Cleo Diagnostics Limited

ABN 13 655 717 169

Annual Report - 30 June 2023

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Contents

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Cleo Diagnostics Limited Financial Year (FY) 2023 Annual Report, where the Company is focused on bringing to market a simple blood test which aims to accurately detect early stages of ovarian cancer.

This last financial year saw the Company evolve its structure from private ownership to an ASX public company, a step taken as a logical avenue to achieve our long-term ambitions. The Directors believe the opportunity presented to address ovarian cancer is urgent and we cannot wait any longer to act on the unmet need to potentially save the lives of millions of women around the world.

Why is this important? Ovarian cancer is the most lethal gynaecological cancer affecting women. Currently, the five-year survival rate after a diagnosis of ovarian cancer is 49%[1] - that's half of all women that are diagnosed will die within 5 years. Current treatment involves expensive, invasive surgery and intensive chemotherapy – each with their own risk of complications. There is also no accurate, pre-surgical method to diagnose ovarian cancer, or to accurately differentiate between cancerous versus much more common non-cancerous (benign) disease.

We believe that an accurate and early detection blood test could shift survivability for ovarian cancer significantly as seen with other cancers. If accurately detected early, 94%[2] of patients live longer than 5 years after diagnosis.

During the year, Cleo achieved a number of milestones that have significantly advanced the Company's ovarian cancer detection platform technology and position on a commercial strategy for market entry:

- Continued development of our simple blood test for the detection of ovarian cancer, which has the potential to substantially improve existing standard of care;
- Leveraged the strong body of supporting scientific evidence, developed over 10 years of research and development at Hudson Institute of Medical Research and two clinical studies, to prepare for peer-reviewed publication in the scientific literature;
- Secured IP protection in Australia and the U.S.;
- Defined a staged execution strategy with a clear, achievable pathway to target markets;
- Assembled an experienced Board and leadership team with the credentials to execute; and
- Managed a Pre-IPO process leading to a successful Initial Public Offering (IPO) on the ASX.

Our foundations as a public company now begin with a strong Board that will ultimately lead the execution of our strategy. Cleo is led by our CEO, Dr Richard Allman, who has over 30 years of scientific research leadership and innovation with a clear focus on commercialisation. He has wide experience in research leadership, innovation management, and intellectual property strategy, covering oncology, diagnostics, and product development. Dr Allman is directly supported by Dr Andrew Stephens, Cleo's Chief Scientific Officer and Executive Director. Dr Stephens is a career research scientist with 20 years' experience in molecular and cellular biology research. His research on biomarker identification and development in ovarian cancer lead to the discovery of the novel CXCL10 biomarker which underpins the Cleo ovarian cancer blood test. Professor Tom Jobling, a Non-Executive Director, is the Director of Gynaecologic Oncology at Monash Medical Centre, and he was previously Founder and Chairmen of Ovarian Cancer Research Foundation (OCRF). Ms Lucinda Nolan is also a Non-Executive Director and was most recently the CEO of the Ovarian Cancer Research Foundation.

I would also like to acknowledge the ongoing support and advocacy from our partners, Hudson Institute of Medical Research (from who we licenced the technology and IP), as well as the Ovarian Cancer Research Foundation (OCRF), who provided significant funding to Hudson over the years.

Cleo's technology represents a significant advancement in ovarian cancer detection. In the coming year, the Company intends to move quickly to achieve its stated milestones, bringing the market closer to a simple blood test which aims to accurately detect early stages of ovarian cancer.

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[1] AIHW Cancer Data in Australia 2022 web report and supplementary data tables
[2] American Cancer Society

Ovarian cancer is an insidious disease defined by the highest mortality rate of all female cancers. Present diagnostic methodologies, like transvaginal ultrasound and serum CA-125 measurements, lack the specificity needed for accurate and early detection. The majority of cases are identified at an advanced stage, leading to poor prognoses for most patients.

Critically, there is currently no accurate, pre-surgical method to diagnose ovarian cancer, or ability to differentiate between cancerous versus much more common non-cancerous (benign) disease. Yet, the numbers speak clearly; if detected early, 94% of patients could live longer than five years post-diagnosis.

At Cleo, we are committed to addressing this urgent, unmet need. The successful listing of Cleo Diagnostics (ASX.COV) post the end of the financial year on the ASX is a watershed moment for all stakeholders, effectively setting our course toward positively transforming the health outcomes for women worldwide. We can all feel confident about the Company's prospects to advance the commercialisation of our cancer diagnostics platform. The proposition is simple:

- Cleo has a simple blood test developed for accurate and early detection of ovarian cancer;
- There is a clear and significant global addressable cancer diagnostics market;
- The technology is underpinned by a novel and patented biomarker with over 10 years Research and Development at the Hudson Institute of Medical Research (largely funded by the Ovarian Cancer Research Foundation), two clinical studies completed and IP protection in place;
- We have a de-risked and staged execution strategy focused on an achievable pathway to target markets; and
- An experienced leadership team in place with the credentials to execute on our plan.

Our product portfolio under development aims to transform ovarian cancer diagnosis and is focused on three key markets across pre-surgical triage testing, recurrence detection, and broader screening programs.

As we move into the FY24 period, Cleo has a well-defined plan toward our initial triage market supported by an achievable development timeframe, a clear regulatory pathway to Food and Drug Administration (FDA) approval which is ultimately aimed at access to the U.S. as the world's largest diagnostics market.

