Aegros

Annual Report
2022

Patients 1st through innovation

Founding Executive Chair's Report

Australia has two plasma fractionators and Aegros is one of them. This is the result of a grand plan to use Australian-invented technology to revolutionalise the plasma fractionation industry. Aegros was formed with the bold goal to make therapeutic plasma products more available to patients globally. Today, that goal is insight.

The $20B therapeutic plasma market is one of the least environmentally friendly & most wasteful industries. The HaemaFrac® reduces the environmental impact and reduces waste, doubling the volume of these lifesaving treatments and lowering costs and carbon footprint. Aegros is the disrupter to this 80-year-old oligopolistic industry.

Every technology has a time and place, as shown by the mRNA disruption to vaccines. Covid-19 is also the catalyst which has brought our unique HaemaFrac® to commercial reality.

During a pandemic this disruption is driven by the Clinicians, Health Departments and Regulators who face dwindling therapeutic solutions and accelerating costs. Our initial commercial sales will be of a Covid-19 hyperimmune. This is a unique product which the existing fractionators are unable to make.

Our Covid-19 Hyperimmune will generate the cashflow to build the 1M L HaemaFrac® facility, backed by the Queensland Government. The real commercial impact of this disruption will occur when this facility starts production in 2026. From that point forward fractionators will face with a competitor whose cost structure is a fraction of theirs and manufactures twice their capacity.

Investing in a pre-revenue biotech/pharmaceutical is not for the feint hearted. There are many reasons organisations like this fail. We believe Aegros has passed the tipping point. The technology is proven, registered and the 1st human participant has been successful dosed with our Covid-19 Hyperimmune. The issues we face now, are operational. The opportunities are clear – and present.

Embracing innovation and proceeding to manufacturing is a talent-hungry enterprise. Two years ago, Aegros employed less than 10 people. As of this report we employ over 100 people, and we will blossom to thousands in a couple of years. With talent comes intellectual capital which in turn generates Aegros' true value. This intellectual capital has created the HaemaFrac®, the Covid-19 Hyperimmune and all the other products in our pipeline; products you will see in the market this and the coming years. We expect this value to be reflected in the pricing of our shares, post IPO.

Successful innovation not only attracts capital, it also attracts connections with other innovators, such as the Kirby Institute and University of Queensland. Expect more announcements in this area as we position Aegros as a multinational entity.

The era of Aegros is here. The first result of this noble goal will be to offer the Australian Government the opportunity to lift Australia's immunoglobulin self-sufficiency from 50% to 100% and in doing so reduce the cost of these lifesaving drugs to the Australian Health Budget. More significantly, this will mean that we will be ready for the next pandemic and any other health challenges which require plasma derived therapeutics.

2022 was a year to bottle, but I believe our achievements over the next 12 months will make it look, at best, average. Finally, I would like to thank all of our investors and employees for supporting Aegros through this period.

Professor Hari Nair
Founding Executive Chairman

Suite 2, Level 3 6 Eden Park Drive, Macquarie Park, NSW 2113, Australia
ACN: 618 589 101

Aegros

Founding Managing Director's Report

Operationally 2022 was a stellar year on any measure. It was the year Aegros arrived on the world stage as a bona fide plasma fractionator. As Founders, 2022 was an even more impressive, the point in time when aspirations of a lifetime became real.

At the beginning of 2022, we outlined a number of milestones, these included:

- the Completion of the comparative or first arm of the CHAT study;
- TGA GMP licensure of the 5 Eden Park Drive manufacturing facility;
- Establishment of the complete Covimmune™ manufacturing process; and
- HREC approval to undertake our Covid-19 Hyperimmune arm of the CHAT study.

At that time, there was considerable market doubt Aegros could become a fractionator, even of speciality products, and there was scepticism about the market for a Covid-19 Hyperimmune. Finally, there was absolutely no belief Aegros could enter the Australian immunoglobin/albumin markets. This was considered, at best, the Founders pipe dream.
Fast forward 18 months and Aegros has achieved all of these milestones, and more, including:

- Queensland Government grant to support the construction of our 1M L HaemaFrac® facility in Queensland;
- First dosing of our Covid-19 Hyperimmune, representing the first injection of a drug manufactured using the HaemaFrac®.

For the 2023 year we have three milestones. These are:

- Upgrade the Covid-19 Hyperimmune manufacturing to process 100,000L pa;
- Complete the Covid-19 Hyperimmune arm of the CHAT study and obtain TGA Australian Register Therapeutic Goods (ARTG) licensure; and
- Obtain orders for and sell our Covid-19 Hyperimmune.

