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 2024	31 December 2023

Results for announcement to the market

				$A'000
Sales from continuing operations	**Down**	**90%**	**to**	**4**
Gross profit (loss) from continuing operations	**Down**	**91%**	**to**	**1**
Profit (loss) from continuing activities after tax attributable to members	**Down**	**29%**	**to**	**(2,967)**
Net Profit (loss) for the period attributable to members	**Down**	**29%**	**at**	**(2,967)**

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 2024**	31 December 2023
Net tangible asset backing per ordinary security	**(0.0019) dollars**	(0.0047) 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 2024

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Directors' Report
31 December 2024

The Directors submit their report for the consolidated entity consisting of Memphasys Limited ("the Company") and its controlled entities ("Memphasys" or the "Group") for the half-year ended 31 December 2024.

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 (resigned 22 November 2024)
Dr Lindley Edwards	Independent Non-Executive Chairman (appointed 23 November 2024)
Dr David Ali	Executive Director and CEO
Mr Paul Wright	Independent Non-Executive Director
Mr Michael Atkins	Independent Non-Executive Director

REVIEW OF OPERATIONS

Memphasys Limited is pleased to provide a review of its activities over the half-year period which has seen the Group deliver major advancements positioning the Group for further sales and breakthrough achievements in the 2025 calendar year.

Throughout the half-year period, several major milestones have been met across the product portfolio, which includes the Group's most advanced product, the Felix™ System, a patented, automated device for quickly and gently separating sperm from a semen sample for use in assisted reproductive technology (ART) procedures, which is being sold commercially in Japan.

FELIX™ SYSTEM:

Completion of Felix™ Clinical Trial Paves Way for Global Market Expansion

During the half-year period, Memphasys announced the completion of recruitment for its key clinical trial for the Felix™ System, conducted at Monash IVF Group Ltd across nine active sites in Australia[1].

The initial/preliminary trial results are likely to be available in March 2025. The full trial report (which is expected to be received in April 2025) will generate essential data for regulatory submissions, which are crucial for launching the Felix™ System in key regulated markets. Memphasys is prioritising CE Mark registration, streamlining the pathway to commercialisation in the European market and the Group's CE Mark submission remains on track for H2 FY25.

Positive trial results are expected to further accelerate discussions with potential distributors, strategic partners, and investors, creating new opportunities to expand commercial reach in existing and new markets and attract investment to support broader growth.

Assessing the Felix™ System in China and UAE

Memphasys' collaboration with Heranova Lifesciences HK Limited (Heranova) represents a pivotal step in its global expansion strategy. This partnership targets the rapidly growing Greater China IVF market, projected to reach USD 9.04 billion by 2030[2]. Under the Letter of Intent, Heranova will conduct an initial clinical assessment through a nominated IVF clinic in China to validate the Felix™ System for local clinical use.

Post period-end, Memphasys announced Heranova will lead in vitro utilisation testing at the Sichuan Jinxin Xinan Women & Children Hospital (Bisheng) in Chengdu. The hospital is a major facility owned by China's largest private fertility provider and a major player in the US market[3].

[1] Refer to ASX Announcement dated: 18 December 2024
[2] Refer to ASX Announcement dated: 12 December 2024
[3] Refer to ASX Announcement dated: 6 January 2025

Similarly, the order from a UAE clinic underscores the growing demand for advanced ART technologies in the Middle East, a market forecast to reach USD 3 billion by 2033.

These partnerships are instrumental in establishing the Felix™ System's global footprint.

ROXSTA™ SYSTEM:

Unlocking Commercial Potential in Livestock

In July 2024, Memphasys completed an evaluation of commercial pathways for the Group's animal applications[4]. The process outlined the potential for the oxidative stress measurement system to be advanced as a priority, given its innovative nature and broad spectrum of opportunities.

A study commenced in December 2024 at a commercial cattle operation in New South Wales with the collection of blood and plasma samples from 50 heifers, approximately one-month post-artificial insemination[5]. Preliminary pregnancy results are expected early in March 2025 and if initial findings are promising, the study could lead to a larger-scale clinical trial in Autumn 2025 in collaboration with the University of Newcastle.