Finally, I would like to thank all partners, stakeholders, and shareholders that have played a part in shaping the Company over the years and now positioning Cleo for success as we embark on this next phase to build shareholder value by reshaping the future of ovarian cancer diagnosis with a simple and accurate blood test.

About Cleo
Cleo has developed a blood test for the detection of ovarian cancer, with potential to substantially improve existing standard of care. It has IP protection in place in the USA and Australia, with patents pending in Europe, China, India, Japan, Korea, Israel, New Zealand and Singapore. The company intends to secure the remaining patents and develop the technology with the aim of commercialising the technology across multiple jurisdictions.

Business development
Cleo is a medical diagnostics/devices entity focused on the development of non-invasive blood based IVD tests to detect the presence, and recurrence, of ovarian cancer. The Company has developed a three-phased product development strategy that will deliver three related tests for ovarian cancer detection:

(a) **Triage Test** – a pre-surgical test to determine the likelihood that a pre-surgical ovarian mass in a patient not yet referred to an oncologist, is malignant.

(b) **Recurrence Test** – a post-surgical test to identify whether a cancer is recurring following surgical removal and chemotherapy of cancerous tissue.

(c) **Screening Test** – a screening test to identify early-stage ovarian cancer in patients who do not present any symptoms consistent with ovarian cancer.

Each of the three tests are non-invasive and are performed using a sample of the patient's blood. They are specifically designed to be low-cost and fit within existing pathology lab infrastructure.

The Company's primary focus is to bring the Triage Test to market which has to date produced strong results to accurately differentiate patients with malignant ovarian cancer from those with benign gynaecological conditions.

The key dependencies of the Company's business model include (amongst others):

(a) sufficient market awareness and industry adoption;
(b) being able to continue to maintain the Hudson Licence Agreement and to maintain, protect and develop the Technology licensed under the Hudson Licence Agreement;
(c) further product development to increase the functionality and performance of the Technology;
(d) sufficient funding to ensure the Company is able to complete development;
(e) future access to additional capital, should it be required to fund potential future growth;
(f) the ability to continually protect and advance the Company's existing knowledge and intellectual property rights and trade secrets; and
(g) attracting and retaining key staff and personnel.

Key risks – additional capital requirements
The Company currently has no operating revenue and is unlikely to generate any operating revenue unless and until the Triage Test is successfully developed and commercialised. The future capital requirements of the Company will depend on many factors including its business development activities. The Company has budgeted to fund its activities and objectives for the two-year period following Admission. Subsequent to that period of time the Company may seek further capital as required.

Key risks – Intellectual property
The Company's success, in part, depends on its ability to obtain patents, maintain trade secret protection, and operate without infringing the intellectual proprietary rights of third parties. If patents are not granted, or granted only for limited claims, the Company's intellectual property may not be adequately protected and may be able to be copied, reproduced or otherwise circumvented by third parties. The Company's existing intellectual property includes the Company's licencing rights under the Hudson Licence Agreement. The Company has, under the Hudson Licence Agreement, acquired (amongst other things) the rights to various patent applications pending in a number of countries based on international (PCT) application no PCT/AU2020/051403.

The Company has engaged FB Rice to develop and implement an intellectual property strategy to seek to establish patent protection in its proposed key markets as a means of enabling the Company to guard its exclusivity, maintain an advantage over competitors and provide it with a basis for enforcement in the event of infringement (or potential infringement) of the Company's intellectual property rights by third parties.

Key risks – the uncertainty of research
The development and commercialisation of medical diagnostic products is subject to an inherent and high risk of failure. The key steps in the Company's development strategy for the Triage Test include:

(a) (**antibody development**): the successful in-house development of protein reagents and monoclonal antibodies for each of the target biomarker proteins which is anticipated to reduce reliance on commercial assays;
(b) (**test performance evaluation**): test evaluation to ensure that the product is robust, scalable, meets the performance expectations of patients, clinicians, and testing laboratories, as well as demonstrating safety and efficacy to the relevant regulatory bodies; and
(c) (**regulatory submissions**): subject to the foregoing, the initial FDA 510(k) application and subsequent Australian and European regulatory approvals.

Each research step carries an inherent uncertainty in relation to the outcome impacting the next step. Cleo's management has many years of experience in the field of research, and has been engaged in research activities upon the licenced technology and is confident that it has the best team available to ensure its research is thorough and effective, providing the best chance of positive research outcomes.

Key risks – Regulatory Approval
Product commercialisation and development involves lengthy processes that are dependent on the evaluation by external groups such as the FDA (in the US), 'CE marking' (in the European Union) and approval from the TGA (in Australia). The process may require the Company to conduct further clinical studies. Again, the experience of the Company's management and its engagement of FB Rice is intended to mitigate this risk as much as possible.

Key risks – Product risks and liability
As with all new public health products, even if the Company was successful in development of its products and obtains regulatory approvals, there is no assurance unforeseen adverse events or manufacturing defects will not arise. Adverse events could expose the Company to product liability claims in litigation, potentially resulting in any regulatory approval (when/if obtained) being removed and damages being awarded against the Company. In such event, the Company's liability may exceed the Company's insurance coverage (if any). The efficacy and results of trials relating to future products will rely on the proper implementation of use/testing protocols which may include requirements for clinicians and diagnostic labs to adhere to standard operating procedures for collection and processing of blood samples. While none of the anticipated requirements of the proposed Cleo products are expected to be onerous or unusual, a failure to adhere to these requirements may adversely affect the efficacy and reliability of test results.

The above list of risks, uncertainties and other factors is not exhaustive.