These three milestones will enable Aegros to generate income and become cashflow positive. Over this same period, we will also strive to achieve a second set of milestones related to the 1M L HaemaFrac® facility in Queensland including:

1. Finalise the site and design for the 1M L HaemaFrac® facility;
2. Break ground on the construction of this site;
3. Open negotiations with the National Blood Authority (NBA) for the purchase of immunoglobulin and albumin.

While these are critical success factors, it is the Aegros Founders' track record of achieving milestones ahead of time that truly puts Aegros in a class of its own.

On behalf of Aegros, our fantastic staff, and for all of the people for whom our Covid-19 Hyperimmune will make a significant difference, we would like to thank you for your support.

John Manusu
Founding Managing Director

Aegros Ltd and its controlled entities

ABN 92 618 589 101

Annual Report - 30 June 2022

Aegros Ltd
Directors' report
30 June 2022

The directors present their report on the Group and its controlled entities for the financial year ended 30 June 2022.

Directors
The names of the directors and officers at any time during, or since the end of, the year are:

Manusu, John Pericles (Director)
Nair, Chenicheri Hariharan (Director)
Bowen, Janet Lynn (Director)
Hopper, Leighton Elwyn (Secretary)

Directors and officers have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of operations
The group incurred a net consolidated loss of $13,689,824 developing its first commercial product, Covimmune™. This loss includes expenses developing the HaemaFrac® manufacturing process, obtaining TGA GMP approval for the HaemaFrac® process and preparation for the Covimmune™ arm of the CHAT clinical trial. Covimmune™ is a unique therapeutic product designed to provide protection against Covid 19.

Significant changes in the state of affairs
No significant changes in the Consolidated Group's state of affairs occurred during the financial year.

Principal activities
The principal activities of the Consolidated Group during the financial year were the development of the HaemaFrac® process to manufacture Covimmune™, obtaining a Good Manufacturing Practice (GMP) license from the TGA, and the preparation for the Covimmune™ arm of the CHAT study. Activities undertaken in the 2022 year were the precursor which have enable Aegros to undertake the Covimmune™ dosing arm of the CHAT study in 2023 year. Once successfully completed Aegros will apply to the TGA for registration of Covimmune™ on the Australian register of Therapeutic Goods (ARTG). Once granted, this registration enables Aegros to sell Covimmune™.

No significant change in the nature of these activities occurred during the year.

Events subsequent to the end of the reporting period
Since 30 June 2022 Aegros has:
1. Manufacture of Covimmune™ doses for administration in the CHAT trial – October 22;
2. Announcement by the Queensland Government of a grant to support the construction of a 1M L HaemaFrac® facility – November 22; and
3. First dosing of a CHAT study participant with Covimmune™ - December 22.

Developing a novel therapeutic product and undertaking the associated clinical trial is an expensive process. Aegros has managed this process with the least cost to our shareholders by raising over $50m at increasing share prices as we achieved our stated milestones. Aegros is currently raising $20m at $10 per share valuing the Company at $470m. In part these funds will be used to complete the Covimmune™ production upgrade to an annual capacity of 100,000L and to complete the CHAT study.

Other than the events mentioned above, the directors are not aware of any significant events since the end of the reporting period.

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

Refer Note 22 for disclosure of events subsequent to the end of the reporting period.

Other than that disclosed above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Group, the results of those operations, or the state of affairs of the Consolidated Group in future financial years.

Likely developments and expected results of operations
Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental regulation
The Consolidated Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends
No dividends paid or declared during the year.

Options
As at 30 June 2022, there were 900,000 options and 1,547,000 on issue to employees with an exercise price of $1.00 and $5.00 respectively.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued.

Indemnification of officers
No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Consolidated Group.

Proceedings on behalf of the group
No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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

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John Manusu
Director

23 January 2023

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

AEGROS LTD AND ITS CONTROLLED ENTITIES

ABN 92 618 589 101

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF AEGROS LTD AND ITS CONTROLLED ENTITIES**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Aegros Ltd. As the lead audit partner for the audit of the financial report of Aegros Ltd Pty Ltd for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

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

Hall Chadwick (NSW)

Hall Chadwick (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

Kumar

Sandeep Kumar
Partner
Date: 23/01/2023

Aegros Ltd
Contents
30 June 2022

General information

The consolidated financial statements and notes represent those of Aegros Limited and its controlled entities (the “Consolidated Group” or “Group”).

