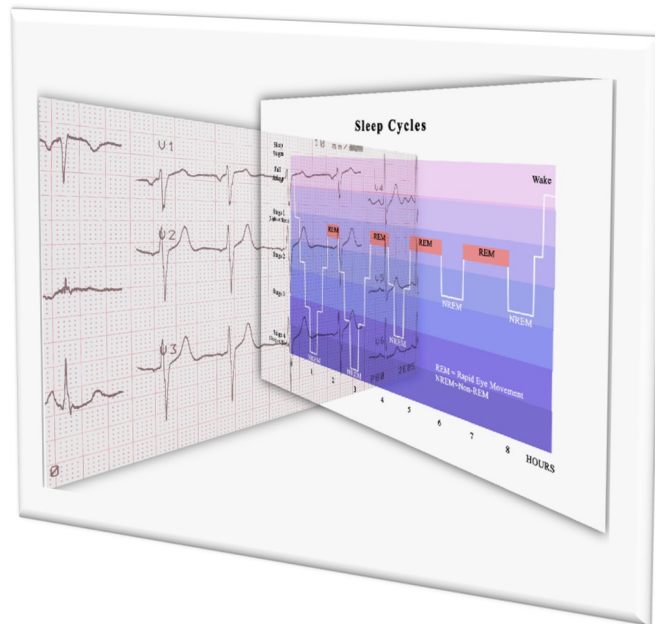




Medibio Limited

ABN 58 008 130 336

Annual report for the financial year ended 30 June 2023



Corporate directory	2
Directors' report	3
Auditor's independence declaration	15
Consolidated statement of profit or loss and other comprehensive income	16
Consolidated statement of financial position	17
Consolidated statement of changes in equity	18
Consolidated statement of cash flows	19
Notes to the consolidated financial statements	20
Directors' declaration	40
Independent auditor's report	41
ASX additional information	45

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Directors

Mr David Trimboli
Dr Thomas Richard Young
Mr Christopher Leo Ntoumenopoulos

Company Secretary

Mr Stephen Buckley

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525 Collins Street
Melbourne VIC 3000

ASX Code

MEB – Shares
MEBOC – Options

Website

www.medibio.com.au

The Directors present their report, together with the financial statements, on the Group (referred to hereafter as the 'Group') consisting of Medibio Limited (referred to hereafter as 'Medibio' or the 'Company') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

The following persons were Directors of Medibio Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Mr David Trimboli – appointed 25 August 2022
- Dr Thomas Richard Young – appointed Executive Director on 12 April 2023, appointed CEO on 19 September 2022
- Mr Christopher Leo Ntoumenopolous – appointed 15 February 2023
- Ms Melanie Jaye Leydin – ceased 12 April 2023
- Dr Matthew Mesnik – ceased 16 March 2023
- Mr Stephen Mitchley – ceased 11 November 2022

Principal activities

The principal activity of the Group in the course of the financial year continued to be conducting clinical research, product development and early-stage commercialisation of a mental health technology using objective biomarkers to assist in the screening, diagnosing, monitoring, and management of depression and other mental health conditions.

Operating Results

The consolidated loss of the Group for the financial year ended 30 June 2023, after providing for income tax, amounted to \$3,070,546 (2022: \$12,715,807). Further discussions on the Group's operations are provided below.

Review of operations

The loss for the year ended 30 June 2023 reflected substantially the continuing development of the Sleep Analysis of Major Depressive Episode (SAMDE) Clinical Study; the continued development and commencement of commercialisation of its sleep staging software, STAGER and the market positioning of the Group.

The SAMDE Phase 1 trial was completed on 24 July 2023. The trial successfully tested 313 subjects across 12 sleep centres in five (5) U.S. states and generated 293 usable patient data for algorithm development, which includes 272 full-night studies and 19 split-night studies. Preliminary results exceed the current standard of care used to screen for the likelihood of cMDE in individuals referred to sleep clinics for a polysomnography assessment.

The process for Phase 1 included collection of each subject's objective biometric signals during in-lab PSG studies, self-administered Patient Health Questionnaire (PHQ-9), self-administered Mini International Neuropsychiatric Interview (MINI) assessment and socio-demographic information.

The MEB-001 algorithm continues to be enhanced and results continue to improve. The clinical team is analysing more data regarding the clinical markers. The algorithm will continue to be enhanced with the addition of new data points derived from the several hundred new subjects in Phase 2.

Material risks

There is a small number of material risks that, either individually or in combination may materially and adversely affect the future operating and financial performance and prospects of Medibio Limited and the value of its shares. Some of these risks may be mitigated by Medibio's internal controls and processes but some are outside the control of Medibio, its directors and management. The material risks identified by management are described below:

Regulatory approvals and investigations

The research, development, manufacture, marketing and sale of products using the Group's technology are subject to varying degrees of regulation by a number of government authorities in Australia and overseas. Specifically, the Group is pursuing the De Novo regulatory pathway with the U.S. Food and Drug Administration (FDA) for its depression medical software device MEB-001, the FDA will review that application. Such approval from the FDA is reliant on regulatory interpretation of data from trial and other development activities and can take longer, require additional work (including further trials) or may not be provided at all. As a result, the Group's development programs on MEB-001 and any other product requiring FDA approval may be delayed, incurring additional cost and may require additional funding to obtain such approvals. Any disruption, delay or failure of the Group to obtain any necessary approvals could impact adversely on the Group. In addition to regulatory approvals for applications made by the Group, the Group may also become subject to regulatory investigations by any one or more regulatory bodies for current or historical actions by the Group. Depending on the outcome of regulatory investigations, the Group may be fined or sanctioned and its reputation and brand may be negatively impacted, which could adversely affect its business prospects, financial condition and results of operation.

Research & Development Grant (Commonwealth)

Currently, the Group is eligible for an annual R&D Tax Incentive refund. The R&D Tax Incentive is an Australian Government program under which companies receive cash refunds for 43.5% of eligible expenditures on research and development. There is no guarantee that this program will continue or that the eligibility criteria will not change. Refunds are subject to audit by the Australian Taxation Office and AusIndustry and repayment is required in certain circumstances, should the relevant regulators deem the claim is not in accordance with the relevant legislation.

Risk of delay

The Group may experience delays in achieving some or all of its milestones, including but not limited to product development, obtaining regulatory approvals or generating licensing opportunities and sales and revenue generation.

Exchange rate risk

The expenditure of the Group is and will be in Australian and US currencies, exposing the Group to fluctuations and volatility of the rates of exchange between the Australian dollar and the US dollar as determined in international markets. Currently, more than 60% of cash outflows are incurred in the US as the Group has contractual obligations in US dollars related to staffing, clinical research and third-party vendors.

Key personnel risk

The Group is exposed to key personnel risk through its Chief Medical Officer (CMO) who leads all clinical aspects of the business. If the CMO was to resign, the Group might be at risk of significant delays in the progression of the SAMDE trial and on-going product development. The Company is in discussions with the CMO on mitigating the risk through the issue of employee options.

Significant changes in the state of affairs

During the year, the Company issued 1,791,436,982 fully paid ordinary shares at \$0.0015 each to raise \$2,687,156 (before transaction costs). These issues were pursuant to two Placements and part of a Share Purchase Plan. Subsequent to the year ended 30 June 2023, the Company issued a further 602,666,664 fully paid ordinary shares under the SPP and approved by shareholders at the Company's EGM held on 23 May 2023 for \$904,000 under the Share Purchase Plan.

Most recently, the Company issued 950,150,000 fully paid ordinary shares under a Placement Tranche 1 to raise \$1,425,225 (before transaction costs) as announced on 7 August 2023.

On 12 April 2023, the Company completed the reorganisation of its Executive Team and Board of Directors and relocated its registered office and principal place of business to Mt Lawley, Western Australia.

There were no other significant changes in the state of affairs of the Group during or since the end of the financial year.

