-
Repayments of related party loans	**(177,000)**	(75,000)
Repayments of lease liabilities	**(54,411)**	(48,416)
Net cash flows provided by financing activities	**886,921**	2,953,437
Net increase / (decrease) in cash and cash equivalents	**(613,365)**	1,826,296
Cash and cash equivalents at beginning of period	**637,832**	269,077
Cash and cash equivalents at end of the half-year	**24,467**	2,095,373

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

1. Reporting entity

Memphasys Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is 30 Richmond Road, Homebush, NSW 2140, Australia. These consolidated interim financial statements as at and for the six months ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is a for-profit entity focused on reproductive biotechnology and proprietary cell separation technologies. It is developing novel medical devices, diagnostics, and media with application to assisted reproduction technologies in humans and animals.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2023 is available at www.memphasys.com.

2. Basis of preparation

a) Statement of compliance

The half-year consolidated financial statements are a general-purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard *AASB 134 'Interim Financial Reporting'*.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Memphasys Limited and its controlled entities as at and for the half year ended 31 December 2023. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2023, together with any public announcements made during the half-year period.

These consolidated interim financial statements were authorised for issue by the Board of Directors on 26 February 2024.

b) Going Concern

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

The Directors note further the following in relation to the financial affairs of the Group:

- The Group made a net loss of $2,302,515 for the half year ended 31 December 2023.
- For the half year ended 31 December 2023 the Group had net cash outflows from combined operating activities and investing activities of $1,500,286.
- At 31 December 2023, the Group had negative working capital of $4,066,330 and a cash balance of $24,467.
- At 31 December 2023 the Group had net assets of $6,616,121.

Whilst the Group remains focused on and committed to the commercialisation of the Felix™ device, the Group will continue commercially progressing the leading products from its reproductive biotechnology product portfolio being developed in conjunction with the University of Newcastle ("UoN") researchers. Many of these products have low regulatory hurdles, will be readily manufacturable and are likely to have a relatively quick path to market. To complete these activities, the Group will require additional funding.

The Directors believe that the Group will continue as a going concern, and accordingly have prepared the financial statements on a going concern basis after considering the following:

- The Company undertook a capital raising receiving $2,132,278 in January 2024 to fund working and development capital.
- The Company plans to undertake further capital raising as required, including a raise in the second half of FY24.
- The Company expects to receive in September 2024 a tax refund of approximately $1,100,000 from the Australian Tax Office for eligible research and development activities carried out in the financial year ending 30 June 2024 under the research and development tax credit scheme.

On this basis, no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

Should the Group be unsuccessful with the initiatives detailed above then, there is a material uncertainty which may cast significant doubt as to whether the Group may in the future be able to continue as a going concern and may therefore be required to realise assets and extinguish liabilities other than in the ordinary course of business with the amount realised being different from those shown in the financial statement.

c) Rounding of Amounts

The Group has applied the relief available to it under ASIC Corporations (Rounding in Financial / Director's Reports) Instrument 2016/191. Accordingly, amounts in the financial statements and directors' report have been rounded off where appropriate to the nearest $1, unless otherwise specified.

d) Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

3. Significant or unusual expense items

	31 December 2023 $	31 December 2022 $	Unusual difference $
Employee benefit expenses	721,844	59,379	662,465 (a)
Research and development expenses	700,379	515,194	185,185 (b)
Depreciation and amortisation expenses	325,604	58,879	266,725 (c)

The most significant items making up the unusual differences were:

(a) Termination payment made to Alison Coutts of $521,173 (including superannuation) and David Ali's salaries for the period July-November 2023 while being in the position of Director of Business Development.

(b) Increase in developing expenses in the RoXsta and AI-Port projects of $255,207 and $66,596, respectively, partially offset by expenditure made in the Samson project in the semester ended in December 2022 of $158,887 which were not made in the current period.

(c) Amortisation of the *Sperm Separation Humans and Membranes for the Felix™ device* project of $240,169.

4. Judgement and estimates

In preparing these interim financial statements, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies, and the key sources of estimating uncertainty, were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2023.