RoXsta™ System Secures Provisional Patent Approval

In September 2024, Memphasys filed a patent for its innovative antioxidant assay system, RoXsta™ covering the principle by which a fully point-of-care device might be generated. The proposed patent, titled 'Methods and devices for measuring antioxidant activity in a fluid sample' was filed to IP (Intellectual Property) Australia and the Australian Patent Office. If granted, the patent will provide intellectual property protection until September 2044[6].

Memphasys was informed in November 2024 that the International Search Report for a patent application of RoXsta™ confirmed all claims are both novel and inventive[7]. This provisional patent publication is scheduled for June 2025, securing Memphasys' position in the growing field of oxidative stress diagnostics.

MEMPHASYS ANIMAL BREEDING SOLUTIONS

<u>Equine study commences with 12-month commercialisation expected</u>

As part of Memphasys' commercialisation program for its technology for both human as well as animal applications, the Group commenced a three-year equine fertility study to assess both its Felix™ System as well as RoXsta™ [8,9].

The study is currently being undertaken in collaboration with the University of Newcastle and EquiBreedUK Ltd, a leading international UK-based Equine stud.

Memphasys speculates the combination of appropriate antioxidant therapy determined by RoXsta™, with the Felix™ System's capability to isolate quality stallion spermatozoa will result in improved equine fertility. The study will also assess market readiness and will also assist in Memphasys' ongoing bovine research.

The study is expected to produce publishable results within 12 months, which will serve as a strong foundation for marketing and sales efforts.

FINANCIAL PERFORMANCE

The net loss for the half-year ended 31 December 2024 was $2,966,917 (31 December 2023: $2,302,515). The items of expenditure showing the most significant changes from the prior period were as follows:

[4] Refer to ASX Announcement dated: 19 July 2024
[5] Refer to ASX Announcement dated: 20 December 2024
[6] Refer to ASX Announcement dated 23 September 2024
[7] Refer to ASX Announcement dated 15 November 2024
[8] Refer to ASX Announcement dated 4 September 2024
[9] Refer to ASX Announcement dated 18 October 2024

- impairment charge of $896,400 of the Equus Device – Sperm Separation Animals intangible asset, due to Directors no longer considering that the criteria for continued recognition under AASB 138 *Intangible Assets* is met.
- decrease of $332,042 in employee benefits expenses, mainly due to having paid no termination payments in the current reporting period;
- decrease of $140,153 in fees paid to external corporate consultants as part of a cost reduction program started in December 2023;
- increase of $121,086 in finance costs, due to loans received from third parties in the current reporting period; and
- increase of $83,678 in R&D costs due to the cessation of capitalizing Felix development cost where these maintain as opposed to enhance the intangible asset.

At 31 December 2024, the Group had negative working capital of $3,389,424 (30 June 2024: $3,635,499), and a cash balance of $516,268 (30 June 2024: $277,802). Current assets have decreased due to having only half-year of R&D tax receivable accrued, offset by an increase in the cash balance. Current liabilities have also decreased, mainly due to the repayment of the R&D loan.

Subsequent to half-year, the Group has concluded discussions with Peters Investments Pty Limited for the deferral of the $3.9 million convertible note loan from 30 June 2025 to 31 December 2025, and is in the process of finalising formal agreements. Interest repayments will accrue and be payable in cash on 30 June 2025 and 31 December 2025.

During the reporting period, the Group received an R&D grant of $1,118,973 (2023: $1,315,087) from the Australian Taxation Office.

Overall, the Group had cash outflows used in operating activities of $676,788 for the half-year ended 31 December 2024 (2023: $640,861) and cash outflows used in investing activities of $423,261 (2023: $859,425). The investing activities performed by the Group are in the development of its IP.