Matters subsequent to the end of the financial year

On 5 July 2023, the Company received the remaining \$904,000 (before transaction costs) pursuant to the Share Purchase Plan. The Company issued 602,666,664 fully paid ordinary shares at \$0.0015.

On 21 July 2023, the Company announced that following an initial submission, the US Food and Drug Administration (FDA) have notified the Company that MEB-001 in its current form does not meet the criteria for designation as a Breakthrough Device. This decision does not affect the Company's current De Novo regulatory pathway, which is actively being pursued in collaboration with the Company's Phase 1 and Phase 2 trial initiatives.

On 24 July 2023, the Company announced that it had completed the first phase of its Sleep Signal Analysis for Current Major Depressive Episode (SAMDE) study and received initial results which highlight the significant potential of MEB's algorithm to assist in the diagnosis of a current major depressive episode (cMDE).

On 7 August 2023, the Company announced that it had received firm commitments to raise \$2,250,000 (before transaction costs) through the issue of 1,500,000,000 new fully paid ordinary shares at an issue price of \$0.0015 per share (Placement). The Placement, which was well supported by a range of new and existing international and domestic institutional, professional and sophisticated investors is to be completed in two tranches. Investors will receive one free attaching option for every two shares issued, with an exercise price of \$0.004 and an expiry date of 15 June 2025.

On 16 August 2023, the Company issued 950,150,000 fully paid ordinary shares at \$0.0015 following the receipt of \$1,425,225 (before transaction costs). The Placement Tranche 1 Options and Placement Tranche 2 Shares and Options are to be issued subject to shareholder approval at a general meeting to be held on 6 October 2023.

On 4 September 2023, the Company advised that it had commenced its Phase 2 trial for its Sleep Signal Analysis for Current Major Depressive Episode study (SAMDE). The Company's SAMDE study aims to continue to build and train Medibio's innovative algorithm (MEB-001) to assist in the screening for a current major depressive episode (cMDE) in test subjects.

On 6 September 2023, the Company lodged a Notice of General Meeting to be held on 6 October 2023, to approve amongst other things, the change of its Company name to TrivarX Limited (proposed ASX ticker code of "TRI") and the consolidation of its share capital on the basis that every 20 Shares to be consolidated into one Share.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Likely developments in the operations of the Group in future financial years, are referred to in the Review of Operations.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on Current Directors

Name: Mr David Trimboli
Title: Non-Executive Chairman
Experience and expertise: Joined the Board in August 2022. Mr Trimboli is an experienced global investor with experience in commodities, financing and trading. He has undertaken investments activities and hold diverse interests in commodities, industrial minerals, real estate and technology and mental health in Australia and internationally. Mr Trimboli is the founder and Managing Director of Seefeld Investments Pty Ltd with offices in London, Zug and Perth. He was formerly a long serving senior coal trader at the world's largest commodities trading group, Glencore International AG.
Other current directorships: Audeara Limited (ASX: AUA); Quantum Graphite Limited (ASX: QGL).
Former directorships (last 3 years): None
Interests in shares: 166,666,667 fully paid ordinary shares
Interests in options: 83,333,333 unlisted options exercisable at \$0.004 expiring on 15 June 2025

Name: Dr Thomas Richard Young
Title: Executive Director & Chief Executive Officer
Experience and expertise: Joined the Board in April 2023, was appointed CEO in September 2022. Dr Young is a family physician with more than 40 years of medical experience. He is recognised as an innovator and thought leader in the fields of Consumer Directed Health Care and Behavioral Health. Dr Young was the co-founder of Nview Behavioral Health, a leader in the provision of digital technology for the behavioral health space and currently serves as the Chief Medical Officer and board member. He also currently serves as the medical director for Port of Hope, a non-profit substance use disorder clinic. Dr Young previously served as President of Behavioral Imaging Solutions, a technology firm recognised for its application of video imaging for the treatment of children with autism.
Other current directorships: None
Former directorships (last 3 years): None
Interests in shares: None
Interests in options: None

Name: Mr Christopher Leo Ntoumenopoulos
Title: Non-Executive Director
Experience and expertise: Joined the Board in February 2023. Mr Ntoumenopoulos has over 20 years of experience in financial markets in both capital raising and corporate strategy. He serves as the Managing Director of Twenty1 Corporate, an Australian-based corporate advisory firm that provides funding and corporate support for innovative companies and technologies. He is currently a director of Tryp Therapeutics in Canada. Mr Ntoumenopoulos served as founding director of Race Oncology (ASX: RAC) and ResApp Health (ASX: RAP), which Pfizer acquired in 2022.
Other current directorships: None
Former directorships (last 3 years): Race Oncology Limited (Apr 2016 – Oct 2020)
Interests in shares: 66,666,667 fully paid ordinary shares
Interests in options: 33,333,333 unlisted options exercisable at \$0.004 expiring on 15 June 2025

Former Directors who ceased during the year

Name: Ms Melanie Jaye Leydin
Title: Non-Executive Director – ceased 12 April 2023
Experience and expertise: Mrs Leydin has over 25 years' experience in the accounting profession and over 15 years as a Company Secretary.
Other current directorships: N/A
Former directorships (last 3 years): None
Interests in shares: N/A
Interests in options: N/A

Name: Dr Matthew Mesnik M.D.
 Title: Non-Executive Director – ceased 16 March 2023
 Experience and expertise: Dr Mesnik is a physician, business executive, health, IT and medical device entrepreneur.
 Other current directorships: None
 Former directorships (last 3 years): None
 Interests in shares: N/A
 Interests in options: N/A

Name: Mr Stephen Mitchley
 Title: Non-Executive Director – ceased 11 November 2022
 Experience and expertise: Mr Mitchley is based in New York and leads Vitality Group's digital and global partner disciplines.
 Other current directorships: None
 Former directorships (last 3 years): None
 Interests in shares: N/A
 Interests in options: N/A

Company secretary

Mr Stephen Buckley held the position of Company Secretary of Medibio Limited at the end of the financial year. He joined Medibio in April 2023. Mr Buckley is a director of Governance Corporate Pty Ltd, a company that provides specialised corporate governance and company secretarial services to ASX listed companies. Mr Buckley currently acts as Company Secretary for a number of ASX listed companies.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

	Board	
	Held	Attended
David Trimboli (appointed 25 August 2022)	10	10
Thomas Young (appointed 12 April 2023)	3	3
Christopher Ntoumenopoulos (appointed 15 February 2023)	5	5
Melanie Leydin (ceased 12 April 2023)	8	8
Matthew Mesnik (ceased 16 March 2023)	8	8
Stephen Mitchley (ceased 11 November 2022)	5	4

Held: represents the number of meetings held during the time the Director held office.

The Board did not have separate Committees during the year and the Board fulfilled the role of Nomination & Remuneration and the Audit & Risk Committees.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The performance of the Group depends upon the quality of its Directors and executives. The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward.

The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The Board of Directors is responsible for determining and reviewing compensation arrangements for the directors, and the executive team. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- focusing on sustained growth in shareholder wealth, consisting of growth in share price, driving towards dividends, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

Non-executive Directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee (or in its absence, the Board). The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market.

The current approved aggregate remuneration for the non-executive directors is \$750,000 per annum.

Senior management and executive remuneration

The Group aims to reward senior management and executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The senior management and executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the senior management and executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee (or in its absence, the Board) based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include revenue targets, relevant regulatory approvals, financial efficiencies, amongst other operational matters.

The long-term incentives ('LTI') include long service leave and share-based payments. These may include increase in shareholders' value relative to the entire market and the increase compared to the Group's direct competitors.

Following the reorganisation of the Board and senior management during the year the Company is currently in the process of updating its STI and LTI programs.

Voting of shareholders at last year's annual general meeting

The 2022 Annual General Meeting (AGM) was held on 11 November 2022. The Company received 76.43% "Yes" votes cast on its Remuneration Report for the 2022 financial year. The Company did not receive any specific feedback at the 2022 AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables. Unless otherwise noted, the named persons were key management personnel for the whole of the period ended 30 June 2023.