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

Aegros Ltd and its controlled entities
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue			
Other Income	3	5,035,071	4,466,020
Expenses			
Finance Cost		(747,679)	(415,389)
Employee benefits expense		(9,019,808)	(5,390,561)
Consultant expense		(2,175,936)	(752,346)
Freight and shipping expense		(50,995)	(29,259)
Brokerage expense		-	(69,238)
Share based payment expense		(765,397)	(987)
Office expense		-	(229,186)
Accounting and bookkeeping expense		(26,721)	(55,041)
Depreciation and amortisation expense		(1,968,880)	(1,799,793)
Supplies and materials expense		(1,571,224)	(1,228,728)
Legal expense		(201,623)	(151,424)
Travel expense		(26,580)	-
Repairs and maintenance expense		(609,807)	(677,781)
Light and power		(306,295)	(300,009)
Recruitment		(58,889)	(325,342)
Premises outgoings		(298,979)	(369,160)
Other expenses		(896,082)	(1,125,508)
Loss before income tax expense		(13,689,824)	(8,453,732)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of Aegros Ltd and its controlled entities		(13,689,824)	(8,453,732)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(776)	(679)
Other comprehensive income for the year, net of tax		(776)	(679)
Total comprehensive income for the year attributable to the owners of Aegros Ltd and its controlled entities		(13,690,600)	(8,454,411)

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

Aegros Ltd and its controlled entities
Consolidated statement of financial position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	5	4,483,477	18,493
Trade and other receivables	6	6,077,299	4,110,583
Other assets	7	124,972	28,000
Total current assets		10,685,748	4,157,076
Non-current assets			
Property, plant and equipment	9	3,536,227	4,374,510
Right-of-use assets	10	3,627,799	3,435,363
Other assets	7	1,050,000	900,000
Total non-current assets		8,214,026	8,709,873
Total assets		18,899,774	12,866,949
Liabilities			
Current liabilities			
Trade and other payables	11	3,483,041	5,380,945
Borrowings	12	2,624,006	6,775,311
Lease liabilities	10	864,402	602,672
Provisions	13	339,686	505,292
Total current liabilities		7,311,135	13,264,220
Non-current liabilities			
Lease liabilities	10	3,063,455	3,031,208
Deferred tax	14	1,483,629	1,483,629
Provisions	13	537,616	43,901
Total non-current liabilities		5,084,700	4,558,738
Total liabilities		12,395,835	17,822,958
Net assets/(liabilities)		6,503,939	(4,956,009)
Equity			
Issued capital	15	32,866,353	8,481,202
Reserves	16	4,226,730	3,462,109
Accumulated losses		(30,589,144)	(16,899,320)
Total equity/(deficiency)		6,503,939	(4,956,009)

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

Aegros Ltd and its controlled entities
Consolidated statement of changes in equity
For the year ended 30 June 2022

	Issued capital $	Reserves $	Retained profits $	Total deficiency in equity $
Balance at 1 July 2020 (restated)	7,106,850	3,461,801	(8,445,588)	2,123,063
Loss after income tax expense for the year	-	-	(8,453,732)	(8,453,732)
Other comprehensive income for the year, net of tax	-	(679)	-	(679)
Total comprehensive income for the year	-	(679)	(8,453,732)	(8,454,411)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 15)	1,374,352	-	-	1,374,352
Share-based payments (note 25)	-	987	-	987
Balance at 30 June 2021	8,481,202	3,462,109	(16,899,320)	(4,956,009)

	Issued capital $	Reserves $	Retained profits $	Total equity $
Balance at 1 July 2021	8,481,202	3,462,109	(16,899,320)	(4,956,009)
Loss after income tax expense for the year	-	-	(13,689,824)	(13,689,824)
Other comprehensive income for the year, net of tax	-	(776)	-	(776)
Total comprehensive income for the year	-	(776)	(13,689,824)	(13,690,600)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 15)	24,385,151	-	-	24,385,151
Share-based payments (note 25)	-	765,397	-	765,397
Balance at 30 June 2022	32,866,353	4,226,730	(30,589,144)	6,503,939

Aegros Ltd and its controlled entities
Consolidated statement of cash flows
For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Other receipts		-	1,204,211
Job keeper income		-	240,000
R&D tax refund		1,412,232	494,674
Payments to suppliers and employees		(16,606,568)	(8,083,479)
Interest paid		(747,679)	(277,610)
Net cash used in operating activities	18	(15,942,015)	(6,422,204)
Cash flows from investing activities			
Payments for property, plant and equipment	9	(301,043)	(407,061)
Net cash used in investing activities		(301,043)	(407,061)
Cash flows from financing activities			
Proceeds from issue of shares (net of capital raising cost)	15	21,710,265	1,277,352
Proceeds from borrowings		3,250,005	6,498,402
Repayment of borrowings		(3,398,784)	(680,128)
Repayment of lease liabilities		(853,444)	(740,661)
Net cash from financing activities		20,708,042	6,354,965
Net increase/(decrease) in cash and cash equivalents		4,464,984	(474,300)
Cash and cash equivalents at the beginning of the financial year		18,493	492,793
Cash and cash equivalents at the end of the financial year	5	4,483,477	18,493