The Group has raised $2,404,600 capital (before costs) by way of $1,547,600 placement and $857,000 rights-issue entitlements and will continue to actively seek funding to progress the commercialisation of the Felix™ device and 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
28 February 2025

Memphasys Limited and its Controlled Entities

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2024

		Half-year 31 December 2024 $	Half-year 31 December 2023 $
Continuing operations:			
Revenue and other income attributable to members of the parent			
Revenue		**3,700**	36,000
Grant income		**321,644**	304,665
Interest income		**2,869**	6,105
Expenses			
Direct costs		**(2,482)**	(22,139)
Other production costs		**(48,111)**	-
Employee benefits expenses	4	**(389,782)**	(721,844)
Research and development expenses		**(784,057)**	(700,379)
Depreciation and amortisation expenses		**(330,088)**	(325,604)
Finance cost expenses	4	**(242,580)**	(121,494)
Impairment intangible assets	4 / 5	**(896,400)**	-
Marketing expenses		**(44,261)**	(65,746)
Director Expenses		**(100,535)**	(89,729)
Corporate consultant expenses	4	**(90,443)**	(230,596)
Compliance, audit, tax and legal expenses		**(158,318)**	(207,966)
Other expenses		**(208,073)**	(163,788)
Loss before income tax expense from continuing operations		**(2,966,917)**	(2,302,515)
Income tax expense		**-**	-
Loss after income tax expense from continuing operations		**(2,966,917)**	(2,302,515)
Net loss for the year attributable to members of the parent		**(2,966,917)**	(2,302,515)
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		**(3,000)**	(7,000)
Total other comprehensive income / (expense) for the period		**(3,000)**	(7,000)
Total comprehensive loss for the period attributable to members of the parent		**(2,969,917)**	(2,309,515)
Earnings per share (EPS)		**Cents/share**	Cents/share
– Basic loss per share		**(0.19)**	(0.24)
– Diluted loss per share		**(0.19)**	(0.24)

The above condensed 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

Condensed Consolidated Statement of Financial Position
As at 31 December 2024

	Note	**As at 31 December 2024 $**	As at 30 June 2024 $
CURRENT ASSETS			
Cash and cash equivalents		**516,268**	277,802
Inventories		**180,037**	164,761
Other current assets		**518,442**	1,176,000
TOTAL CURRENT ASSETS		**1,214,747**	1,618,563
NON-CURRENT ASSETS			
Financial assets at fair value through OCI		**11,000**	14,000
Property, plant and equipment		**311,996**	348,359
Intangible assets	5	**9,126,938**	10,089,761
Right-of-use assets		**324,231**	359,464
TOTAL NON-CURRENT ASSETS		**9,774,165**	10,811,584
TOTAL ASSETS		**10,988,912**	12,430,147
CURRENT LIABILITIES			
Trade and other payables		**370,375**	521,374
Non-interest-bearing liabilities		**-**	50,000
Interest-bearing liabilities	6	**3,928,605**	4,363,174
Lease liabilities		**60,113**	60,113
Other liabilities		**39,564**	70,800
Provisions for employee benefits		**205,514**	188,601
TOTAL CURRENT LIABILITIES		**4,604,171**	5,254,062
NON-CURRENT LIABILITIES			
Lease liabilities		**306,538**	335,912
Provisions for employee benefits		**3,253**	2,418
TOTAL NON-CURRENT LIABILITIES		**309,791**	338,330
TOTAL LIABILITIES		**4,913,962**	5,592,392
NET ASSETS		**6,074,950**	6,837,755
EQUITY			
Issued capital	7	**59,427,722**	57,280,290
Reserves	9	**(80,164)**	(12,449)
Accumulated losses		**(53,272,608)**	(50,430,086)
TOTAL EQUITY ATTRIBUTABLE TO THE MEMBERS OF THE PARENT		**6,074,950**	6,837,755

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

Memphasys Limited and its Controlled Entities

Condensed Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2024

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2024	**57,280,290**	**(12,449)**	**(50,430,086)**	**6,837,755**
Loss for the period	-	-	(2,966,917)	(2,966,917)
Net change in fair value of financial assets designated at fair value through other comprehensive income, net of tax	-	(3,000)	-	(3,000)
Total comprehensive loss for the period	**-**	**(3,000)**	**(2,966,917)**	**(2,969,917)**
Transactions with owners recorded directly in equity:				
Issue of share capital	2,454,600	-	-	2,454,600
Transaction costs on share issue	(307,168)	-	-	(307,168)
Share-based payments	-	59,680	-	59,680
Expired share options transferred to Accumulated Losses	-	(124,395)	124,395	-
Balance 31 December 2024	**59,427,722**	**(80,164)**	**(53,272,608)**	**6,074,950**