The key management personnel of the Group consisted of the following Directors:

- Mr David Trimboli – Non-Executive Chairman (appointed 25 August 2022)
- Dr Thomas Young – Chief Executive Officer (appointed Director on 12 April 2023)
- Mr Christopher Ntoumenopoulos – Non-Executive Director (appointed 15 February 2023)
- Ms Melanie Leydin – Non-Executive Director (ceased 12 April 2023)
- Dr Matthew Mesnik – Non-Executive Director (ceased 16 March 2023)
- Mr Stephen Mitchley – Non-Executive Director (ceased 11 November 2022)

30 June 2023	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Other	Super-annuation	Long service leave	Equity-settled	
	\$	\$	\$	\$	\$	\$	\$
David Trimboli (i)	61,792	-	-	-	-	-	61,792
Thomas Young (ii)	138,260	-	-	-	-	-	138,260
Christopher Ntoumenopoulos (iii)	22,885	-	-	-	-	-	22,885
Melanie Leydin (iv)	35,250	-	143,108	-	-	-	178,358
Matthew Mesnik (v)	25,466	-	-	-	-	-	25,466
Stephen Mitchley (vi)	-	-	-	-	-	-	-
	283,653	-	143,108	-	-	-	426,761

(i) Appointed 25 August 2022.

(ii) Appointed CEO on 19 September 2022; appointed Executive Director on 12 April 2023.

(iii) Appointed 15 February 2023.

(iv) Ceased 12 April 2023. Amount in 'Other' represent fees paid to Vistra, of which Ms Leydin is a director.

(v) Ceased 16 March 2023.

(vi) Ceased 11 November 2022.

30 June 2022	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Termination benefits	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled		
	\$	\$	\$	\$	\$	\$	\$	\$
Peter Carlisle (ii)	31,429	-	-	-	-	11,250	-	42,679
Stephen Mitchley (iii)	-	-	-	-	-	18,750	-	18,750
Matthew Mesnik	15,000	-	-	-	-	-	-	15,000
Melanie Leydin (i)	99,495	-	-	-	-	-	-	99,495
Claude Solitario	182,640	-	-	22,901	-	-	45,248	250,789
	328,564	-	-	22,901	-	30,000	45,248	426,713

(i) Equity component was settled on 10 December 2021 via the issue of 5,989,625 shares at \$0.009 per share in lieu of director fees for the period 1 July 2020 to 30 September 2021. The cash component was settled in financial year 2023.

(ii) The amount was expected to be settled through the issue of fully paid ordinary shares.

(iii) Includes director fees and other fees payable to Leydin Freyer through 31 October 2021, of which Melanie Leydin was a director. Effective 1 November 2021, Vistra acquired Leydin Freyer, subsequent to which Vistra is not a related party of Medibio and accordingly, only director fees have been included herein.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
David Trimboli	100%	-	-	-	-	-
Thomas Young	100%	-	-	-	-	-
Christopher Ntoumenopoulos	100%	-	-	-	-	-
Peter Carlisle	-	74%	-	-	-	26%
Stephen Mitchley	-	-	-	-	-	100%
Matthew Mesnik	100%	100%	-	-	-	-
Melanie Leydin	100%	100%	-	-	-	-
Claude Solitario	100%	100%	-	-	-	-

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Dr Thomas Young
Title:	Chief Executive Officer
Agreement commenced:	19 September 2022
Term of agreement:	Ongoing
Details:	Employed on a part-time basis of 0.5 FTE. A total remuneration package of US\$110,000 per annum on the basis of 0.5 FTE. Termination of employment may be by either party with 30 days written notice.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Options

Options granted carry no dividend or voting rights.

There were no other options over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Additional information

The earnings of the Group for the five years to 30 June 2023 are summarised below:

	2023	2022	2021	2020	2019
	\$	\$	\$	\$	\$
Revenue and other income	960,451	1,007,720	1,265,823	932,831	4,132,291
Net profit/(loss) before tax	(3,070,546)	(12,715,807)	(1,486,602)	(3,872,404)	(6,587,039)
Net profit/(loss) after tax	(3,070,546)	(12,715,807)	(1,486,602)	(3,872,404)	(6,587,039)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2023	2022	2021	2020	2019
Share price at financial year start (cents)	0.15	0.70	0.60	0.90	12.62
Share price at financial year end (cents)	0.10	0.15	0.70	0.60	0.90
Basic earnings per share (cents per share)	(0.09)	(0.62)	(0.10)	(0.44)	(3.05)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Expired/ Held on cessation	Balance at the end of the year
Ordinary shares					
David Trimboli (i)	-	-	166,666,667	-	166,666,667
Thomas Young (ii)	-	-	-	-	-
Christopher Ntoumenopoulos (iii)	-	-	66,666,667	-	66,666,667
Melanie Leydin (iv)	-	-	-	-	-
Matthew Mesnik (v)	1,333,333	-	-	(1,333,333)	-
Stephen Mitchley (vi)	-	-	-	-	-
	<u>1,333,333</u>	<u>-</u>	<u>233,333,334</u>	<u>(1,333,333)</u>	<u>233,333,334</u>

(i) Appointed 25 August 2022. Amount in "Additions" represents shares issued on 22 June 2023 pursuant to participation in a Share Purchase Plan.

(ii) Appointed Director on 12 April 2023.

(iii) Appointed 15 February 2023. Amount in "Additions" represents shares issued on 22 June 2023 pursuant to participation in a Share Purchase Plan.

(iv) Ceased 12 April 2023.

(v) Ceased 16 March 2023. Amount in "Other" represents shares held at resignation.

(vi) Ceased 11 November 2022.

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ Held on cessation	Balance at the end of the year
Options over ordinary shares					
David Trimboli (i)	-	83,333,333	-	-	83,333,333
Thomas Young (ii)	-	-	-	-	-
Christopher Ntoumenopoulos (iii)	-	33,333,333	-	-	33,333,333
Melanie Leydin (iv)	4,800,000	-	-	(4,800,000)	-
Matthew Mesnik (v)	-	-	-	-	-
Stephen Mitchley (vi)	-	-	-	-	-
	<u>4,800,000</u>	<u>116,666,666</u>	<u>-</u>	<u>(4,800,000)</u>	<u>116,666,666</u>

(i) Appointed 25 August 2022. Amount under "Granted" represents free attaching unlisted options issued on 22 June 2023 pursuant to participation in a Share Purchase Plan.

(ii) Appointed Director on 12 April 2023.

(iii) Appointed 15 February 2023. Amount under "Granted" represents free attaching unlisted options issued on 22 June 2023 pursuant to participation in a Share Purchase Plan.

(iv) Ceased 12 April 2023.

(v) Ceased 16 March 2023.

(vi) Ceased 11 November 2022.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Medibio Limited under option at the date of this report are as follows:

Option series	Grant Date	Expiry Date	Exercise price	Number
OPC	Various	28 February 2024	\$0.015	525,582,972
O19	Various	6 October 2023	\$0.012	1,290,500
O20	8 December 2020	8 December 2025	\$0.011	11,250,000
O23	18 January 2022	1 October 2025	\$0.01	2,000,000
O14	22 November 2019	20 December 2023	\$0.011	8,800,000
O22	18 June 2020	6 October 2023	\$0.012	1,800,000
O18	Various	6 October 2023	\$0.012	7,120,000
O16	19 August 2019	19 August 2024	\$0.015	7,750,000
O24	Various	15 June 2027	\$0.004	951,311,781
O25	Various	15 June 2025	\$0.004	951,979,968
TOTAL				2,468,885,221

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amount paid or payable to the auditor (William Buck (Qld)) for audit and non-audit services provided during the year are set out in Note 22.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Audit and Risk Committee (or in its absence the Board) to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in Professional Statement APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Boards, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Officers of the Company who are former partners of Auditor

There are no officers of the Company who are former partners of William Buck (Qld).

Auditor

William Buck (Qld) continues in office in accordance with section 327 of the Corporations Act 2001.