The directors present their report, together with the financial statements, on Cleo Diagnostics Limited (referred to hereafter as the 'company') at the end of, or during, the year ended 30 June 2023.

Directors
The following persons were directors of Cleo Diagnostics Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

A M Wing (appointed 11 August 2022)
R Allman (appointed 10 October 2022)
A N Stephens (appointed 19 September 2022)
T W Jobling (appointed 21 December 2022)
P F Gowans (resigned 11 August 2022)
L J Nolan (appointed 2 March 2023)

Principal activities
Cleo's principal activities involve the development and patent of a blood test for the detection of ovarian cancer, with the potential to substantially improve the existing standard of care. During the period the company's focus was on securing the licence for the commercialisation of the testing technology from Hudson Institute of Research ("Hudson"), and the raising of funds through an Initial Public Offering ("IPO") on the ASX, which was completed subsequent to the year end.

Dividends
The company did not pay any dividends during the year (30 June 2022: Nil).

Review of operations
The company was incorporated in November 2021, so the comparative financial information in the financial statements is from date of incorporation to 30 June 2022.

The loss for the company after providing for income tax amounted to $1,729,500 (30 June 2022: $43,931).

During the year the company secured seed funding of $1,600,000 in the form of convertible notes, with further convertible notes to the value of $3,750 issued in relation to founder convertible notes. The founder notes were converted to equity in December 2022. Funds were used to pay the licence fees in accordance with a licence agreement with Hudson Institute of Medical Research. Completion of the licence agreement occurred on 29 August 2022.

The company also repaid loan funds of $200,000 that had been received during the June 2022 period to pay a deposit on an agreement with Hudson Institute of Medical Research to secure licencing of pharmaceutical goods for commercialisation.

Cleo Diagnostics (ASX.COV) aims to bring to market a simple blood test for the accurate and early diagnosis of ovarian cancer, based on the novel patented CXCL10 biomarker - which is produced early and at high levels by ovarian cancers but is largely absent in non-malignant disease. The platform is backed by over 10 years of scientific Research & Development at the Hudson Institute of Medical Research, with two clinical studies conducted with over 500 patients. Pursuant to a licence agreement with the Hudson Institute of Medical Research, Cleo has a worldwide exclusive licence to commercialise the intellectual property which underpins its operations and the ovarian cancer tests.

The clinical unmet worldwide need is urgent. An accurate and early detection blood test could shift survivability for ovarian cancer. Currently, the five-year survival rate after a diagnosis of ovarian cancer is 49% - that's half of all women that are diagnosed will die. When detected early, 94% of patients live longer than 5 years after diagnosis.

The financial year 2023 (FY23) was a transformative one for Cleo Diagnostics, with the Company transitioning focus to commercialisation through an ASX listing to provide access to capital and broader market support. Our two-year plan (detailed in our prospectus, 18 August 2023) outlines the Company's modular execution strategy which is designed to eventually address all ovarian cancer detection markets with specific tests including surgical triage, recurrence, high risk, and early-stage screening.

Key highlights and milestones achieved during the year include:

IP PROTECTION

- The grant of US Patent No: US 11,725,048, entitled "CXCL10 Binding Proteins and Compositions Thereof." The granted patent covers our proprietary biomarkers and antibody formulations, which comprise the core technology of the Company's suite of ovarian cancer diagnostic products. The proprietary technology incorporated into Cleo's tests provides significant benefits over existing ovarian cancer diagnostic markers.

PLATFORM TECHNOLOGY

- Finalisation of markers to include in the CLEO triage kit. Prototype testing confirmed the final composition of the triage kit panel.
- Development of a prototype scoring algorithm and evaluation of performance characteristics. A prototype scoring algorithm was designed and tested on 334 patient samples.
- Preparation of manuscript detailing the performance metrics of CLEO triage testing technology for peer-reviewed publication in the scientific literature
- Submission of ethics application to access archival specimens for optimisation of new antibodies / reagents and comparative studies.

MANUFACTURING

- Due diligence on four potential international antibody/kit manufacturers. Assessment continues with a decision due by end of CY2023.
- Initiation of proprietary reagent development. In-house production of hybridomas to produce all key antibodies in-house for the triage kit commenced.

COMMERCIALISATION

- Submission of ethics application to access prospective Australian patient samples for the FDA clinical study.
- Engagement with potential U.S. clinical collaborators with a view to accessing U.S. patient samples to include in the FDA clinical study.
- Preparation for ASX listing with corporate activity covering; legal, accounting, administrative, equity capital markets, industry engagement, and marketing.

Refer to the Chairman's and CEO's Letters for further details of the Company's operations.

Significant changes in the state of affairs
During the year convertible notes with a face value of $45,000 were converted to equity, with 45 million fully paid ordinary shares issued in exchange.

A further $1.6 million in convertible notes was raised to fund pre-IPO operations. These notes matured upon the Company's Initial Public Offering ("IPO") in August 2023, when they were converted into equity.

In July 2022 the company submitted its first Application for In-Principle Advice regarding a proposed listing to the ASX, which was returned with requests for further information. Subsequently the company submitted a further In-Principle Advice application, which the ASX accepted and has commenced the process to complete an IPO in 2023, lodging a prospectus with the ASX in July 2023.