	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**

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

Memphasys Limited and its Controlled Entities

Condensed Consolidated Statement of Cash Flows
For the half-year ended 31 December 2024

	Half-year 31 December 2024 $	Half-year 31 December 2023 $
Cash flows from operating activities		
Receipts from customers	**3,700**	36,000
Payments to suppliers and employees	**(1,774,217)**	(1,950,503)
Proceeds from government grants	**1,118,973**	1,315,087
Interest paid	**(28,112)**	(47,550)
Interest received	**2,868**	6,105
Net cash flows used in operating activities	**(676,788)**	(640,861)
Cash flows from investing activities		
Payments for cleanroom setup	**-**	(77,334)
Recoupment security deposit	**31,200**	4,788
Payments for internal development	**(454,461)**	(786,879)
Net cash flows used in investing activities	**(423,261)**	(859,425)
Cash flows from financing activities		
Proceeds from issue of shares	**2,350,864**	1,438,194
Payment of share issue costs	**(303,771)**	(149,862)
Receipts of third-party loans	**500,000**	260,000
Repayments of third-party loans	**(1,086,454)**	(849,000)
Receipts of related party loans	**450,000**	419,000
Repayments of related party loans	**(500,000)**	(177,000)
Repayments of lease liabilities	**(29,374)**	(54,411)
Net cash flows provided by financing activities	**1,381,265**	886,921
Net increase / (decrease) in cash and cash equivalents	**281,216**	(613,365)
Cash and cash equivalents at beginning of period	**235,052**	637,832
Cash and cash equivalents at end of the half-year	**516,268**	24,467

The above condensed 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 Level 1, 34 Richmond Road, Homebush, NSW 2140, Australia. These consolidated interim financial statements as at and for the six months ended 31 December 2024 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 2024 is available at www.memphasys.com.

2. Basis of preparation

a) Statement of compliance

The half-year condensed 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'*. Compliance with AASB 134, as appropriate for for-profit entities, ensures compliance with *International Financial Reporting Standard IAS 34 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 2024. 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 2024, together with any public announcements made during the half-year period.

Unless otherwise stated, amounts are in Australian dollars, which is the Group's presentation currency.

These consolidated interim financial statements were authorised for issue by the Board of Directors on 28 February 2025.

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 the following in relation to the financial affairs of the Group:

- The Group made a net loss of $2,966,917 for the half year ended 31 December 2024.
- For the half year ended 31 December 2024 the Group had net cash outflows from combined operating activities and investing activities of $1,100,049.
- At 31 December 2024, the Group had negative working capital of $3,389,424 and a cash balance of $516,268.
- At 31 December 2024 the Group had net assets of $6,074,950 of which $9,126,938 comprises intangible assets.

The Directors have identified that without additional funding the Group is expected to have fully expended its cash reserves by mid-March 2025.

The ability of the Group to continue as a going concern is dependent on its ability to:
(a) Reach agreement with major suppliers to enable the Group to defer payments of approximately $400,000 until April 2025;

2. Basis of preparation (continued)

(b) Obtain immediate finance of approximately $478,000 in order to help meet the Group's on-going liabilities until the end of April 2025;
(c) Obtain additional funding of approximately $1,000,000 by April 2025 to help meet the Group's ongoing liabilities until the end of May 2025;
(d) Raise working capital of at least $3.5 million by May 2025 and a further $3.5 million by August 2025 to enable funding ongoing operations, including research and development activities in RoXsta™ and other developing products;
(e) Defer repayment of the principal of its interest-bearing liabilities to Peters Investments Pty Ltd of $3.9 million beyond June 2025;
(f) Receive ATO refund / R&D grant income by September 2025 to help retire the bridging finance; and
(g) Successfully commercialise the Felix™ device product and to generate revenue (direct sales and through licensing arrangements).

