

14 March 2023

Ms Lisa Banh

Senior Adviser, Listings Compliance

Australian Securities Exchange

20 Bridge Street, Sydney NSW 2000

By email - ListingsComplianceSydney@asx.com.au

Dear Lisa

Analytica Limited ('ALT'): Half-year report (reviewed financial report) – Query

Analytica refers to your letter of 8 March 2023 and responds to the questions asked of us in that letter as follows:

1. *Is ALT able to confirm that in the directors' opinion the half year report*
 - a. *complies with the relevant accounting standards; and*
 - b. *gives a true and fair view of ALT's financial performance and position?*

Yes, Analytica confirms that in the Directors' opinion ALT's report for the half year to the 31st of December 2022 complies with the relevant accounting standards and gives the true and fair view of Analytica's financial performance and position to the best of our knowledge and belief.

2. *Given the qualified audit conclusion is due to the significant uncertainty regarding ALT's ability to continue as a going concern, please explain the basis for and the factors considered by the directors to satisfy themselves that the use of going concern assumption in the preparation of the consolidated financial statements of ALT is in accordance with Australian accounting standards.*

ALT has prepared a cashflow forecast until February 2024 that indicates ALT has sufficient cashflow to continue as a going concern and pay its debts as and when they fall due and payable. On this basis, the directors have determined that it is appropriate to prepare the financial report on a going concern basis.

The cashflow forecast is based on the following significant assumptions:

- the existing loan facility agreement will continue into the foreseeable future.
- an equity capital raising will be undertaken within the next few months; and
- revenue from US product sales as a result of agreements for the production, sale and distribution of Analytica's medical devices will be entered into.

ALT has implemented a strategy to establish distribution channels in the United States of America, the world's largest medical device market. ALT has engaged consultants to develop this market and source suitable supply. This strategy is progressing well, and without disclosing confidential information, discussions have progressed with several well positioned corporations that see the benefit of our products in their range. Discussions have

also proceeded to the executive level of corporations that will incorporate both products in their service offering.

3. *Commenting specifically on the qualified conclusion, does the board consider that ALT has a sound system of risk management and internal control which is operating effectively?*

Yes, the directors believe that ALT has a sound system of risk management and internal control and is operating effectively.

As noted in ALT's Annual Corporate Governance Statement which was released to ASX on 21 September 2022, due to the small size of ALT's Board, the full Board takes on the role associated with an audit committee which includes overseeing the effective operation of the risk management framework.

In this instance, the Board considers that the Auditor's qualified conclusion is not related to issues with ALT's risk management and internal controls, rather, it relates more to the uncertainty of future sales and future equity/debt raisings.

4. *What evidence was provided to the auditor in support of ALT's assessment of its ability to continue as a going concern? Why was auditor not satisfied with that evidence?*

The following evidence was provided in relation to the cashflow forecast assumptions referred to in paragraph 2. Dr Monsour provided comfort that the existing loan facility agreement would continue into the foreseeable future. Outcomes of meetings were discussed with the auditors and the stage discussions had reached, which did not include any signed agreements. Based on the Directors' experience, an equity capital raising is feasible once commercial agreements are either concluded or near concluded.

The Auditor was not satisfied with that evidence because of the absence of signed agreements and confirmed orders.

5. *What steps has ALT taken since the release the half year report to obtain an unmodified audit opinion with regards to its future financial statements?*

ALT has continued negotiations with potential distribution partners and our US-based sales agents are conducting presentations to finalise commercial negotiations and enter into definitive contracts. ALT has also been in discussions with potential investors regarding their equity raising requirements.

6. *What steps does ALT intend to take to obtain an unmodified audit opinion with regards to its future financial statements?*

ALT intends to take the following steps to obtain an unmodified audit report:

- progressing marketing and sales activity to secure further distribution agreements in the USA and Europe; and
- undertaking an equity capital raising to further strengthen ALT's balance sheet to provide sufficient cash flow.

7. *Does ALT consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX as required under listing rule 12.1? In answering this question, please explain the basis for this conclusion. In answering this question, please comment on the nature of ALT's current business activities.*

Yes, Analytica considers the level of its operations sufficient to maintain an ASX quotation of its securities as required under listing rule 12.1.

Analytica is an R&D company that has developed its two products to the point where the Board considers they are best in class. The company is now transitioning to commercialising these products through distribution networks and large health care providers.

ALT believes that if it is able to secure commercial distribution agreements, it will be able to raise sufficient capital to achieve a more commercial level of operations.

8. *Does ALT consider that the financial condition of ALT is sufficient to warrant continued listing on ASX as required under listing rule 12.2? In answering this question please explain the basis for this conclusion.*

Yes, ALT considers that its financial condition is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2.

As noted in question 7 above, ALT is in negotiations to secure distribution agreements. Following the successful completion of negotiations, ALT expects to raise additional equity to strengthen its balance sheet. ALT is also progressing marketing and sales activity to secure further distribution agreements to further enhance its financial condition.

9. *If the answer to questions 7 or 8 is No, please explain what steps ALT has taken, or proposes to take, to warrant continued listing on ASX under the requirements of listing rules 12.1 and 12.2.*

Not applicable.