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 Directors' report is signed in accordance with a resolution of Directors pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



Mr David Trimboli
Non-Executive Chairman

Perth, 29 September 2023

For personal use

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MEDIBIO LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2023 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck (Qld)
ABN 21 559 713 106

M. Monaghan

M J Monaghan
Director

Dated this 29th day of September 2023

Medibio Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023



	Note	Consolidated	
		2023	2022
		\$	\$
Revenue			
Sales	5	22,074	40,038
Other income	6	938,377	967,682
Expenses			
Cost of sales		(158)	(1,070)
Employee costs	7	(635,084)	(705,654)
Research and development expenses		(307,149)	(802,896)
Finance costs	8	(13,260)	(8,691)
Depreciation and amortisation expense		(541,032)	(383,668)
Other expenses	9	(1,216,208)	(1,784,932)
Impairment expenses	13	(1,318,106)	(10,036,616)
Loss before income tax expense		(3,070,546)	(12,715,807)
Income tax expense	10	-	-
Loss after income tax expense for the year attributable to the Owners of Medibio Limited		(3,070,546)	(12,715,807)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(86,679)	59,003
Other comprehensive income for the year, net of tax		(86,679)	59,003
Total comprehensive loss for the year attributable to the Owners of Medibio Limited		<u>(3,157,225)</u>	<u>(12,656,804)</u>
		Cents	Cents
Basic earnings per share	28	(0.09)	(0.62)
Diluted earnings per share	28	(0.09)	(0.62)

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

Medibio Limited
Statement of financial position
As at 30 June 2023



	Note	Consolidated	
		2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	11	214,113	1,032,566
Other current assets		67,593	167,237
Total current assets		<u>281,706</u>	<u>1,199,803</u>
Non-current assets			
Other assets		15,203	14,632
Right-of-use assets	12	107,445	65,406
Intangibles	13	7,628,777	7,207,859
Total non-current assets		<u>7,751,425</u>	<u>7,287,897</u>
Total assets		<u>8,033,131</u>	<u>8,487,700</u>
Liabilities			
Current liabilities			
Trade and other payables	14	1,357,826	1,001,272
Lease liabilities		110,319	66,419
Employee benefits	15	114,309	238,961
Other liabilities	16	106,232	75,179
Total current liabilities		<u>1,688,686</u>	<u>1,381,831</u>
Total liabilities		<u>1,688,686</u>	<u>1,381,831</u>
Net assets		<u>6,344,445</u>	<u>7,105,869</u>
Equity			
Issued capital	17	101,800,671	99,446,432
Reserves	18	6,199,659	6,244,776
Accumulated losses		(101,655,885)	(98,585,339)
Total equity		<u>6,344,445</u>	<u>7,105,869</u>

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

Medibio Limited
Statement of changes in equity
For the year ended 30 June 2023



Consolidated	Issued capital \$	Foreign currency translation reserves \$	Share based payments reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	96,066,735	(13,277)	6,231,971	(85,869,532)	16,415,897
Loss after income tax expense for the year	-	-	-	(12,715,807)	(12,715,807)
Other comprehensive income for the year, net of tax	-	59,003	-	-	59,003
Total comprehensive income for the year	-	59,003	-	(12,715,807)	(12,656,804)
<i>Transactions with Owners in their capacity as Owners:</i>					
Net contributions of equity (note 17)	3,575,195	-	-	-	3,575,195
Share-based payments (note 29)	-	-	(32,921)	-	(32,921)
Share issue costs	(195,498)	-	-	-	(195,498)
Balance at 30 June 2022	99,446,432	45,726	6,199,050	(98,585,339)	7,105,869

Consolidated	Issued capital \$	Foreign currency translation reserves \$	Share based payments reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	99,446,432	45,726	6,199,050	(98,585,339)	7,105,869
Loss after income tax for the year	-	-	-	(3,070,546)	(3,070,546)
Other comprehensive loss for the year, net of tax	-	(86,679)	-	-	(86,679)
Total comprehensive loss for the year	-	(86,679)	-	(3,070,546)	(3,157,225)
<i>Transactions with Owners in their capacity as Owners:</i>					
Net contributions of equity (note 17)	2,687,156	-	-	-	2,687,156
Share-based payments (note 29)	-	-	41,562	-	41,562
Share issue costs	(332,917)	-	-	-	(332,917)
Balance at 30 June 2023	101,800,671	(40,953)	6,240,612	(101,655,885)	6,344,445

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

Medibio Limited
Statement of cash flows
For the year ended 30 June 2023



	Note	Consolidated	
		2023 \$	2022 \$
Cash flows from operating activities			
Receipts from operations		24,115	40,038
Government grants		-	100,727
R&D grant received		938,377	864,768
Payments to suppliers and employees		(1,894,575)	(2,666,401)
Net cash (used) in operating activities	27	(932,083)	(1,660,868)
Cash flows from investing activities			
Interest received		-	2,270
Payments for intangibles		(2,258,671)	(2,970,111)
Net cash (used) in investing activities		(2,258,671)	(2,967,841)
Cash flows from financing activities			
Proceeds from issue of shares	17	2,507,414	3,379,923
Payment of lease liabilities		(40,000)	(89,203)
Net cash provided by financing activities		2,467,414	3,290,720
Net (decrease) in cash and cash equivalents		(723,340)	(1,337,989)
Cash and cash equivalents at the beginning of the financial year		1,032,566	2,311,552
Effects of exchange rate changes on cash and cash equivalents		(95,113)	59,003
Cash and cash equivalents at the end of the financial year	11	214,113	1,032,566

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

Note 1. General information

Medibio Limited ('Medibio', 'the Company', or 'the Parent') is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of Medibio Limited and the entities it controlled ('the Group') are described in the Directors' Report.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. The Group incurred a loss for the year ended 30 June 2023 of \$3,070,546 (2022: \$12,715,807) and net cash outflows from operations was \$932,083 (2022: \$1,660,868). As at 30 June 2023, cash and cash equivalents was \$214,113 (2022: \$1,032,566) and the Group was in a net current liability position of \$1,406,980 (2022: \$182,028).

Whilst the Group is expected to be cash-flow negative in the foreseeable future as a result of research and development activities, the ability of the Group to continue as a going concern is dependent on securing additional funding through equity or debt or a combination of both to continue to fund its operational and technological development activities. These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors believe the Group will continue as a going concern after consideration of the following factors:

- the Group successfully raised \$2,687,156 (before transaction costs) during the financial year ended 30 June 2023 with a further \$904,000 received on 5 July 2023. On 7 August 2023, the Group announced it received firm commitments to raise \$2,250,000 (before transaction costs) of which \$1,425,225 was already received as at the date of this report and management has confidence in its ability to raise further capital if and when required.
- during the financial year ended 30 June 2023, the Company completed the reorganisation of its Executive Team and Board of Directors ensuring it is sufficiently and efficiently resourced to achieve its business objectives.
- the Group anticipates the receipt, subject to approval, of government grants and tax incentives related to its research and development activities.
- the directors of Medibio Limited have reason to believe that in addition to the cash flow currently available, the level of expenditure can be managed to meet working capital requirements for at least the next twelve (12) months.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern and meet its debts as and when they become due and payable.

The directors plan to continue the Group's operations on the basis outlined above and believe there will be sufficient funds for the Group to meet its obligations and liabilities for at least twelve (12) months from the date of this report.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 24.

Note 2. Significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Medibio Limited ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Medibio Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Company has control. The Group controls an entity when the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Medibio Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 2. Significant accounting policies (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Impairment of non-financial assets (goodwill and other indefinite life intangible assets)

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 2. The estimate of recoverable amount involves significant judgement.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Note 2. Significant accounting policies (continued)

Right-of-use assets are depreciated or amortised on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Note 2. Significant accounting policies (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Medibio Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

Note 2. Significant accounting policies (continued)

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

New or amended Accounting Standards and Interpretations that are mandatorily effective for the current year

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to its operations and effective for the current reporting period. New and revised Standards and amendments thereof and Interpretations effective for the current financial year that are relevant to the Group include:

- *AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*
This Standard makes some small amendments to a number of Standards including AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.