The Directors believe that the Group will be successful in relation to the above matters and that it will continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis after considering the following:

- The Group has reached agreement with certain major suppliers and directors for the deferral of approximately $400,000 until April 2025;
- The Group has submitted an application for R&D bridging finance and once formally approved, the funds are expected to be received by mid-March 2025;
- The Group plans to undertake the raising of additional funds during the balance of the calendar year to meet its funding requirements as noted in d) above through fund raisings and/or commercial activity, and has already received offers by way of non-binding term sheets from several interested parties, including shareholders, for the provision of bridging finance and well as long term financing (which would be subject to shareholder approval). The Group is currently assessing its options;
- Subsequent to half-year, the Group has concluded discussions with Peters Investments Pty Limited for the deferral of the $3.9 million convertible note loan from 30 June 2025 to 31 December 2025, and is in the process of finalising formal agreements. Interest repayments will accrue and be payable in cash on 30 June 2025 and 31 December 2025;
- The Group expects to receive in September 2025 a tax refund of approximately $900,000 from the Australian Tax Office for eligible research and development activities carried out in the financial year ending 30 June 2025 under the research and development tax credit scheme, and which will help retire bridging finance;
- The Group remains both focused and committed to the commercialisation of its most advanced and flagship product the Felix™ device. The Felix™ registration clinical trial has now been completed, and the data is being prepared for CE Mark submission. The outcome of the clinical trials is expected to be available in March 2025 and the full trial report is expected to be received in April 2025. Once received this will generate essential data for regulatory submissions, which are crucial for launching the Felix ™ System in regulated markets;
- Currently, the Group is progressing commercial initiatives with four external organisations and there has been interest from several organisations who would like to sell the Felix™ device in certain overseas markets. Whilst negotiations are ongoing, the Group expects that there will be some commercial activity by June 2025 as a result of such external organisations injecting funds via potential licencing agreements or revenue generation via distribution agreements.

The Directors are confident that it will be successful in relation to the matters discussed above, including the generation of some revenue from its Felix™ device, the deferral of current interest-bearing liabilities as well as the capital raise to enable the Group to meet its ongoing obligations. The Group has a good track record of raising capital from investors and shareholders.

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.

2. Basis of preparation (continued)

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.

The application of the new or revised standards has had no material impact on the disclosures or on the amounts recognised in the condensed consolidated half-year financial statements.

3. 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 2024.

4. Significant or unusual expense items

	31 December 2024 $	31 December 2023 $	Unusual difference $
Employee benefit expenses	389,782	721,844	(332,062) (a)
Finance cost expenses	242,580	121,494	121,086 (b)
Impairment intangible assets	896,400	-	896,400 (c)
Corporate consultant expenses	90,443	230,596	(140,153) (d)

The most significant items making up the unusual differences were:

(a) Decrease in employee benefit expenses due to the unusual termination payment of $521,173 (including superannuation) made to Alison Coutts in the prior reporting period.
(b) Increase in finance cost expenses due to loans received from third parties in the current reporting period. Included in this amount is $50,000 finance cost in relation to a $500,000 borrowing from Keystonegroup Investments Pty Ltd. This interest was satisfied by way of issue of 8.3M ordinary shares with a fair value of $50,000 (refer Note 7).
(c) Impairment of the Equus Device – Sperm Separation Animals intangible asset, due to Directors no longer considering that the criteria for continued recognition under AASB 138 *Intangible Assets* is met (refer to Note 5 b)).
(d) Decrease of $140,153 in fees paid to external corporate consultants as part of a cost reduction program which started in December 2023.

5. Intangible assets – Research and development cost

a) Reconciliation of movements in intangible assets

	December 2024 $ Half year	June 2024 $ Full year
Cost:		
Balance at the start of the period	**18,613,131**	18,093,536
Additions	**343,362**	519,595
Balance at the end of the period	**18,956,493**	18,613,131
Less Accumulated grant income:		
Balance at the start of the period	**7,493,824**	7,304,152
Deferred R&D Tax Incentive grant income for the period	**149,362**	189,672
Balance at the end of the period	**7,643,186**	7,493,824
Less Accumulated amortisation:		
Balance at the start of the period	**1,029,546**	494,649
Amortisation expense for the period	**260,423**	534,897
	1,289,969	1,029,546
Less Impairments:		
Balance at the start of the period	**-**	-
Impairment charge for the period	**896,400**	-
Balance at the end of the period	**896,400**	-
Net carrying value at 31 December 2024	**9,126,938**	10,089,761