10. *What inquiries did the board make of management to satisfy itself that the financial records of ALT have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of ALT?*

The board received CEO and CFO declaration and assurance in accordance with section 295A(2) of the Corporations Act 2001, that:

- the financial records of the Company have been properly maintained in accordance with section 286 of the Corporations Act 2001;
- the financial statements of the Company comply with the accounting standards;
- the financial statements give a true and fair view of the financial position and of the performance of the Company; and
- the Company has complied with all other matters prescribed by the regulations in relation to the financial statements.

The CEO and CFO also declared in accordance with ASX Corporate Governance Principle 4.2 that ALT's financial system:

- is founded on a sound system of risk management and internal control which implements policies adopted by the Board and the company's risk management and internal compliance control system; and
- is operating efficiently and effectively in all material respects in relation to business and financial reporting risks.

11. *Please confirm that ALT is complying with the listing rules and in particular listing rule 3.1.*

Analytica confirms that it has complied and is complying with ASX listing rules and in particular with continuous disclosure requirement under listing rule 3.1.

12. *Please confirm that ALT's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of ALT with delegated authority from the board to respond to Essex on disclosure matters.*

Authorised for release and approved by the Board of Directors,

Bryan Dulhunty

Company Secretary



8 March 2023

Reference: 69899

Mr Bryan Dulhunty
Company Secretary
Analytica Limited

By email:

Dear Mr Dulhunty

Analytica Limited ('ALT'): Half-year report (reviewed financial report) - Query

ASX refers to the following:

- A. ALT's half-year report for the half-year ended 31 December 2022 lodged with ASX Market Announcements Platform and released on 6 March 2023 ('Half-Year Report').
- B. ASX notes that the Independent Auditor's Review Report attached to the Half-Year Report ('Auditor's Report') contains a qualified conclusion together with the Basis for qualified conclusion:

The half-year financial report has been prepared on a going concern basis, which indicates continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.

We draw attention to Note 1(e) of the half-year financial report which indicates that the for the half year to 31 December 2022 the group incurred a loss of \$1,306,506 (31 December 2021: 1,373,117 loss); is in net current liability position of \$1,913,662 (30 June 2022: \$598,085), is in a net liability position of \$1,453,215 (30 June 2022: \$146,709), had an operating cash outflow of \$1,259,906 (31 December 2021: 1,260,047) and that the group will be required to raise additional funds to meet its cash needs.

These conditions, along with other matters as set forth in Note 1(e), cast significant doubt on the Group's ability to continue as a going concern. 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 half-year financial report.

We believe that the review evidence we have obtained is sufficient and appropriate to provide a basis for our qualified conclusion.

- C. Listing Rule 12.1 which states:

12.1 The level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued +quotation of the entity's +securities and its continued listing.

- D. Listing Rule 12.2 which states:

12.2 An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued +quotation of its +securities and its continued listing.

Request for information

In light of the information contained in the Half-Year Report and the Auditor's Report, and the application of the Listing Rules stated above, please respond to each of the following questions:

- 1. Is ALT able to confirm that in the Directors' Opinion the Half-Year Report:

(a) comply with the relevant Accounting Standards; and

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- (b) give a true and fair view of ALT's financial performance and position?
2. Given the qualified audit conclusion is due to the significant uncertainty regarding ALT's ability to continue as going concern, please explain the basis for and the factors considered by the Directors to satisfy themselves that the use of going concern assumption in the preparation of the consolidated financial statements of ALT is in accordance with Australian Accounting Standards.
 3. Commenting specifically on the qualified conclusion, does the board consider that ALT has a sound system of risk management and internal control which is operating effectively?
 4. What evidence was provided to the auditor in support of the ALT's assessment of its ability to continue as going concern? and why auditor was not satisfied with that evidence?
 5. What steps has ALT taken since the release of the Half-Year Report to obtain an unmodified audit opinion with regards to its future financial statements?
 6. What steps does ALT intend to take to obtain an unmodified audit opinion with regards to its future financial statements?
 7. Does ALT consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX as required under listing rule 12.1? In answering this question, please explain the basis for this conclusion. In answering this question, please comment on the nature of the ALT's current business activities.
 8. Does ALT consider that the financial condition of ALT is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2? In answering this question, please also explain the basis for this conclusion.
 9. If the answer to questions 7 or 8 is "No", please explain what steps ALT has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rules 12.1 and 12.2.
 10. What enquiries did the Board make of management to satisfy itself that the financial records of ALT have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of ALT?
 11. Please confirm that ALT is complying with the Listing Rules and, in particular, Listing Rule 3.1.
 18. Please confirm that ALT's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of ALT with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.30 AM AEDT Tuesday, 14 March 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, ALT's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require ALT to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

ASX will consider reinstatement of ALT's securities suspended from trading under Listing Rule 17.5 following receipt of consolidated financial statements with an Auditor's Report not qualified in respect of ALT's ability to continue as going concern.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to ALT's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that ALT's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Regards

Lisa Banh
Senior Adviser, Listings Compliance