The adoption of this Amendment did not have a significant impact on the disclosures or the amounts recognised in the Group's financial statements.

Note 3. Critical accounting judgements, estimates and assumptions

In applying the Group's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Estimation of useful lives 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.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets (goodwill and other indefinite life intangible assets)

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 2. The estimate of recoverable amount involves significant judgement.

Impairment of assets and investments

The Group determines whether non-current assets (excluding goodwill and indefinite useful life intangible assets) should be tested for impairment based on identified impairment triggers. At the end of each reporting period management assesses the impairment triggers based on their knowledge and judgement. Where an impairment trigger is identified, an estimate of the recoverable amount is required.

Capitalisation of development costs

The Group capitalises development costs when it is probable that the project will be a success; the Group is able to use or sell the asset; has sufficient resources; the intent to complete the development and costs can be measured reliably. This involves significant judgement.

Share based payments

The Group measures the cost of equity-settled transactions with employees, directors and advisors with reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Binomial or Black-Scholes method taking into account the terms and conditions upon which they were granted. These calculations can involve significant estimates and judgements.

Note 4. Operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Company has one operating segment, being the research, development and commercialisation of its software as a Service product, and two geographical locations, being Australia and the United States. The US based subsidiary is maintained to support US and Canadian research, development, and commercialisation activities.

Revenue earned during 2023 was sourced from both Australia and USA.

All assets reside in two geographical regions being Australia \$7,698,755 (2022: \$7,584,164) and USA \$322,516 (2022: -\$478,295).

Note 5. Sales

Sales from operations

Consolidated	
2023	2022
\$	\$
<u>22,074</u>	<u>40,038</u>

Revenue recognition

The Group recognises revenue as follows:

Note 5. Sales (continued)

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants and assistance

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Note 6. Other income

	Consolidated	
	2023	2022
	\$	\$
R&D grant received	938,377	864,694
Interest received	-	2,270
Government assistance	-	100,718
	<u>938,377</u>	<u>967,682</u>

Note 7. Employee costs

	Consolidated	
	2023	2022
	\$	\$
Wages and salaries	442,289	618,053
Share-based compensation expense	41,562	(32,921)
Payroll taxes and benefits	134,973	53,697
Superannuation	16,260	66,825
	<u>635,084</u>	<u>705,654</u>

Note 8. Finance costs

	Consolidated	
	2023	2022
	\$	\$
Lease financing costs	3,332	3,373
Other finance costs	9,928	5,318
	<u>13,260</u>	<u>8,691</u>

Note 9. Other expenses

	Consolidated	
	2023	2022
	\$	\$
Consulting and advisory expenses	758,651	770,479
Business development and travel related costs	40,252	261,538
Insurance	146,991	158,611
Listing fees and share registry charges	93,122	153,372
Legal fees	32,984	72,026
Sales and marketing	77,960	20,155
Other administration expenses	66,248	348,751
	<u>1,216,208</u>	<u>1,784,932</u>

Note 10. Income tax expense

	Consolidated	
	2023	2022
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(3,070,546)	(12,715,807)
Tax at the statutory tax rate of 25% (2022: 25%)	(767,637)	(3,178,952)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax effect of temporary differences and current year loss not brought to account	767,637	3,178,952
Income tax expense	<u>-</u>	<u>-</u>

The potential deferred tax asset will only be obtained if:

- (i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- (iii) no changes in tax legislation adversely affect the Group in realising the benefit.

At 30 June 2023, there is no recognised or unrecognised deferred tax liability (2022: nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, as the Group has no liability for additional taxation should such amounts be remitted.

Tax consolidation

Effective 1 July 2003, for the purposes of income taxation, Medibio Limited and its 100% owned subsidiaries have formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

Note 10. Income tax expense (continued)

Tax accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding arrangement. The tax funding arrangement provides for the allocation of current taxes to members of the tax consolidated group in accordance with the available fractions belonging to each subsidiary, which is directly linked to prior year losses that have been accumulated. In the event of the Company generating future taxable profits, the tax losses will be absorbed according to the available fractions within the group.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' intercompany accounts with the tax consolidated group head company, Medibio Limited. The Group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

Note 11. Cash and cash equivalents

	Consolidated	
	2023	2022
	\$	\$
Cash at bank	214,113	1,032,566

Note 12. Right-of-use assets

	Consolidated	
	2023	2022
	\$	\$
Right-of-use assets - land and buildings	274,065	130,811
Less: Accumulated depreciation	(166,620)	(65,405)
	<u>107,445</u>	<u>65,406</u>

The Group leases land and buildings for its offices under agreements of between 1.5 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations

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

Consolidated	Land and buildings
	\$
Balance at 1 July 2022	65,406
Additions	143,254
Depreciation expense	(101,215)
Balance at 30 June 2023	<u>107,445</u>

Note 13. Intangibles

	Consolidated	
	2023	2022
	\$	\$
Goodwill - at cost	444,999	444,999
Goodwill - acquisition of Vital Conversations Pty Ltd	309,100	309,100
Goodwill - accumulated impairment losses	(754,099)	(754,099)
	-	-
Development – at cost	4,247,051	4,247,051
Capitalised costs	462,227	-
Less: impairment	(2,241,972)	(2,241,972)
	2,467,306	2,005,079
Luca Consumer app development – at cost	1,311,181	1,456,214
Less: accumulated amortization	(290,067)	(145,033)
Less: impairment	(1,021,114)	-
	-	1,311,181
ilumen Application development – at cost	750,772	750,772
Less: accumulated amortisation	(453,780)	(300,308)
Less: impairment	(296,992)	-
	-	450,464
MEB-001 Application development – at cost	5,161,471	3,441,135
Data files – at cost	-	7,794,644
Less: impairment	-	(7,794,644)
	-	-
	7,628,777	7,207,859

Consolidated	Capitalised development cost	LUCA Application	ilumen Application	MEB-001	Data files	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	4,381,065	-	600,618	1,908,974	7,794,644	14,685,301
Additions	1,322,200	-	-	1,532,161	-	2,854,361
Impairment	(2,241,972)	-	-	-	(7,794,644)	(10,036,616)
Transfers in/out	(1,456,214)	1,456,214	-	-	-	-
Amortisation	-	(145,033)	(150,154)	-	-	(295,187)
Balance at 30 June 2022	2,005,079	1,311,181	450,464	3,441,135	-	7,207,859
Additions	526,636	-	-	1,762,353	-	2,288,989
Amortisation	-	(290,067)	(153,472)	-	-	(443,539)
Foreign exchange variance	(64,409)	-	-	(42,017)	-	(106,426)
Impairment (i)	-	(1,021,114)	(296,992)	-	-	(1,318,106)
Balance at 30 June 2023	2,467,306	-	-	5,161,471	-	7,628,777

- (i) Having assessed the relevant impairment indicators of its intangibles as at 30 June 2023, the Company decided to fully impair the costs associated with the LUCA and ilumen applications as these applications are not expected to potentially generate future economic benefits. In relation to the development costs and MEB-001 application costs, the Company concluded that the carrying value of these intangibles at 30 June 2023 is recoverable.

Note 14. Trade and other payables

Trade payables

	Consolidated 2023	2022
	\$	\$
	1,357,826	1,001,272

Refer to Note 20 for further information on financial instruments.