There were no other significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year
Subsequent to the year-end the company lodged its prospectus with the ASX. On 22 August 2023, the company was admitted to the Official List of the ASX, its IPO rising $12,000,000 before costs and issuing 60 million ordinary shares. In addition 16 million shares were issued on conversion of the convertible notes outstanding at 30 June 2023 (see note 12). A further 7,500,000 ordinary shares were issued to Hudson pursuant to the licence agreement, providing a total of 128,500,001 ordinary shares on the market. The cost of the 7,500,000 Hudson shares, $1,500,000 was expensed upon satisfaction of the contractual obligation to issue the shares.

A total of 13,500,000 listed options were also issued. These included 7 million KMP options, and 1.5 million consultant options noted in note 12, plus 5 million options issued to the lead broker on completion of the IPO. 500,000 unlisted share options were issued as part of the employee share option scheme.

On 22 August 2023 the Company announced that it had been granted a US patent covering proprietary biomarkers and antibody formulations, which comprise the core technology of the company's ovarian cancer diagnostic blood test, securing the company's IP protection in the USA.

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

Likely developments and expected results of operations
The company's strategic focus will continue to be securing patents for its IP and move onto commercialising the IP in its key markets.

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

Information on directors

Name:	Adrien Wing
Title:	Non-Executive Chairman (appointed 11 August 2022)
Qualifications:	Bachelor of Business (Accountancy) from Royal Melbourne Institute of Technology (RMIT) and Certified Practicing Accountant (CPA)
Experience and expertise:	Mr Wing began his professional career practising in the audit and corporate advisory divisions of a chartered accounting firm. Mr Wing has over 25 years' experience in the corporate sector with the large portion of this experience in ASX small caps, lead in IPO transactions and post listing reverse takeovers and acquisitions across a range of industry sectors and jurisdictions. Mr Wing has a strong pedigree in the life sciences industry being the founder of Rhythm Biosciences Ltd and bringing that entity to the ASX in 2017. Mr Wing currently serves as an officer/director on the following company boards: • New Age Exploration Ltd (ASX: NAE) - Director and Joint Company Secretary; • Red Sky Energy Ltd (ASX: ROG) – Director and Joint Company Secretary; • Sparc Technologies Ltd (ASX: SPN) – Company Secretary; and • Osmond Resources Ltd (ASX: OSM) – Company Secretary.
Special responsibilities:	None
Other Current Directorships:	Red Sky Energy Limited (ASX: ROG) New Age Exploration Limited (ASX: NAE)
Other Directorships (last 3 years)	Mitre Mining Limited (ASX:MMC)
Interest in Shares:	14,250,000 fully paid ordinary shares
Interest in Options:	None

Name:	Richard Allman
Title:	Managing Director and Chief Executive Officer (appointed 10 October 2022)
Qualifications:	PhD (Microbiology) from The University of Wales
Experience and expertise:	Dr. Allman has over 30 years of scientific research leadership and innovation with a clear focus on commercialisation. He has wide experience in research leadership, innovation management, and intellectual property strategy, covering oncology, diagnostics, and product development. Previously Chief Scientific Officer at Genetic Technologies Limited (ASX: GTG). Recent successes include the strategic design and management of a second-generation breast cancer risk assessment test from concept to commercial launch and a similar test for colorectal cancer. These tests have now been NATA accredited and comprise the first commercially available polygenic risk tests in Australia. More recently he has supervised the underlying R&D, translation, regulatory approval, patent filing and commercial launch of a Covid-19 disease severity test within a 12-month period. This strategy has been utilised to expedite a product development pipeline covering 6 major cancers, cardiovascular disease and type-2 diabetes which were commercially launched in March 2022.
Special responsibilities:	None
Other current directorships:	None
Other Directorships (last 3 years)	None
Interest in Shares:	1,500,000 fully paid ordinary shares
Interest in Options:	2,500,000 exercisable at $0.30 expiring on the 22 August 2026 and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company.

Name:	Andrew Stephens
Title:	Chief Science Officer and Executive Director (appointed 19 September 2022)
Qualifications:	PhD (Molecular Biology) from Monash University Australia
Experience and expertise:	Dr Stephens is a career research scientist with 20 years' experience in molecular and cellular biology research. He has broad experience in academic and pre-clinical research, and a strong focus on translation and the commercialisation of research findings. He established and leads an independent academic research company at the Hudson Institute of Medical Research, investigating mechanisms that contribute to the formation, progression and dissemination of high grade, serous epithelial ovarian cancers. Since 2010, his research has focused on biomarker identification and development in ovarian cancer, and the development of therapeutic strategies to improve patient outcomes. He is also actively involved across the biotech sector, with appointments to the scientific advisory for Invion Pty Ltd and AMTBio Pty Ltd. Dr Stephens has over 60 academic publications and numerous patents (pending and provisional) in the cancer therapeutic and diagnostic space.
Special responsibilities:	None
Other current directorships:	None
Other Directorships (last 3 years)	None
Interest in Shares:	500,000 fully paid ordinary shares
Interest in Options:	1,500,000 exercisable at $0.30 expiring on the 22 August 2026 and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company.