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

Note 1. Significant accounting policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures of the Australian Accounting Standards Board and the *Corporations Act 2001*. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements are in Australian Dollars and have been rounded to the nearest dollar.

New Accounting Standards Implemented

The Group has implemented one new Accounting Standard that is applicable for the current reporting period.

AASB 1060: *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* has been applied in the current year, resulting in a change in disclosure form and content when compared to the financial statements presented for the year ended 30 June 2021.

Accounting Policies

Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Aegros Ltd) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary details are provided in Note 8.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.
A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair values of the identifiable assets acquired and liabilities (including contingent liabilities) assumed are recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured in each reporting period to fair value recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of debt and equity securities, are recognised as expenses in profit or loss.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Note 1. Significant accounting policies (continued)

Income Tax
The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the Australian Tax Office (ATO) using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the Group in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, unless the deferred tax asset relating to temporary differences arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

Note 1. Significant accounting policies (continued)

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use. The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Property, Plant and Equipment
Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(i) for details of impairment).

The cost of fixed assets constructed within the Consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of plant and equipment are credited to a revaluation surplus in other comprehensive income. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in other comprehensive income; all other decreases are recognised in profit or loss.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Depreciation is recognised in profit or loss.

The depreciation rates used for each class of depreciable assets are:

Leasehold improvement	20%
Plant and equipment	20%
Communication & IT equipment	33%

Note 1. Significant accounting policies (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Leases
The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

– fixed lease payments less any lease incentives;

– variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

– the amount expected to be payable by the lessee under residual value guarantees

– the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;

– lease payments under extension options, if lessee is reasonably certain to exercise the options; and

– payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Financial Instruments

Note 1. Significant accounting policies (continued)

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).
Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15: *Revenue from Contracts with Customers*.

Classification and subsequent measurement

Financial liabilities
Financial liabilities are subsequently measured at:
- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:
- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;

- part of a portfolio where there is an actual pattern of short-term profit taking; or

- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

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Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Note 1. Significant accounting policies (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value (and if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

– the amount of loss allowance determined in accordance to AASB 9.3.25.3; and
– the amount initially recognised less accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial assets

Financial assets are subsequently measured at:
– amortised cost;
– fair value through other comprehensive income; or
– fair value through profit or loss.

Measurement is on the basis of two primary criteria:
– the contractual cash flow characteristics of the financial asset; and
– the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
– the financial asset is managed solely to collect contractual cash flows; and
– the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:
– the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
– the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

Note 1. Significant accounting policies (continued)

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:
– it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
– it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
– it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments
At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investments will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

Impairment

The Group recognises a loss allowance for expected credit losses on:

– financial assets that are measured at amortised cost or fair value through other comprehensive income;

– lease receivables;

– contract assets (eg amount due from customers under construction contracts);

– loan commitments that are not measured at fair value through profit or loss; and

– financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

– financial assets measured at fair value through profit or loss; or

– equity instruments measured at fair value through other comprehensive income.

Note 1. Significant accounting policies (continued)

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approach to impairment, as applicable under AASB 9: *Financial Instruments*:
- the simplified approach

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:
- trade receivables or contract assets that result from transactions that are within the scope of AASB 15: *Revenue from Contracts with Customers*, and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

A financial asset is considered to have low credit risk if:
- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

Note 1. Significant accounting policies (continued)

Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information, and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Intangible Assets Other than Goodwill

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Research costs and costs associated with maintaining the platform are expensed in the period in which they are incurred. Development costs that are directly attributable to the design and testing of the platform are recognised as intangible assets and amortised from the point which the asset is ready for use when the following criteria are met:

- it is technically feasible to complete the platform so that it will be available for use;
- management intends to complete the platform and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the platform will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the platform are available; and
- the expenditure attributable to the platform during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the platform include employee costs employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Foreign Currency Transactions and Balances
Functional and presentation currency

The functional currency of each Group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional and presentation currency.