Note 15. Employee benefits

Employee benefits

	Consolidated 2023	2022
	\$	\$
	114,309	238,961

Note 16. Other liabilities

Accrued director fees

	Consolidated 2023	2022
	\$	\$
	106,232	75,179

Note 17. Issued capital

Ordinary shares - fully paid

	2023	2022	2023	2022
	Shares	Shares	\$	\$
	4,547,927,099	2,756,490,117	101,800,671	99,446,432

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	1,795,061,498		96,066,735
Issue of shares in lieu of director fees	10 December 2021	5,989,625	\$0.009	56,250
Issue of shares	20 December 2021	260,000,000	\$0.005	1,300,000
Issue of shares	18 February 2022	190,049,250	\$0.005	950,246
Issue of shares	11 March 2022	145,889,750	\$0.005	729,449
Issue of shares	28 June 2022	359,499,994	\$0.0015	539,250
Share issue costs		-	-	(195,498)
Balance	30 June 2022	2,756,490,117		99,446,432
Issue of shares	25 August 2022	564,103,677	\$0.0015	846,156
Placement	21 February 2023	830,000,000	\$0.0015	1,245,000
Share Purchase Plan	29 May 2023	163,999,971	\$0.0015	246,000
Share Purchase Plan	22 June 2023	233,333,334	\$0.0015	350,000
Share issue costs	30 June 2023	-	-	(332,917)
Balance	30 June 2023	4,547,927,099		101,800,671

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

Due to the nature of the Group's activities, the Group does not have ready access to credit facilities, with the primary source of funding being equity and/or debt raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet research and development programs and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

Note 18. Reserves

	Consolidated	
	2023	2022
	\$	\$
Share based payment reserve	6,240,612	6,199,050
Foreign currency translation reserve	(40,953)	45,726
	<u>6,199,659</u>	<u>6,244,776</u>

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency translation reserve	Share Based payments reserve	Total
	\$	\$	\$
Balance at 1 July 2021	(13,277)	6,231,971	6,218,694
Foreign currency translation	59,003	-	59,003
Share based payments	-	(32,921)	(32,921)
Balance at 30 June 2022	45,726	6,199,050	6,244,776
Foreign currency translation	(86,679)	-	(86,679)
Share based payments	-	41,562	41,562
Balance at 30 June 2023	<u>(40,953)</u>	<u>6,240,612</u>	<u>6,199,659</u>

Note 19. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 20. Financial instruments

Financial risk management objectives

The Group's principal financial instruments comprise receivables, payables, cash, investments and short-term deposits.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, foreign exchange risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring the levels of exposure to interest rates and assessments of market forecast for interest rates.

Market risk

Foreign currency risk

The Group is exposed to fluctuations in foreign currencies on purchases of goods in currencies other than the Group's functional currency. The Group manages the risk by monitoring the level of exposure to foreign currency transactions and limiting where possible.

Interest rate risk

At the end of the reporting period the Group had the following financial asset exposed to interest rate risk.

Note 20. Financial instruments (continued)

	Consolidated	
	2023	2022
	\$	\$
Financial assets		
Cash and cash equivalents	214,113	1,032,565

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's maximum exposures to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position. The Group minimises concentrations of credit risk in relation to trade receivables by having payment terms of 30 days and receivable balances are monitored on an ongoing basis with the result that the Group has currently never had an exposure to bad debts.

Liquidity risk

The Group's objective is to maintain sufficient funds to finance its current operations and additional funds to ensure its long-term survival. The Group has no finance facilities in place and therefore it is currently dependent on capital raisings and government tax incentives for short-term survival. Liquidity risk is monitored through the development of future rolling cash flow forecasts that are tabled and reviewed at each board meeting. All liabilities are due and payable within 12 months.

Fair value of financial instruments

The carrying amount of all recognised financial assets and financial liabilities is considered a reasonable approximation of their fair value due to their short-term nature.

Note 21. Key management personnel

Directors

The following persons were Directors of Medibio Limited during the financial year:

- Mr David Trimboli – appointed 25 August 2022
- Dr Thomas Young – appointed 12 April 2023
- Mr Christopher Ntoumenopoulos – appointed 15 February 2023
- Ms Melanie Leydin – ceased 12 April 2023
- Dr Matthew Mesnik – ceased 16 March 2023
- Mr Stephen Mitchley – ceased 11 November 2022

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2023	2022
	\$	\$
Short-term employee benefits	426,761	328,564
Post-employment benefits	-	22,901
Share-based payments	-	30,000
Termination benefits	-	45,248
	426,761	426,713

Note 22. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the Company:

	Consolidated	
	2023	2022
	\$	\$
<i>Audit services</i>		
Audit or review of the financial statements	39,250	38,500
<i>Other services</i>		
Tax compliance	10,000	12,650
	<u>49,250</u>	<u>51,150</u>

Note 23. Related party transactions

Parent entity

Medibio Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 25.

Key management personnel

Disclosures relating to key management personnel are set out in Note 21 and the remuneration report included in the Directors' report.

Other transactions with related parties:

During the financial year, Mr Trimboli and Mr Ntoumenopoulos applied for 166,666,667 and 66,666,667 shares respectively at a price of \$0.0015 per share pursuant to a Share Purchase Plan. The issue of shares to Mr Trimboli and Mr Ntoumenopoulos was subject to shareholders' approval which was sought and obtained at a General Meeting held on 23 May 2023. The nominees of Mr Trimboli and Mr Ntoumenopoulos were issued the number of shares applied for on 22 June 2023.

There were no other related party transactions entered into as at 30 June 2023.

Note 24. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2023	2022
	\$	\$
Loss after income tax	<u>(3,798,566)</u>	<u>(10,818,465)</u>
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	<u>(3,798,566)</u>	<u>(10,818,465)</u>

Statement of financial position

	Parent	
	2023	2022
	\$	\$
Total current assets	<u>81,839</u>	<u>693,874</u>
Total non-current assets	<u>7,332,462</u>	<u>7,740,684</u>
Total assets	<u>7,414,301</u>	<u>8,434,558</u>
Total current liabilities	<u>763,801</u>	<u>340,026</u>
Total non-current liabilities	-	-
Total liabilities	<u>763,801</u>	<u>340,026</u>
Net assets	<u><u>6,650,500</u></u>	<u><u>8,094,532</u></u>
Equity		
Issued capital	101,799,518	99,445,002
Share based payment reserve	5,115,406	5,115,378
Accumulated losses	<u>(100,264,424)</u>	<u>(96,465,858)</u>
Total equity	<u><u>6,650,500</u></u>	<u><u>8,094,532</u></u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 25. 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 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
BioProspect Australia Pty Ltd*	Australia	100%	100%
Australian Phytochemicals Pty Ltd*	Australia	100%	100%
BioProspect America Pty Ltd*	Australia	100%	100%
Medibio Limited – USA**	USA - Delaware	100%	100%
Invatec Health Pty Ltd*	Australia	100%	100%
Annapanna Pty Ltd**	Australia	100%	100%

* Dormant entities

** Human health – CHR diagnostic development

Note 26. Events after the reporting period

On 5 July 2023, the Company received the remaining \$904,000 (before transaction costs) pursuant to the Share Purchase Plan. The Company issued 602,666,664 fully paid ordinary shares at \$0.0015.

On 21 July 2023, the Company announced that following an initial submission, the US Food and Drug Administration (FDA) notified the Company that MEB-001 in its current form does not meet the criteria for designation as a Breakthrough Device. This decision does not affect the Company's current De Novo regulatory pathway, which is actively being pursued in collaboration with the Company's Phase 1 and Phase 2 trial initiatives.

On 24 July 2023, the Company announced that it has completed the first phase of its Sleep Signal Analysis for Current Major Depressive Episode study (SAMDE) and received initial results which highlight the significant potential of Medibio's algorithm to assist in the diagnosis of a current major depressive episode (cMDE).

On 7 August 2023, the Company announced that it had received firm commitments to raise \$2,250,000 (before transaction costs) through the issue of 1,500,000,000 new fully paid ordinary shares at an issue price of \$0.0015 per share (Placement). The Placement, which was well supported by a range of new and existing international and domestic institutional, professional and sophisticated investors is to be completed in two tranches. Investors will receive one free attaching option for every two shares issued, with an exercise price of \$0.004 and an expiry date of 15 June 2025.