Name:	Tom Jobling
Title:	Non-Executive Director (appointed 21 December 2022)
Qualifications:	Bachelor of Medicine, Bachelor of Surgery, Fellow of the Royal College of Obstetricians and Gynaecologists, Fellow of Royal Australian and New Zealand College of Obstetricians and Gynaecologists, Certificate of Gynaecological Oncology, Doctor of Medicine, Head of Gynaecological Oncology at Monash Health
Experience and expertise:	Professor Thomas Jobling is Director of Gynaecologic Oncology at Monash Medical Centre. He graduated from Monash University in 1980 and did his post graduate sub specialist training in Gynaecologic Oncology in London at the Royal Marsden and St Bartholomews hospitals. Professor Jobling has subsequently been elected as a Member of the Society of Pelvic Surgeons and is also Founder of the Ovarian Cancer Research Foundation (1999). He previously held the Chairmen position of Ovarian Cancer Research Foundation Board. His major interests are in radical surgery for ovarian cancer and the application of robotic surgery for gynaecological malignancy. Professor Jobling is an active member of a Research Team in bio marker detection and proteomics in ovarian cancer. He is involved as a collaborative investigator on a number of international clinical trials and is a Member of the Australia and New Zealand Gynaecologic Oncology Company, the Australian Society of Gynaecologic Oncology, the Victorian Cooperative Oncology Company and the International Society of Gynaecological Cancer.
Special responsibilities:	Lead Medical Advisor
Other current directorships:	None
Other Directorships (last 3 years)	None
Interest in shares	1,250,000 fully paid ordinary shares
Interest in options	1,500,000 exercisable at $0.30 expiring on the 22 August 2026 and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company.

Name:	Lucinda Nolan
Title:	Non-Executive Director (appointed 2 March 2023)
Qualifications:	Master of Arts from Melbourne University, Batchelor of Arts with Honours from Melbourne University, Alumni of the Advanced Management Programme at Harvard University
Experience and expertise:	Ms Nolan is a Non-Executive Director and was most recently the CEO of the Ovarian Cancer Research Foundation. She has a wealth of knowledge and experience across the public sector and Not-For-Profit environments. Prior to joining the Ovarian Cancer Research Foundation, she was selected as the first female CEO of the Country Fire Authority, one of the world's largest volunteer-based emergency services organisations. She also spent 32 years with Victoria Police, reaching the rank of Deputy Commissioner. Much of her role there was dedicated to reductions in crime

	rates and the continual improvement of service delivery in the face of complex and competing crime, disorder, and service demands. She was awarded the Australian Police Medal in 2009. Ms Nolan is also the Chair of BankVic and a director on the Boards at Alkira Box Hill Inc. and the Melbourne Archdiocese of Catholic Schools (MACS). She has a Master of Arts and a Bachelor of Arts (Honours) from Melbourne University and is an alum of the Advanced Management Programme at Harvard University.
Special responsibilities:	None
Other current directorships:	None
Other Directorships (last 3 years)	None
Interest in shares:	None
Interest in options:	1,500,000 exercisable at $0.30 expiring on the 22 August 2026 and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company.

Name:	Patrick Gowans
Title:	Former Director (resigned 29 August 2022)
Qualifications:	Bachelor of Law/Arts LaTrobe University
Experience and expertise:	Patrick is partner of Melbourne law firm QR Lawyers Pty Ltd, with over 15 years' experience in corporate and commercial law with a focus on equity capital markets, ASX compliance and corporate governance.
Special responsibilities:	None
Other current directorships:	Mitre Mining Exploration Limited (ASX: MMC)
Other Directorships (last 3 years)	Alice Queen Limited (ASX: AQX, resigned 21 June 2021)
Interest in shares	1,500,000 fully paid ordinary shares
Interest in options	None

'*Other current directorships*' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'*Other directorships (last 3 years)*' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Pauline Moffatt was appointed Company Secretary on 18 September 2022. She is a Graduate of the Australian Institute of Company Directors (GAICD) and a Fellow FGIA FCG of the Governance Institute of Australia. Ms Moffatt has a wealth of experience, providing specialised accounting and company secretary services to public companies for over 20 years. Ms Moffatt currently serves as Joint Company Secretary of New Age Exploration Ltd (ASX: NAE) and Red Sky Energy Limited (ASX:ROG). Ms Moffatt has served as Company Secretary on various ASX listed companies, including Rhythm Biosciences Limited (ASX:RHY, Joint Company Secretary) and Cue Energy Resources Limited (ASX: CUE, Joint Company Secretary).

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full board	
	Attended	Held
A M Wing	14	14
R Allman	9	9
A N Stephens	10	10
T W Jobling	5	5
P F Gowans	1	1
L J Nolan	4	4

Held: represents the number of meetings held (3) and circular resolutions (12) during the time the director held office. The Board manages the function of the audit committee.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the company, 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 objective of the company'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 Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

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

The Board is responsible for determining and reviewing remuneration arrangements for directors and executives. The performance of the company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel. Accordingly the Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the company.

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:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, 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 Board. The Board may, from time to time, seek and receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. All non-executive director fees are contracted for clarity.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The company will seek approval for the aggregate level of non-executive directors' remuneration at the next annual general meeting.

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

The 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 executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the company and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the company and provides additional value to the executive.

Short-term incentives ('STI') are 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 profit contribution, customer satisfaction, leadership contribution and product management. There were no STI's in place for the year ended 30 June 2023.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares and share options are awarded to executives based as long-term incentive measures. These incentives align the rewards for executives to increases in shareholders value relative to the entire market and the increase compared to the company's direct competitors. Executives were provided with share options as initial LTI's in their contracts upon commencement during the year ended 30 June 2023.

Company performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the company. A portion of any cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board. No cash bonuses were provided for the year ended 30 June 2023. Refer to the section 'Additional information' below for details of the earnings and total shareholders return.

The Board is of the opinion that the continued improved results can be attributed in part to the adoption of performance-based compensation and is satisfied that this improvement will increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants
No remuneration consultants were used during the year.