Note 1. Significant accounting policies (continued)

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in other comprehensive income as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is directly recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

– assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
– income and expenses are translated at average exchange rates for the period; and
– retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position via other comprehensive income. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Note 1. Significant accounting policies (continued)

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the Group receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Revenue Recognition

Revenue is recognised when the Group satisfies a performance obligation by transferring control of the promised good or service to a customer at an amount that reflects the consideration to which an entity expects to be entitled in exchange for the goods or services.

The Group is at the research and development stage, no recurring revenue has been generated for the financial year 2022.

Other revenue is recognised when it is received or when the right to receive payment is established. Research and development grant is recognised as other income as transactions relating to R&D are expensed in the profit and loss statement.

Trade and Other Receivables

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

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(h) for further discussion on determination of impairment losses.

Note 1. Significant accounting policies (continued)

Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Certain comparative figures have been restated as a result of the changes discussed in Note 1(w).

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates
Impairment – general

The Group assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgements
Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date which they are granted. The fair value is determined by using Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Capitalisation of development costs

Note 1. Significant accounting policies (continued)

The Group applies judgment in determining whether research and development costs should be capitalised or expensed as per the accounting policy in note 1. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimation of useful life of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets

The Group assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Going concern basis

The financial statements have been prepared on the going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business

The net loss after income tax for the consolidated entity for the financial year ended 30 June 2022 was $13,689,824 and as at 30 June 2022 the consolidated group had a deficiency in operating cashflow of $15,942,015.

The Directors nevertheless believe that it is appropriate to prepare the financial report on a going concern basis because:

(i) The Group expects to achieve first sales in the 2023 calendar year, having obtained GMP licence in October 2021 and anticipates completing its Covimmune™ clinical trial in Q1 2023;
(ii) The Group has raised approximately $50m in equity from shareholders post 1 July 2021; and
(iii) The Group is undertaking further capital raisings in the first half of the 2023 calendar year.

In the event that the group does not become operational in the next 12 months or near future and is unable to raise further capital, there is a significant uncertainty whether the Group will be able to continue as a going concern and therefore whether the Group can realise its assets and extinguish its liabilities at the amounts stated in the financial report.

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

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

Note 2. Parent Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards:

Note 2. Parent Information (continued)

	2022 $	2021 $
Statement of Financial Position		
ASSETS		
Current assets	38,968,247	17,199,645
Non-current assets	1,566,022	142,267
TOTAL ASSETS	40,534,269	17,341,912
LIABILITIES		
Current liabilities	3,150,477	7,584,859
Non-current liabilities	693,503	-
TOTAL LIABILITIES	3,843,980	7,584,859
EQUITY		
Issued capital	32,866,353	8,481,202
Retained earnings	3,057,552	510,454
Share-based payment reserve	766,384	987
TOTAL EQUITY	36,690,289	9,757,053

	2022 $	2021 $
Statement of Profit or Loss and Other Comprehensive Income		
Total (income)/loss	1,782,688	1,861,590
Total comprehensive (income)/loss	1,782,688	1,861,590

Contingent liabilities

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

Contractual commitments

The parent entity had no capital commitments as at 30 June 2022.

Note 3. Other Income

The Group has recognised the following amounts relating to revenue in the statement of profit or loss.

	2022 $	2021 $
Government COVID-19 stimulus	-	240,000
R&D reimbursement	4,844,799	4,070,304
Other income	190,272	155,716
	5,035,071	4,466,020

Note 4. Key management personnel compensation

The totals of remuneration paid to key management personnel (KMP) of the Group during the year are as follows:

Note 4. Key management personnel compensation (continued)

	2022 $	2021 $
Short-term employee benefits	1,957,506	922,000
Post-employment benefits	49,619	43,388
Total KMP compensation	2,007,125	965,388

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated costs of providing for the Group's defined benefits scheme post retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Other KMP transactions

For details of other transactions with KMP, refer to Note 23.

Note 5. Current assets - cash and cash equivalents

	2022 $	2021 $
Cash at bank	4,483,477	18,493

Note 6. Current assets - trade and other receivables

	2022 $	2021 $
Trade receivables	27,500	40,279
Refundable tax offsets – R&D	6,049,799	4,070,304
	6,077,299	4,110,583

Note 7. Current assets - other assets

	2022 $	2021 $
CURRENT		
Prepayments	114,128	-
Security deposits	-	28,000
Other current assets	10,844	-
	124,972	28,000