On 16 August 2023, the Company issued 950,150,000 fully paid ordinary shares at \$0.0015 following the receipt of \$1,425,225 (before transaction costs). The Placement Tranche 1 Options and Placement Tranche 2 Shares and Options are to be issued subject to shareholder approval at a general meeting to be held on 6 October 2023.

On 4 September 2023, the Company advised that it had commenced its Phase 2 trial for its Sleep Signal Analysis for Current Major Depressive Episode study (SAMDE). The Company's SAMDE study aims to continue to build and train Medibio's innovative algorithm (MEB-001) to assist in the screening for a current major depressive episode (cMDE) in test subjects.

On 6 September 2023, the Company lodged a Notice of General Meeting to be held on 6 October 2023, to approve amongst other things, the change of its Company name to TrivarX Limited (proposed ASX ticker code "TRI") and the consolidation of its share capital on the basis that every 20 Shares to be consolidated into one (1) Share.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 27. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2023	2022
	\$	\$
Loss after income tax expense for the year	(3,070,546)	(12,715,807)
Adjustments for:		
Interest received	-	(2,270)
Impairment expense	1,318,106	10,036,616
Share-based payments and share-based compensation expense	41,562	(32,921)
Depreciation and amortisation	541,032	383,668
Change in operating assets and liabilities:		
Decrease in prepayments	99,644	153,498
Decrease in trade and other receivables	-	24,281
Increase in trade and other payables	262,771	386,181
(Decrease)/increase in employee entitlements	(124,652)	105,886
Net cash used in operating activities	<u>(932,083)</u>	<u>(1,660,868)</u>

Note 28. Earnings per share

	Consolidated 2023	2022
	\$	\$
Loss after income tax attributable to the owners of Medibio Limited	<u>(3,070,546)</u>	<u>(12,715,807)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	3,551,789,128	2,050,209,902
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>3,551,789,128</u>	<u>2,050,209,902</u>
	Cents	Cents
Basic earnings per share	(0.09)	(0.62)
Diluted earnings per share	(0.09)	(0.62)

Note 29. Share-based payments

Expense recognised for employee services received during the year

	Consolidated 2023	2022
	\$	\$
Share-based compensation related to options granted to employees	<u>-</u>	<u>(39,926)</u>

Expense recognised for other services received during the year

	Consolidated 2023	2022
	\$	\$
Share-based compensation related to options granted for settlement of services	<u>41,562</u>	<u>7,005</u>

Note 29. Share-based payments (continued)

Set out below are summaries of options granted:

30 June 2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
11/09/2017	11/10/2022	\$0.450	2,000,000	-	-	(2,000,000)	-
21/06/2018	18/06/2023	\$0.450	1,350,000	-	-	(1,350,000)	-
15/05/2019	13/06/2023	\$0.014	14,500,000	-	-	(14,500,000)	-
19/07/2019	14/06/2023	\$0.014	9,500,000	-	-	(9,500,000)	-
19/08/2019	19/08/2023	\$0.020	2,600,000	-	-	-	2,600,000
19/08/2019	19/08/2024	\$0.015	7,750,000	-	-	-	7,750,000
22/11/2019	20/12/2023	\$0.011	8,800,000	-	-	-	8,800,000
18/06/2020	06/10/2023	\$0.012	1,800,000	-	-	-	1,800,000
09/10/2020	06/10/2023	\$0.012	5,510,500	-	-	-	5,510,500
08/12/2020	06/10/2023	\$0.012	2,900,000	-	-	-	2,900,000
08/12/2020	08/12/2025	\$0.011	11,250,000	-	-	-	11,250,000
18/01/2022	01/10/2025	\$0.010	2,000,000	-	-	-	2,000,000
15/02/2021	28/02/2024	\$0.015	55,555,555	-	-	-	55,555,555
15/02/2021	28/02/2024	\$0.015	59,114,285	-	-	-	59,114,285
08/04/2021	28/02/2024	\$0.015	90,441,169	-	-	-	90,441,169
18/02/2022	28/02/2024	\$0.005	225,024,625	-	-	-	225,024,625
11/03/2022	28/02/2024	\$0.005	72,944,876	-	-	-	72,944,876
15/08/2022	15/06/2027	\$0.004	-	951,311,781	-	-	951,311,781
23/05/2023	15/06/2025	\$0.004	-	613,666,639	-	-	613,666,639
			595,543,472	1,564,978,420	-	27,350,000	2,133,171,892

Weighted average exercise price \$0.012 \$0.004 - \$0.067 \$0.0211

30 June 2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
19/08/2019	01/12/2021	\$0.030	836,328,519	-	-	(836,328,519)	-
11/09/2017	11/10/2022	\$0.450	2,000,000	-	-	-	2,000,000
06/06/2018	18/06/2022	\$0.440	3,637,113	-	-	(3,637,113)	-
21/06/2018	18/06/2023	\$0.450	1,350,000	-	-	-	1,350,000
15/05/2019	13/06/2023	\$0.014	14,500,000	-	-	-	14,500,000
19/07/2019	14/06/2023	\$0.014	9,500,000	-	-	-	9,500,000
19/08/2019	19/08/2023	\$0.020	2,600,000	-	-	-	2,600,000
19/08/2019	19/08/2024	\$0.015	7,750,000	-	-	-	7,750,000
22/11/2019	20/12/2023	\$0.011	8,800,000	-	-	-	8,800,000
06/02/2020	02/06/2022	\$0.030	7,500,000	-	-	(7,500,000)	-
18/06/2020	02/06/2022	\$0.030	20,000,000	-	-	(20,000,000)	-
18/06/2020	06/10/2023	\$0.012	1,800,000	-	-	-	1,800,000
09/10/2020	06/10/2023	\$0.012	16,000,000	-	-	(10,489,500)	5,510,500
08/12/2020	06/12/2023	\$0.012	2,900,000	-	-	-	2,900,000
08/12/2020	08/12/2025	\$0.011	11,250,000	-	-	-	11,250,000
15/02/2021	28/02/2024	\$0.015	55,555,555	-	-	-	55,555,555
15/02/2021	28/02/2024	\$0.015	59,114,285	-	-	-	59,114,285
08/04/2021	28/02/2024	\$0.015	90,441,169	-	-	-	90,441,169
18/01/2022	01/10/2025	\$0.010	-	2,000,000	-	-	2,000,000
18/02/2022	28/02/2024	\$0.005	-	225,024,625	-	-	225,024,625
11/03/2022	28/02/2024	\$0.005	-	72,944,876	-	-	72,944,876
11/05/2022	28/02/2024	\$0.015	-	22,502,462	-	-	22,502,462
			1,151,026,641	322,471,963	-	(877,955,132)	595,543,472

Weighted average exercise price \$0.025 \$0.006 - \$0.032 \$0.012

Note 29. Share-based payments (continued)

Weighted average contractual maturities for options at 30 June 2023 was 2.52 years (2022: 1.66 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Volatility	Risk-free interest rate	Fair value
15/08/2022	15/06/2027	\$0.0015	\$0.004	141%	3.16%	\$41,562

The Company issued 27,708,110 options on the terms above, for services performed by a third party.

Other options granted during the year included in the table above are not share-based payments but free attaching options, which are included to show total options on issue and exercisable at 30 June 2023.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Mr David Trimboli
Non-Executive Chairman

Perth, 29 September 2023

Medibio Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Medibio Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying 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 2023 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards 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 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 2 in the financial report, which indicates that the Group incurred a loss after tax of \$3,070,546 during the year ended 30 June 2023, had net cash outflows from operations of \$932,083 and was in a net current liability position of \$1,406,980 as at 30 June 2023. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

INTANGIBLE ASSETS	
Area of focus Refer also to notes 2, 3 and 13	How our audit addressed it
<ul style="list-style-type: none"> — The Group has \$7,628,777 of identifiable intangible assets (2022: \$7,207,859). During the year ended 30 June 2023 it capitalised \$2,288,990 in development costs and impaired existing intangible assets by \$1,318,106. — These product development costs are capitalised in accordance with the requirements of AASB 138 Intangible Assets as they relate to development of a product that can be and is commercialised and are not research activities. — For intangible assets with finite useful lives, the Group is required to review these for impairment whenever events or changes in circumstances indicate that their carrying value amounts may not be recoverable, and at least annually review whether there is any change in their expected useful life. <p>Overall due to the high level of judgement involved, impairment for the year and the significant carrying amounts involved, we have determined that this is a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — Reviewing management's impairment assessments. — Vouching additions to either contractor invoices or payroll records to ensure that the Group could substantiate the nexus of those costs to development activities. — Recomputing the amortisation charge for the year; and — Reviewing announcements to the market and holding discussions with management to confirm the progress of the development of the technology and outcomes of studies to determine if there were any other indicators of impairment for the intangible assets. <p>We also considered the adequacy of the Group's disclosures in relation to identifiable intangible assets and the impairment expense.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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.