Voting and comments made at the company's 2022 Annual General Meeting ('AGM')
The company will put the company's remuneration policies and KMP remuneration for the year ended 30 June 2023 before the next AGM, to be held in November 2023. No such process occurred at the 2022 AGM.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the company are set out in the following tables.

The key management personnel of the company consisted of the following directors of Cleo Diagnostics Limited:

- A M Wing – Non-Executive Chairman
- R Allman – Managing Director
- A Stephens – Chief Science Officer and Executive Director
- T Jobling – Non-Executive Officer
- L Nolan – Non-Executive Director
- P Gowans – former Non-Executive Director

The Company Secretary, Pauline Moffatt, was not considered a KMP for the year.

	Short-term benefits			**Post-employment benefits**	**Long-term benefits**	**Share-based payments**		
2023	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled shares $	Equity-settled options $	**Total $**
Non-Executive Directors:								
A M Wing [2]	80,080	-	-	-	-	-	-	**80,080**
T Jobling[1]	-	-	-	-	-	-	130,527	**130,527**
L Nolan[1]	-	-	-	-	-	-	130,527	**130,527**
P Gowans [3]	- -	-	-	-	-	-	-	**-**
Executive Directors:								
R Allman [2]	132,491	-	-	13,800	-	-	217,954	**364,245**
A Stephens [2]	85,878	-	-	8,935	-	-	130,548	**225,361**
	298,449	-	-	22,735	-	-	609,556	**930,740**

[1] *T Jobling and L Nolan were appointed in April 2023 but received no Director fees prior to the company listing in August 2023. They were both granted share options as part of their remuneration package upon appointment.*
[2] *All current directors were appointed during the year.*
[3] *P Gowns resigned in August 2022 received no remuneration.*

2022
No KMP remuneration was paid during the period ended 30 June 2022.

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

	Fixed remuneration		At risk - STI		At risk – LTI	
Name	2023	2022	2023	2022	2023	2022
Non-Executive Directors:						
A M Wing	100%	-	-	-	-	-
T Jobling	-	-	-	-	100%	-
L Nolan	-	-	-	-	100%	-
Executive Directors:						
R Allman	40%	-	-	-	60%	-
A Stephens	42%	-	-	-	58%	-

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:	A M Wing
Title:	Non-Executive Chairman
Agreement commenced:	11 August 2022
Term of agreement:	No fixed term
Details:	Monthly fees of $7,500. Termination by either party via written notice.

Name:	R Allman
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	30 August 2022
Term of agreement:	No fixed term
Details:	Base salary of $180,000 plus superannuation, to be reviewed periodically by the Board. 3-month termination notice by either party, cash bonus of up to $36,000 as per Board approval and KPI achievement, Long Term Incentives of 2,500,000 share options granted upon commencement, non-solicitation and non-compete clauses. The agreement can be terminated with 3 months' notice.

Name:	A Stephens
Title:	Chief Science Officer and Executive Director
Agreement commenced:	13 September 2022
Term of agreement:	No fixed term
Details:	Base salary of $108,000 plus superannuation (for 3 days per week), to be reviewed periodically by the Board. 3-month termination notice by either party, cash bonus of up to $21,600 as per Board approval and KPI achievement, Long Term Incentives of 1,500,000 share options granted upon commencement, non-solicitation and non-compete clauses. The agreement can be terminated with 3 months' notice.

Name:	T Jobling
Title:	Non-Executive Director
Agreement commenced:	2 February 2023
Term of agreement:	No fixed term
Details:	Director's fees of $4,000 per month, non-solicitation and non-compete clauses.

Name:	L Nolan
Title:	Non-Executive Director
Agreement commenced:	2 March 2023
Term of agreement:	No fixed term
Details:	Director's fees of $4,000 per month, non-solicitation and non-compete clauses.

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

Share-based compensation
Issue of shares
No shares were issued to Key Management Personnel as remuneration during the year.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
R Allman	2,500,000	30/8/2022	22/4/2023	22/8/2026	$0.30	$0.0872
A Stephens	1,500,000	13/9/2022	22/4/2023	22/8/2026	$0.30	$0.0870
T Jobling	1,500,000	19/4/2023	22/4/2023	22/8/2026	$0.30	$0.0870
L Nolan	1,500,000	19/4/2023	22/4/2023	22/8/2026	$0.30	$0.0870

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the company. Options vested immediately. Options are exercisable by the holder as from the date of the company's listing on the ASX. The share options granted to the executive directors were initially included in service agreements and vested over a service period. This was amended to align with non-executive share options awarded and provided incentives for ensuring the company listed successfully. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2023 are set out below:

Name	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
R Allman	$217,954	-	-	60%
A Stephens	$130,548	-	-	58%
T Jobling	$130,527	-	-	100%
L Nolan	$130,527	-	-	100%

Additional information

The company listed subsequent to the year end. The entity was incorporated in November 2021, so comparative financial performance is for period from incorporation to 30 June 2022. Accordingly, information relating to the performance of the company and shareholder returns will be reported from the 30 June 2024 period onwards.

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 company, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
A M Wing	-	-	14,250,000	-	14,250,000
R Allman	-	-	1,500,000	-	1,500,000
A Stephens	-	-	500,000	-	500,000
T Jobling	-	-	1,250,000	-	1,250,000
L Nolan	-	-	-	-	-
	-	-	17,500,000	-	17,500,000

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 company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
R Allman	-	2,500,000	-	-	2,500,000
A Stephens	-	1,500,000	-	-	1,500,000
T Jobling	-	1,500,000	-	-	1,500,000
L Nolan	-	1,500,000	-	-	1,500,000
	-	7,000,000	-	-	7,000,000

Other transactions with key management personnel and their related parties
During the year the company acquired the licence to the exclusive rights to commercialise the CleoDX intellectual property from Hudson Institute of Technology ("Hudson"). Dr Stephens was a founder of the Hudson and continues to be a leading academic researcher within Hudson. The licence fee paid was $500,000. In addition the company has paid Hudson for research and development services during the year totalling $209,730. At 30 June 2023 the amount payable to Hudson amounted to $104,363.