	2022 $	2021 $
NON-CURRENT		
Term deposit	1,050,000	900,000

Note 8. Current assets - Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name of Subsidiary	Place of incorporation and operation	Ownership Interest Held by the Group*	
		2022	**2021**
Aegros Therapeutics Pty Ltd (a)	Australia	100%	100%
Aegros Replications Pty Ltd (b)	Australia	100%	100%
Aegros Biopharma Pty Ltd (c)	Australia	100%	100%
Aegros Singapore Pte Ltd (d)	Singapore	100%	100%

** Percentage of voting power in proportion to ownership*
(a) This entity has subsequently changed its name from Aegros Pharma Pty Ltd on 14th January 2022.
(b) This entity has subsequently changed its name from Aegros Innovations Pty Ltd on 14th January 2022.
(c) This entity was formed on 22 February 2018.
(d) This entity was formed on 20 April 2017.

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

Note 9. Non-current assets - property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	7,157,976	7,157,976
Less: Accumulated depreciation	(5,007,159)	(4,317,159)
	2,150,817	2,840,817
Plant and equipment - at cost	2,243,144	2,038,541
Less: Accumulated depreciation	(1,023,276)	(609,327)
	1,219,868	1,429,214
Comm & IT equipment - at cost	340,647	239,148
Less: Accumulated depreciation	(175,105)	(134,669)
	165,542	104,479
	3,536,227	4,374,510

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Leasehold Improvements $	Plant & Equipment $	Communication & IT Equipment $	Total $
Balance at 1 July 2020	3,384,000	1,537,480	23,950	4,945,430
Additions	143,339	247,726	126,784	517,849
Depreciation expense	(690,000)	(352,513)	(46,256)	(1,088,769)
Balance at 30 June 2021	2,837,339	1,432,693	104,478	4,374,510
Additions	-	172,606	133,496	306,102
Depreciation expense	(690,000)	(381,952)	(72,433)	(1,144,385)
Balance at 30 June 2022	2,147,339	1,223,347	165,541	3,536,227

Note 10. Leases

(i) AASB 16 related amounts recognised in the balance sheet

	2022 $	2021 $
Right-of-use assets		
Leased office:		
Opening balance	3,435,363	4,122,435
Additions to right-of-use assets	1,016,932	-
Depreciation expense for the year	(824,496)	(687,072)
Net carrying amount	3,627,799	3,435,363

Note 10. Leases (continued)

	2022 $	2021 $
Lease liabilities		
Leased office:		
Opening balance	3,633,880	4,236,762
Additions to lease liabilities	1,016,932	-
Net principal reductions for the year	(722,955)	(602,882)
Net carrying amount	3,927,857	3,633,880

	2022 $	2021 $
Current liabilities*	864,402	602,672
Non-current liabilities	3,063,455	3,031,208
	3,927,857	3,633,880

*Current lease commitments reflect the lease commitments, net of future interest charges, due within 12 months.

Note 11. Current liabilities - trade and other payables

	2022 $	2021 $
Trade payables	1,870,705	3,454,670
Other payables	1,612,336	1,926,275
	3,483,041	5,380,945

Refer to note 22 for further information on financial risk management.

Note 12. Current liabilities - borrowings

	2022 $	2021 $
Convertible notes payable (a)	124,001	4,955,311
Loan - Paddington – research and development (b)	-	1,820,000
Loan - Rocking Horse (c)	2,500,005	-
Total current borrowings	2,624,006	6,775,311

(a) During 2021, the Company issued convertible notes amounting to $4,955,311. The convertible notes are at the Company's discretion to convert into shares or repay the loan with 6% interest. As at 30 June 2022, the Company had remaining convertible notes payable amounting to $124,001 after repaying the amount of $3,688,903 and converting into shares the amount of $1,436,526 during the year.

(b) The principal drawdown amounts of Paddington loan were $1,000,000 on 3 March 2021 and $820,000 on 20 April 2021 or total amount of $1,820,000 to fund the company’s R&D activities. The interest rate is 1% per month and the repayment term is by 15 November 2021. The company has subsequently repaid the loan on 15 November 2021 when the group received its research and development refund.

(c) The principal downtown amount of Rocking Horse loan was $2,500,005 on 6 May 2022 to fund the company's R&D activities. The interest rate is 1.25% per month and the repayment term is by 30 September 2022. The company will subsequently pay the loan when it receives its research and development refund.

Note 12. Current liabilities - borrowings (continued)

Refer to note 22 for further information on financial risk management.

Note 13. Current liabilities - provisions

	2022 $	2021 $
CURRENT		
Employee benefits	339,686	505,292

	2022 $	2021 $
NON-CURRENT		
Employee benefits	537,616	43,901

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(j).