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.

Responsibilities of the Directors for the Financial Report

The directors of the Company 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 has 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.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Medibio Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck (Qld)
ABN 21 559 713 106

M. Monaghan

M J Monaghan
Director

Brisbane, 29 September 2023

The shareholder information set out below was applicable as at 5 September 2023.

As at 5 September 2023, there were 3,000 holders of fully paid ordinary shares and 363 holders of listed options.

VOTING RIGHTS

The voting rights of the ordinary shares are as follows:

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representation more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held.

There are no voting rights attached to any of the options and performance options that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of Ordinary Fully Paid Shares are:

Name	Holding	% I/C
HSBC Custody Nominees (Australia) Limited	519,059,479	8.51
Rookharp Capital Pty Limited	244,550,333	4.01
Mr Bin Liu	166,666,667	2.73
Ms Chunyan Niu	166,666,667	2.73
Seefeld Investments Pty Ltd <The Seefeld A/C>	166,666,667	2.73
Ms Sihol Marito Gultom	150,000,000	2.46
Sunset Capital Management Pty Ltd <Sunset Superfund A/C>	130,666,667	2.14
Crossbay Pty Ltd	106,666,667	1.75
Ichiban Investments Pty Ltd	70,000,000	1.15
Mr John Yacoub	67,000,000	1.10
Independent Marine Pte Ltd	66,666,668	1.09
Sobol Capital Pty Ltd <Sobol Capital A/C>	66,666,667	1.09
Grayhawk Capital Pty Ltd	66,666,666	1.09
Mrs Zi Juan Qi <Chen Family A/C>	64,000,000	1.05
Scintilla Strategic Investments Limited	60,000,000	0.98
Huracan Investments Pty Ltd	55,000,000	0.90
Mr Jeremy Nicholas Tolcon + Mrs Nadine Ruth Tolcon <Jemine Super Fund A/C>	55,000,000	0.90
Mrs Nadine Ruth Tolcon	55,000,000	0.90
Mrs Yan Wang <Aust West Coast Travel A/C>	54,000,000	0.89
L & VP Pty Ltd <The L Ntoumenopoulos A/C>	53,333,333	0.87
Totals	2,384,276,481	39.07

The names of the twenty largest holders of Listed Options expiring 28 February 2024 @ \$0.015 are:

Name	Holding	% IC
HSBC Custody Nominees (Australia) Limited	38,486,111	7.32
Dragan Inv Pty Ltd <Dn Super Fund A/C>	32,000,000	6.09
Ms Sihol Marito Gultom	31,000,000	5.90
Sunset Capital Management Pty Ltd <Sunset Superfund A/C>	29,000,000	5.52
Rookharp Capital Pty Limited	24,775,167	4.71
Mr John Yacoub	22,500,000	4.28
Mr Brent Joseph Evitt <B&J Be Fund A/C>	18,709,585	3.56
Mr Anthony Dell'Aquila	16,000,000	3.04
Mr Peter Andrew Proksa	14,000,000	2.66
Mercury Anetac Capital Pty Ltd	11,635,175	2.21
Mr Kevin Trevor Wyatt	10,250,000	1.95
First Investment Partners Pty Ltd	10,000,000	1.90
Mr Samuel Gershon Jacobs + Mrs Sarita Devi Jacobs + Miss Manekha Bridgette Jacobs <The Phoenix Superfund A/C>	10,000,000	1.90
Mr Ryan James Rowe	10,000,000	1.90
Venus Anetac Pty Ltd <RGC Family A/C>	8,325,082	1.58
Dragan Group Pty Ltd	8,000,000	1.52
CPS Capital No 5 Pty Ltd	6,750,738	1.28
Wlp Investments Pty Ltd	6,682,222	1.27
Mrs Yan Wang <Aust West Coast Travel A/C>	6,444,445	1.23
Mr Warren George Lamberth	6,179,851	1.18
Totals	320,738,376	61.00

SUBSTANTIAL HOLDERS

The names of the substantial shareholders disclosed to the Company as substantial shareholders are:

Name	No of Shares Held	% of Issued Capital
FIL Limited and associated entities	506,334,415	8.30%

DISTRIBUTION OF EQUITY SECURITIES

Ordinary Fully Paid Shares

Holding Range	Total holders	Shares	% IC
1 - 1,000	262	74,436	0.00
1,001 - 5,000	396	1,093,201	0.02
5,001 - 10,000	157	1,229,948	0.02
10,001 - 100,000	750	41,579,077	0.68
100,001 - 500,000	677	178,383,153	2.92
500,001 Over	758	5,878,383,948	96.36
Totals	3,000	6,100,743,763	100.00

Unmarketable Parcels – 2,175 Holders with a total of 188,859,815 shares, based on the last trading price of \$0.001.

Listed Options Expiring 28 February 2024 @ \$0.015

Holding Range	Total holders	Shares	% IC
1 - 1,000	17	8,306	0.00
1,001 - 5,000	11	23,111	0.00
5,001 - 10,000	5	39,486	0.01
10,001 - 100,000	106	4,359,647	0.83
100,001 - 500,000	97	23,685,702	4.51
500,001 Over	127	497,466,720	94.65
Totals	363	525,582,972	100.00

RESTRICTED SECURITIES

There are no restricted securities on issue.

UNQUOTED SECURITIES

The following unquoted securities were on issue.

10,210,500 Unlisted Options @ \$0.012 expiring 6 October 2023 - 10 Holders

There were no holders with more than 20% of the options.

8,800,000 Unlisted Options @ 0.011 expiring 20 December 2023 – 3 Holders

Holders with more than 20%

Holder Name	Holding	% IC
PETER CARLISLE	3,600,000	40.91%
MR CLAUDE SOLITARIO	3,000,000	34.09%
TMENA PTY LTD <COMBIVAN PTY LTD ACCOUNT>	2,200,000	25.00%

7,750,000 Unlisted Options @ 0.015 expiring 19 August 2024 – 2 Holders

Holders with more than 20%

Holder Name	Holding	% IC
MR CLAUDE SOLITARIO <SOLITARIO FAMILY A/C>	4,000,000	51.61%
DAVID KAYSEN	3,750,000	48.39%

951,979,968 Unlisted Options @ \$0.004 expiring 15 June 2025 – 135 Holders

There were no holders with more than 20% of the options.

2,000,000 Unlisted Options @ \$0.01 expiring 1 October 2025 – 2 Holders

Holders with more than 20%

Holder Name	Holding	% IC
DR ELIZABETH LOMBARDO	1,000,000	50.00%
JOHN MATHIAS	1,000,000	50.00%

11,250,000 Unlisted Options @ \$0.011 expiring 8 December 2025 – 1 Holder

Holders with more than 20%

Holder Name	Holding	% IC
MR CLAUDE SOLITARIO <SOLITARIO FAMILY ACCOUNT>	11,350,000	100.00%

951,311,781 Unlisted Options @ \$0.004 expiring 15 June 2027 – 57 Holders

There were no holders with more than 20% of the options.

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement is available from the Company's website at medibio.com.au/corporate-governance/

ON-MARKET BUY BACK

There is currently no on-market buyback program.

For personal