This concludes the remuneration report, which has been audited.

Shares under option
At the date of this report shares under option are as follows:

Grant date	Expiry date	Exercise price	Number under option	Number escrowed	Escrow date
30 August 2022	22 August 2026	$0.30	2,500,000	2,500,000	22 August 2025
12 September 2022	22 August 2026	$0.30	500,000	-	-
13 September 2022	22 August 2026	$0.30	1,500,000	1,500,000	22 August 2025
19 April 2023	22 August 2026	$0.30	3,000,000	3,000,000	22 August 2025
22 April 2023	22 August 2026	$0.30	1,500,000	1,500,000	22 August 2025
22 April 2023	22 August 2026	$0.30	5,000,000	5,000,000	22 August 2025

7,500,000 share options have been granted to employees and executives. A further 5,000,000 share options to be issued to the lead manager and 1,500,000 share options to issue to advisors.

Shares issued on the exercise of options
No shares in the company were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of options granted.

Indemnity and insurance of officers
The company has not 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 has not 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.

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

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 16 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 16 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of BDO Audit Pty Ltd

There are no officers of the company who are former partners of BDO Audit Pty Ltd.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

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.

Auditor

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors

Adrien Wing
Director

27 September 2023
Melbourne

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO THE DIRECTORS OF CLEO DIAGNOSTICS LIMITED

As lead auditor of Cleo Diagnostics Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

David Garvey
Director

BDO Audit Pty Ltd

Melbourne, 27 September 2023

	Note	30 June 2023 $	30 November 2021 to 30 June 2022 $
Other income	3	110,080	-
Expenses			
Employee benefits expense		(1,097,275)	-
Professional fees		(271,596)	(19,791)
Compliance costs		(25,400)	-
Research and development expenditure		(247,755)	(23,306)
Depreciation and amortisation		(43,821)	-
Finance expense		(110,776)	(834)
Other expenses		(42,957)	-
Loss before income tax expense	4	(1,729,500)	(43,931)
Income tax expense	5	-	-
Loss after income tax expense for the year attributable to the company		(1,729,500)	(43,931)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the company		(1,729,500)	(43,931)

		$	$
Loss per share from continuing operations attributable to the owners of Cleo Diagnostics Limited			
Basic loss per share	23	(0.0659)	(43,931)
Diluted loss per share	23	(0.0659)	(43,931)

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

	Note	30 June 2023 $	30 June 2022 $
Assets			
Current assets			
Cash and cash equivalents	6	239,774	42,751
Trade and other receivables		31,919	859
Prepayments	7	308,519	-
Total current assets		580,212	43,610
Non-current assets			
Intangible assets	8	458,333	200,000
Property plant and equipment	9	38,084	-
Total non-current assets		496,417	200,000
Total assets		1,076,629	243,610
Liabilities			
Current liabilities			
Trade and other payables	10	417,368	45,206
Borrowings	11	-	200,000
Convertible loan note	12	1,600,000	40,680
Employee benefits		2,676	-
Total current liabilities		2,020,044	285,886
Total liabilities		2,020,044	285,886
Net liabilities		(943,415)	(42,276)
Equity			
Issued capital	13	46,531	1
Reserves	14	783,485	1,654
Accumulated losses		(1,773,431)	(43,931)
Total equity		(943,415)	(42,276)

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

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

	Issued capital	Reserves	Accumulated losses	Total equity
	$	$	$	$
Balance at 30 November 2021	-	-	-	-
Loss after income tax expense for the year	-	-	(43,931)	(43,931)
Total comprehensive income for the year	-	-	(43,931)	(43,931)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	1	-	-	1
Issue of convertible notes	-	1,654	-	1,654
Balance at 30 June 2022	1	1,654	(43,931)	(42,276)

	Issued capital	Reserve	Accumulated losses	Total equity
	$	$	$	$
Balance at 1 July 2022	1	1,654	(43,931)	(42,276)
Loss after income tax expense for the year	-	-	(1,729,500)	(1,729,500)
Total comprehensive income for the year	-	-	(1,729,500)	(1,729,500)
Transactions with owners in their capacity as owners:				
Conversion of convertible notes	46,530	(1,654)	-	44,876
Share based payments	-	783,485	-	783,485
Balance at 30 June 2023	46,531	783,485	(1,773,431)	(943,415)

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

	Note	30 June 2023 $	30 November 2021 to 30 June 2022 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(684,465)	-
Net cash used in operating activities	22	(684,465)	-
Cash flows from investing activities			
Payments for intangible asset		(300,000)	(200,000)
Payments for property plant and equipment		(40,239)	-
Net cash used in investing activities		(340,239)	(200,000)
Cash flows from financing activities			
Proceeds from issue of shares		-	1
Payment of listing fees		(181,523)	-
Net (repayment of) / proceeds from borrowings		(200,000)	200,000
Issue of convertible notes		1,603,250	41,500
Sundry loans		-	1,250
Net cash from financing activities		1,221,727	242,751
Net increase in cash and cash equivalents		197,023	42,751
Cash and cash equivalents at the beginning of the financial year		42,751	-
Cash and cash equivalents at the end of the financial year	6	239,774	42,751

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

General information

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

At 30 June 2023 Cleo Diagnostics Limited was an unlisted public company limited by shares, incorporated and domiciled in Australia. Subsequent to the year end the company completed an Initial Public Offering and its shares were listed publicly on the ASX. Its registered office and principal place of business is:

Level 2, 480 Collins Street
MELBOURNE VIC 3000

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2023. The directors have the power to amend and reissue the financial statements.