5. Interest-bearing liabilities

	31 December 2023	30 June 2023
	$	$
Current:		
Convertible note unsecured - Third-party debt	**3,535,640**	3,571,200
Convertible note unsecured - Related party liability	**-**	43,200
Third-party loan - Secured	**-**	855,037
Related party loans - Unsecured	**238,835**	-
Total current interest-bearing liabilities	**3,774,475**	4,469,437

	31 December 2023	30 June 2023
	$	$
Current:		
Convertible notes held by Peters Investments Pty Ltd at:		
Amortised cost	**3,535,640**	3,518,400
Convertible notes attached options	**-**	52,800
	3,535,640	3,571,200
Convertible notes held by Andrew Goodall at:		
Convertible notes attached options	**-**	43,200
	-	43,200
Third-party loan - secured:		
R&D loan – at amortised cost	**-**	855,037
	-	855,037
Related party loans:		
Andrew Goodall *	**224,642**	-
Alison Coutts Consulting Pty Ltd **	**14,193**	-
	238,835	-
Total current interest-bearing liabilities	**3,774,475**	4,469,437

* Debt converted to equity after shareholders approved - in the EGM recently held on 14 February 2024 - to enable Andrew Goodall to subscribe 37,470,091 shares under the Placement.
** Debt converted to equity after shareholders approved - in the EGM recently held on 14 February 2024 - to enable Alison Coutts Consulting Pty Ltd to subscribe 1,419,332 shares under the Placement.

6. Share Capital

a) Issued Shares

	December 2023 Shares	June 2023 Shares	**December 2023 $**	June 2023 $
Ordinary Shares – fully paid	1,130,630,958	959,520,382	54,943,162	53,417,790

b) Movements in ordinary share capital of the company during the half-year were as follows:

	Half-year December 2023 Shares	Full year June 2023 Shares	Half-year December 2023 $	Full year June 2023 $
Balance at beginning of the period	959,520,382	792,178,337	53,417,790	50,340,937
Share issue under share placement *	171,110,576	80,000,000	1,711,106	1,600,000
Share issue under non-renounceable entitlement offer	-	88,020,892	-	1,760,418
Selective reduction of capital	-	(678,847)	-	-
	1,130,630,958	959,520,382	**55,128,896**	53,701,355
Less issue costs	-	-	**(185,734)**	(283,565)
Balance at end of the period	**1,130,630,958**	959,520,382	**54,943,162**	53,417,790

* Part of the $2,100,000 placement in December 2023 as detailed below:

	Date received / issued	**Number of Shares Issued**	**Number of Shares to be Issued**	**$**
Cash	11/12/2023	143,827,345	-	1,438,274
Third-party Loans conversion	11/12/2023	27,283,231	-	272,832
Total issued		**171,110,576**	**-**	**1,711,106**
Related party Loans conversion	15/02/2024	-	23,883,540	238,835
Cash	#	-	15,005,884	150,059
Total to be issued			**38,889,424**	**388,894**
TOTAL		**171,110,576**	**38,889,424**	**2,100,000**

ASX rules states that for a related party, a resolution to issue shares approved by shareholders must be completed within one month of approval being received. Hence, Andrew Goodall will settle this amount within 30 days from the EGM approval date 14 February 2024.

7. Share Options

Movements in share options of the Company during the half-year were as follows:

31 December 2023

Grant date	Expiry date	Vesting commencement date	Exercise price	Balance at start of period	Issued during the period	Exercised during the period	Lapsed/ cancelled during the period	Balance at end of the period
30-Jul-21	30-Jul-24	30-Jun-23	$0.0965	2,575,800	-	-	-	2,575,800
25-Aug-21	31-Dec-23	-	$0.0600	3,000,000	-	-	3,000,000	-
25-Aug-21	31-Aug-24	30-Jun-23	$0.0944	1,593,000	-	-	-	1,593,000
14-Sep-21	13-Sep-23	-	$0.1000	3,000,000	-	-	3,000,000	-
6-Dec-22	5-Dec-24	-	$0.0237	2,500,000	-	-	-	2,500,000
Total				12,668,800	-	-	6,000,000	6,668,800

The Company recognised share-based payment expenses of $15,575 for the half-year (half-year December 2022: $nil).