Note 14. Non-current liabilities - deferred tax

	Opening Balance $	Charged or Credited Directly to Equity $	Closing Balance $
NON-CURRENT			
Consolidated Group Deferred tax liability on:			
Property, plant and equipment:			
– revaluation	1,483,629	-	1,483,629
Fair value gains on financial assets as at fair value through other comprehensive income	1,483,629	-	1,483,629
Balance at 30 June 2021	1,483,629	-	1,483,629

Note 14. Non-current liabilities - deferred tax (continued)

	Opening Balance $	Charged or Credited Directly to Equity $	Closing Balance $
NON-CURRENT			
Consolidated Group Deferred tax liability on:			
Property, plant and equipment:			
– revaluation	1,483,629	-	1,483,629
Fair value gains on financial assets as at fair value through other comprehensive income	1,483,629	-	1,483,629
Balance at 30 June 2022	1,483,629	-	1,483,629

(i) At 30 June 2022 the group had tax losses and temporary differences amounting to approximately $19,201,490 and $1,362,942 (2021: $14,124,644 and $253,187) which did not satisfy the probability criteria and as a result have not been recognised.

Note 15. Equity - issued capital

	2022 $	2021 $
42,166,360 (2021:31,726,689) fully paid ordinary shares	32,866,353	8,481,202

The Group has authorised share capital amounting to 42,166,360 ordinary shares of no par value.

	2022 No.	2021 No.
At the beginning of the reporting period	31,726,689	29,449,968
Shares issued	10,439,671	2,276,721
At the end of the reporting period	42,166,360	31,726,689

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders’ meetings each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

Note 16. Equity - reserves

a. **Revaluation Surplus**

The revaluation surplus records revaluations of non-current assets at fair value. Under certain circumstances, dividends can be declared from this reserve.

b. **Share-based payment reserve**

The share-based payment reserve is used to recognise:
- The fair value of performance rights granted to executive and senior management; and
- Other share-based payment transactions.

Note 16. Equity - reserves (continued)

	2022 $	2021 $
Foreign currency reserve	(1,455)	(679)
Capital profits reserve	3,461,801	3,461,801
Share-based payments reserve	766,384	987
	4,226,730	3,462,109

(a) Share Based Payment Reserve
The share based payment reserve records the fair value of options issued. As at 30 June 2022, there were 900,000 options and 1,547,000 on issue to employees with an exercise price of $1.00 and $5.00 respectively.

No share were issued during or since the end of the year as a result of the exercise of an option over unissued.

Note 17. Group details

The registered office of the Group is:

Aegros Ltd
5 Eden Park Drive
Macquarie Park NSW 2113

The principal place of business is:

Aegros Ltd
5 Eden Park Drive
Macquarie Park NSW 2113

Note 18. Reconciliation of loss after income tax to net cash used in operating activities

	2022 $	2021 $
Loss after income tax expense for the year	(13,689,824)	(8,453,732)
Adjustments for:		
Depreciation and amortisation	1,968,880	1,799,793
Share-based payments	765,397	987
R&D tax refund	(4,844,799)	(4,070,304)
Change in operating assets and liabilities:		
(Increase)/decrease in accounts receivable and other debtors	1,350,011	1,614,458
(Decrease) in other assets	(246,972)	(71,289)
Increase in accounts payable and other payables	(1,572,817)	2,490,705
Increase in employee provisions	328,109	267,178
Net cash used in operating activities	(15,942,015)	(6,422,204)

Note 19. Contingent liabilities and contingent assets

The group was provided with a bank guarantee backed by a cash deposit as security for the lease of 5 Eden Park Drive, North Ryde, NSW 2113 and 6 Eden Park Drive, Macquarie Park, NSW 2113 as at 30 June 2022 and 30 June 2021.

	2022 $	2021 $
Contingent liability		
Bank guarantee on leased Office -5 Eden Park Drive	850,000	850,000
Bank guarantee on leased Office -6 Eden Park Drive	198,916	-
	1,048,916	850,000

Note 20. Events after the reporting period

Since 30 June 2022 Aegros has:

1. Manufacture of Covimmune™ stability batches – August 22
2. Present results of the CHAT trial first arm at ASCIA and Blood conferences – September 22
3. Manufacture of Covimmune™ for the CHAT trial – October 22
4. Queensland Government announcement of a grant to support the construction of a 1M L HaemaFrac® facility in Queensland – November 22
5. First dosing of a participant with Covimmune™ - December 22

Developing a novel therapeutic product and undertaking the associated clinical trial is an expensive process. Aegros has managed this process with the least cost to our shareholders by raising over $50m at increasing share prices as we achieved our stated milestones. Aegros is currently raising $20m at $10 per share valuing the Company at $470m. In part these funds will be used to complete the Covimmune™ production upgrade to an annual capacity of 100,000L and to complete the CHAT study.