The Group capitalises development costs based on time spent by employees, the type of project, related development tasks and other related factors. The intangible assets are amortised when they are available for use. A useful life of 20 years is being used in the calculation of amortisation of the Sperm Separation Humans and Membranes for the Felix™ System projects.

b) Reconciliation of intangible assets carrying value by project

	December 2024 $	June 2024 $
Felix™ System - sperm separations humans - cost	***9,440,164***	*9,246,164*
Less Felix™ System - sperm separations humans - accum amortisation	***(1,165,305)***	*(929,301)*
Felix™ System - sperm separations humans	**8,274,859**	8,316,863
Equus Device - sperm separations animals **#**	**-**	896,400
Membranes for Felix™ System - cost	***976,743***	*976,743*
Less Membranes for Felix™ System - accum amortisation	***(124,664)***	*(100,245)*
Membranes for the Felix™ System	**852,079**	876,498
	9,126,938	10,089,761

5. Intangible assets – Research and development cost (continued)

The Directors, following accounting standard requirements, re-assessed the carrying value of the Equus project – Sperm Separation Animals intangible asset. No expenditure has been incurred or capitalised on this project since 1 July 2024. As Memphasys is still committed to the development and commercialisation of an equine sperm separation product, this capability has been transferred to focus on the use of the existing Felix System™ for use with equine sperm. This is evidenced by the recent Three-Year Equine Fertility Study as per the ASX release dated 18 October 2024. If successful, other studies are in the pipeline to support this application but not under the EQUUS project. As we await study results from the Felix System™ in equine, the current strategic focus is on the commercialisation of the Felix System™ for humans. Accordingly, the Directors no longer consider that the criteria for continued recognition of EQUUS under *AASB 138 Intangible Assets* is met and accordingly have recorded an impairment charge of $896,400 to fully write off the intangible asset in accordance with *AASB 136 Impairment of Assets* (refer to Note 4 (c)).

6. Interest-bearing liabilities

	31 December 2024	30 June 2024
	$	$
Current:		
Convertible note held by Peters Investments Pty Ltd **#**	**3,928,605**	3,776,720
R&D loan – Secured	**-**	586,454
Total current interest-bearing liabilities	**3,928,605**	4,363,174

The convertible notes have a face value of $3,000,000 and are convertible to ordinary share capital at a redemption price of $0.06 per share at the option of the holder. Convertible notes attract coupon interest of 8% per annum. Subsequent to half-year, the Group has concluded discussions with Peters Investments Pty Limited for the deferral of the $3.9 million convertible note loan from 30 June 2025 to 31 December 2025, and is in the process of finalising formal agreements. Interest repayments will accrue and be payable in cash on 30 June 2025 and 31 December 2025.

7. Share Capital

a) Issued Shares

	December 2024 Shares	June 2024 Shares	**December 2024 $**	June 2024 $
Ordinary Shares – fully paid	1,771,014,766	1,382,748,156	59,427,722	57,280,290

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

	Half-year December 2024 Shares	Full year June 2024 Shares	**Half-year December 2024 $**	Full year June 2024 $
Balance at beginning of the period	**1,382,748,156**	959,520,382	**57,280,290**	53,417,790
# Share issue under share placement	**237,099,985**	210,000,000	**1,500,000**	2,100,000
## Share issue under non-renounceable entitlement offer	**142,833,292**	213,227,774	**904,600**	2,132,278
### Shares issued in lieu of interest (refer note 4(b))	**8,333,333**	-	**50,000**	-
	1,771,014,766	1,382,748,156	**59,734,890**	57,650,068
Less issue costs			**(307,168)**	(369,778)
Balance at end of the period	**1,771,014,766**	1,382,748,156	**59,427,722**	57,280,290

7. Share Capital (continued)

$500,000 subscribed by Andrew Goodall issued at $0.006, together with 1 free attaching option for every 2 shares issued, exercisable at $0.011 each on or before the date which is 2 years from their date of issue (refer to Note 8); and $1,000,000 offered to sophisticated and professional investors issued at $0.006, together with 1 free attaching option for every 1 share issued, exercisable at $0.011 each on or before the date which is 2 years from their date of issue (refer to Note 8).