31 December 2022

Grant date	Expiry date	Vesting commencement date	Exercise price	Balance at start of period	Issued during the period	Exercised during the period	Lapsed / cancelled during the period	Balance at end of the period
30-Jul-21	30-Jul-23	30-Jun-22	$0.0905	3,462,000	-	-	-	3,462,000
30-Jul-21	30-Jul-24	30-Jun-23	$0.0965	3,115,800	-	-	-	3,115,800
25-Aug-21	31-Dec-23	-	$0.0600	3,000,000	-	-	-	3,000,000
25-Aug-21	31-Aug-23	30-Jun-22	$0.0884	1,770,000	-	-	-	1,770,000
25-Aug-21	31-Aug-24	30-Jun-23	$0.0944	1,593,000	-	-	-	1,593,000
14-Sep-21	13-Sep-23	-	$0.1000	3,000,000	-	-	-	3,000,000
6-Dec-22	5-Dec-24	-	$0.0237	-	2,500,000	-	-	2,500,000
Total				15,940,800	2,500,000	-	-	18,440,800

8. Related Party Transactions

Key management personnel (KMP) compensation

KMP received total compensation of $1,228,313 for the half-year ended 31 December 2023 (half-year ended 31 December 2022: $539,291), which includes $521,173 termination payment made to Alison Coutts.

Loans (principal and interest) payable to related parties:

Current balances:	**December 2023** **$**	June 2023 $
Andrew Goodall	**224,642**	-
Alison Coutts Consulting Pty Ltd	**14,193**	-
Total	**238,835**	-

Loans converted to shares after being approved by shareholders in EGM held on 14 February 2024, completing as a result $2,100,000 placement started in December 2023.

9. Segment Reporting

Although the Group has started commercialising Felix™, the operating results of this business have not been significant so far and therefore not being regularly reviewed by the entity management yet. As a result, the Group still only has one segment being Research and Development.

10. Fair Value

The carrying amounts of cash and cash equivalents, other current assets, trade and other payables and current borrowings are assumed to approximate their fair values due to their short-term nature.

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. Under the fair value hierarchy, the fair value of the Financial Assets as Fair Value through OCI is Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

The shares in Hydrix Limited, included under Financial Assets, are classified as Level 1 asset.

11. Events Subsequent to Reporting Date

The Company announced on 2 January 2024 that it expanded its exclusive agreement signed with Vitrolife Group for sale and distribution of the Felix™ system into Canadian and New Zealand markets.

The Company announced on 18 January 2024 that the Entitlement Offer Prospectus dated 4 December 2023 was completed and $2,132,278 capital was raised in January 2024.

In the EGM held on 14 February 2024, shareholders approved:

- Peters Investments Pty Ltd to increase its voting power in the Company as a result of any future conversion of the convertible note to shares. The maturity date of the $3m convertible note was extended to December 2024.
- Conversion of short-term loans from Andrew Goodall and Alison Coutts Consulting Pty Ltd, and the subscription by Andrew Goodall for additional shares on receipt of cash of $150,059. As a result, the $2,100,000 placement which started in December 2023 is to be completed.

No other matter or circumstances has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Memphasys Limited and its Controlled Entities
Directors' Declaration
31 December 2023

In the opinion of the directors of Memphasys Limited ("the Company"):

1. The consolidated financial statements and notes, as set out on pages 7 to 16 are in accordance with the *Corporations Act 2001*, including:

   a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

   b) complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

Dr David Ali
Acting Managing Director and CEO

Sydney
26 February 2024

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Auditor's Independence Declaration
To the Directors of Memphasys Limited
ABN 33 120 047 556

In relation to the independent auditor's review for the half-year ended 31 December 2023, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of no contraventions of any applicable code of professional conduct.

This declaration is in respect of Memphasys Limited and the entities it controlled during the period.

Rod Shanley
Partner

Pitcher Partners
Sydney

26 February 2024

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Independent Auditor's Review Report
To the Members of Memphasys Limited
ABN 33 120 047 556

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Memphasys Limited ("the Company") and its controlled entities ("the Group") which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Memphasys Limited does not comply with the *Corporations Act 2001* including:

a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) Going Concern where the directors have stated that the Group is dependent on the raising of additional funds for working capital and to continue to develop and commercialise the Group's technology.

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These events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Rod Shanley
Partner

Pitcher Partners
Sydney

26 February 2024

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Pitcher Partners Sydney.

Corporate Directory

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ABN 33 120 047 556

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Paul Wright	Independent Non-Executive Director
Dr David Ali	Acting Managing Director and CEO

Company Secretary
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