



medlab

MEDLAB CLINICAL LIMITED

ABN: 51 169 149 071

**APPENDIX 4D (RULE 4.2A3)
HALF-YEAR REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2019**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

CURRENT REPORTING PERIOD:
PREVIOUS CORRESPONDING PERIOD:

Half-Year Ended 31 December 2019
Half-Year Ended 31 December 2018

| KEY INFORMATION | Amount \$ | Up/Down | Movement |
|--------------------------------------------------------------------------------|--------------|---------|----------|
| Sale of goods (net discounts) | 2,727,562 | Up | 34.6% |
| Provision for sale returns | (300,000) | Up | - |
| Promotional costs and other rebates | (1,106,614) | Up | - |
| Other revenue | 1,200,346 | Up | 21.0% |
| Revenue from ordinary operations | 2,521,294 | Down | 18.1% |
| Loss from ordinary activities after tax attributable to members of the company | (7,098,218) | up | 93.6% |
| Net loss after tax attributable to members of the company | (7,098,218) | up | 93.6% |

No dividends have been proposed during the period

| | 31 December 2019 \$ | 31 December 2018 \$ |
|----------------------------------|------------------------|------------------------|
| Net tangible assets per security | 0.054 | 0.087 |

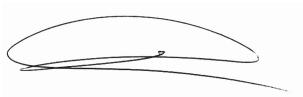
During the period, Medlab has made significant advances in both research and in commercial operations, in particular its pharmaceutical operations through the commercialisation of its cannabis-based medicines. A summary of recent achievements are:

- Sale of goods (after discount) up 34%.
- Cash collections from customers up 49%.
- Record revenue achieved in cannabis sales
- Royal North Shore Hospital clinical trial has been completed for cancer pain drug candidate, NanaBis™. The highly significant data is currently being independently evaluated and written up
- Impressive start to the NanaBis™ Observational Study with approximately 125 Australian Doctors and 250 patients enrolled.
- Agreement to manufacture NanaBis™ recently executed with Tasmanian Alkaloids Pty Ltd allowing an increase in manufacturing capabilities to meet increased demands.
- Agreement executed to expand the nutraceutical range into the US which was launched at a medical conference in December, the 27th Annual World Congress, run by the American Academy of Anti-Aging Medicine (A4M).
- Agreement executed to expand the Medlab range into the UK with first order received for new product combining CBD from hemp and Medlab's nutraceutical product MgOptima, (MgOptimaCBD), in production now.

Medlab's net loss for the period has increased due to the costs incurred in accelerating the Company's research projects and the progression of both its pharmaceutical and nutraceutical commercial operations. Since the recent launch into banner pharmacy, the nutraceutical operations have now started incurring promotional costs. The Company has also taken a conservative approach regarding inventory provisions.

Medlab's nutraceuticals business is expanding into new revenue territories including the US, UK and Asia where we should see revenue flow over the next few months without material operating or capital expenditure. The Australian nutraceuticals business is likely to rationalise somewhat after a period of expansion with large wholesale distribution partners and focus on better performing products. Medlab will be driven by product quality, margin and not by market share.

This report should be read in conjunction with the consolidated financial report of Medlab Clinical Limited for the half-year ended 31 December 2019 which were subject to a review by ESV Accounting and Business Advisors. The review report is attached part of the Interim Report.

A handwritten signature in black ink, appearing to read 'Sean Hall', with a stylized flourish extending from the end.

Sean Hall
Managing Director
Dated this 26th day of February 2020