$857,000 subscribed by eligible shareholders under the Company's security purchase plan (SPP); and $47,600 subscribed by investors identified by the lead manager under the top-up placement on the same terms as the SPP.

Shares paid in lieu of interest for a loan received from Keystonegroup Investments Pty Ltd (refer to Note 4(b)).

The shares mentioned on bullet points **##** and **###** above have been issued at $0.006, together with 1 free attaching option for every 1 share issued, exercisable at $0.011 each on or before the date which is 2 years from their date of issue (refer to Note 8).

8. Share Options

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

31 December 2024

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	2,575,000	-	-	2,575,000	-
25-Aug-21	31-Aug-24	30-Jun-23	$0.0944	1,593,000	-	-	1,593,000	-
6-Dec-22	5-Dec-24	-	$0.0237	2,500,000	-	-	2,500,000	-
18-Jan-24	18-Jan-26	-	$0.0200	-	106,613,948	-	-	106,613,948
15-Feb-24	15-Feb-26	-	$0.0200	-	105,000,000	-	-	105,000,000
15-Feb-24	15-Feb-27	-	$0.0149	-	13,392,584	-	-	13,392,584
28-Aug-24	28-Aug-26	-	$0.0110	-	31,250,000	-	-	31,250,000
5-Nov-24	5-Nov-26	-	$0.0110	-	309,499,944	-	-	309,499,944
8-Nov-24	8-Nov-26	-	$0.0110	-	8,333,333	-	-	8,333,333
20-Dec-24	20-Dec-26	-	$0.0110	-	7,933,333	-	-	7,933,333
Total				6,668,000	582,023,142	-	6,668,000	582,023,142

The Group recognised share-based payment expenses of $59,680 for the half-year (31 December 2023 $15,575). In the current period, all options were issued to existing shareholders participating in placements and the SPP (refer to Note 7), except for the 8.3M options issued on 8 November 2024 (refer to Note 4(b)).

9. Reserves

	December 2024	June 2024
	$	$
Share options reserve *(i)*	**58,836**	123,551
Asset revaluation reserve *(ii)*	**(139,000)**	(136,000)
	(80,164)	(12,449)

(i) The share option reserve is used to record increases in equity arising from equity-settled share-based payment arrangements.
(ii) The asset revaluation reserve is used to record changes in the fair value of financial assets classified or designated at fair value through other comprehensive income.

10. 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.

11. 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.

12. Events Subsequent to Reporting Date

In February 2025 the Group put in place a plan to fund the Group for the next twelve months (refer to Note 2(b)). Part of this plan was the agreement by Peters Investments Pty Ltd to extend the maturity date of the $3.9m convertible note from 30 June 2025 to 31 December 2025, announced to the market on 28 February 2025.

On 24 February 2025, Memphasys announced that after the data lock for the pivotal Felix™ clinical trial, the data is ready for statistical analysis and results are expected to be released in March 2025. This is a critical point in the life of the Felix™ project.

No other matter or circumstance has arisen since 31 December 2024 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 2024

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

1. The consolidated financial statements and notes, as set out on pages 6 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 2024 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
28 February 2025

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MEMPHASYS LIMITED
ABN 33 120 047 556

In accordance with section 307C of the *Corporations Act 2001*, I declare to the best of my knowledge and belief in relation to the review of the financial report of Memphasys Limited and its controlled entities for the half-year ended 31 December 2024, there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* in relation to the review.

Nathan Balban
Partner

Pitcher Partners
Sydney

28 February 2025

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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 condensed consolidated statement of financial position as at 31 December 2024, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed 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 2024 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) in the financial report, which indicates that the Group incurred a net loss of $2,966,917 for the half-year ended 31 December 2024 and, as of that date, the Group's current liabilities exceeded its current assets by $3,389,424. The Directors have identified that without additional funding the Group is expected to have fully expend its cash reserves by mid-March 2025.

As stated in Note 2(b), 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 Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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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 2024 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.

Nathan Balban
Partner

28 February 2025

Pitcher Partners
Sydney

Corporate Directory

Memphasys Limited
ABN 33 120 047 556

Directors

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Dr David Ali	Executive Director and CEO
Paul Wright	Independent Non-Executive Director
Michael Atkins	Independent Non-Executive Director

Company Secretary
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