Other than the events mentioned above, the directors are not aware of any significant events since the end of the reporting period.

Note 21. Related party transactions

Related Parties

The Group's main related parties are as follows:

Parent entity
Aegros Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in Note 8.

Key management personnel
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 4.

Loans from directors
There were no loans provided by the directors of the Company or their related parties during the financial year

Note 22. Financial risk management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, leases, preference shares and derivatives.
The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	2022 $	2021 $
Financial assets		
Financial assets at amortised cost:		
- cash and cash equivalents	4,483,477	18,493
- trade and other receivables	6,077,299	4,110,583
Total financial assets	10,560,776	4,129,076

	2022 $	2021 $
Financial liabilities		
Financial liabilities at amortised cost:		
- trade and other payables	3,483,041	5,380,945
- borrowings	2,624,006	6,775,311
- lease liabilities	3,927,857	3,633,880
Total financial liabilities	10,034,904	15,790,136

Note 23. Fair value measurement

The Group had no financial instruments measured at fair value on a recurring basis after the initial recognition for the year ended 30 June 2022. The Group does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

Note 24. Auditor's remuneration

	2022 $	2021 $
Remuneration of the Auditor:		
- auditing or reviewing the financial report	22,000	21,000

Note 25. Share-based payments

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Share-based Payments

Note 25. Share-based payments (continued)

a. The Company currently has the following share scheme in place:

Employee share option scheme

The Company established employee share option scheme as a long-term incentive scheme to strive for Company performance. All employees and key management personnel are entitled to participate in the scheme. Employees are granted options which vest after 1 year. The options are issued for no consideration and carrying no entitlements to voting rights or dividends. The number available to be granted is determined by the board.

b. During the year 1,547,000 options were issued to staff and key management personnel.

c. Options granted to key management personnel are as follows:

These options vest over 3 years of service and have vested subsequent to 30 June 2022.

d. A summary of the movements of all options issued is as follows:

	Number	Weighted Average Exercise Price $
Options outstanding as at 1 July 2020	600,000	1.00
Granted	300,000	1.00
Options outstanding as at 30 June 2021	900,000	1.00
Granted	1,547,000	5.00
Options outstanding as at 30 June 2022	2,447,000	3.53
Options exercisable as at 30 June 2022	2,447,000	3.53
Options exercisable as at 30 June 2021	900,000	1.00

As at the date of exercise, the weighted average share price of options exercised during the year was $3.53.
The weighted average remaining life of options outstanding at year-end was 4 years.
The fair value of the options granted to employees is considered to represent the value of the employee services received over the vesting period.
The weighted average fair value of options granted during the year was $3.53 (2021: $1.00). These values were calculated using the Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price:	$3.53
Weighted average life of the option:	4 years
Expected share price volatility:	73%
Risk-free interest rate:	3.00%

Dividend yield and weighted average share price have also been used as inputs into the Black Sholes Valuation model in order to determine the fair value of share options granted.

Historical share price volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Aegros Ltd and its controlled entities
Directors' declaration
30 June 2022

In accordance with a resolution of the directors of Aegros Ltd and its controlled entities, the directors of the Group declare that:

- The financial statements and notes, as set out on pages 4 to 33, are in accordance with the *Corporations Act 2001* and:

- comply with Australian Accounting Standards – Simplified Disclosures; and

- give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the Consolidated Group.

- In the directors' opinion there are reasonable grounds to believe that Aegros Ltd and its controlled entities will be able to pay its debts as and when they become due and payable.

____
John Manusu
Director

23 January 2023

AEGROS LTD AND ITS CONTROLLED ENTITIES
ABN 92 618 589 101

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AEGROS LTD AND ITS CONTROLLED ENTITIES

Opinion

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

In our opinion:

a. the accompany financial report of the Group is in accordance with the *Corporations Act 2001*, including:

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

   (ii) complying with Australian Accounting Standards – AASB 1060: General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 200*1 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Group.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to Going Concern

We draw attention to note 1 in the financial statements, which indicates that the Group incurred a net loss of $13,689,824 during the year ended 30 June 2022 and, as of that date, the Group had deficiency in operating cashflow of $15,942,015. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Hall Chadwick (NSW)

Hall Chadwick (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

Kumar

Sandeep Kumar
Partner
Dated: 23/01/2023