The entity was incorporated in November 2021, so comparative financial performance is for period from incorporation to 30 June 2022.

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting year.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These financial statements have been prepared for management in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'), as appropriate for for-profit oriented entities and represent the year from 1 July 2022 to 30 June 2023. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). The comparative figures represent the period from incorporation on 30 November 2021 to 30 June 2022.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

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 company'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 2.

Going concern

During the year the company incurred losses of $1,729,500. As at 30 June 2023 the Company has cash assets of $239,774 and net current liabilities of $1,439,832. During the year the Company has entered into a licence agreement and has committed to developing the licenced technology upon completion of the agreement. At 30 June 2023 the Company required additional cash resources to meet its obligations within the next 12 months.

After the year end the Company lodged its prospectus for an Initial Public Offering ("IPO") on the ASX and was admitted to the Official List of ASX on 22 August 2023. The IPO raised $12 million in capital funds, before costs. These funds will be used to meet its statutory obligations and to develop the licenced technology and secure patents in multiple jurisdictions enabling further development and commercialisation of the technology.

The directors have prepared cash flow forecasts that incorporate the recent capital raising of $12 million which demonstrates the company has sufficient funding to meeting its obligations for a period at least 12 months from the date of issue of this 30 June 2023 financial report. Accordingly the financial statements have been prepared on a going concern basis.

Note 1. Significant accounting policies (continued)

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 company'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 company'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.

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.

Note 2. Critical accounting judgements, estimates and assumptions
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed in the relevant notes to the accounts. At 30 June 2023 the following significant judgement, estimates or assumptions impacted the results or financial position of the company:

- Income tax (see note 5)
- Intangible assets (life of asset, treatment of future payments due under the licence agreement and impairment, see note 8)
- Convertible notes (see note 12)
- Share based payments (see note 14)

Note 3. Other income

	30 June 2023 $	30 November 2021 to 30 June 2022 $'000
Convertible note discount	110,080	-

Income relates to the discount on convertible notes issued during the year unwinding

Note 4. Expenses

	30 June 2023 $	30 November 2021 to 30 June 2022 $
Depreciation and amortisation		
Depreciation of equipment	2,154	-
Amortisation of intangible assets	41,667	-
	43,821	-
Finance expense		
Interest charged on convertible notes	110,080	834
Other interest	696	-
	110,776	834
Superannuation – defined contribution scheme	34,346	-
Share based payments	783,485	-

Note 5. Income tax expense

	30 June 2023 $	30 November 2021 to 30 June 2022 $
Income tax expense		
Current tax	-	-
Deferred tax - origination and reversal of temporary differences	-	-
	-	
Aggregate income tax expense	-	-
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(1,729,500)	(43,931)
Tax at the statutory tax rate of 25%	(432,375)	(10,983)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Interest on convertible notes	174	208
Share based payments	195,871	-
Deferred taxes arising from temporary differences not recognised	(20,794)	-
Tax losses not recognized	257,124	10,775
Income tax expense	-	-
Tax losses not recognised	1,069,935	41,442
Unrecognised deferred tax asset at 25% (2022: 26%)	267,484	10,775

Note 5. Income tax expense (continued)

Accounting policy
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.

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.

Critical accounting judgements, estimates and assumptions
Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Note 6. Current assets - cash and cash equivalents

	30 June 2023 $	30 June 2022 $
Cash at bank	239,774	42,751

Accounting policy
Cash and cash equivalents includes 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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Note 7. Current assets - prepayments

	30 June 2023 $	30 June 2022 $
Prepayments	308,519	-

Prepayments relate largely to costs incurred in relation to preparing the company’s prospectus for the capital raising completed after the balance date (see note 25). Subsequent to the year end the company was admitted to the Official List of the ASX.

Note 8. Non-current assets – intangible assets

	30 June 2023 $	30 June 2022 $
Deposit paid on licence agreement	-	200,000
Licence acquired	500,000	-
Licence – accumulated amortisation	(41,667)	-
	458,333	200,000

The company entered into a licence agreement with Hudson Institute of Medical Research that was signed on 29 August 2022.

The licence agreement gave the company exclusive rights to commercialise the licenced technology. In the period ended 30 June 2022 the company had paid a deposit pursuant to the licence agreement, paying the remaining $300,000 upon signing of the agreement. The agreement also provides for the company to issue shares to the value of $1,500,000 to be issued on the lodgement of a prospectus to list the company (the shares will be cancelled by way of a selective buy back if the listing is insufficient) as well as a payment of $1,500,000 in cash upon achievement of the first regulatory approval for the first product in the USA (FDA), Australia (TGA), Europe (CE) or Japan (PMDA). The agreement also included a royalty of 3% on net sales, plus levies on any sub-licencing agreements entered into by the company.

Accounting policy

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.

The company expensed the $1,500,000 payment via issued capital upon lodgement of a prospectus by the company. The $1,500,000 payment in cash upon achievement of the first product and all royalty and sub-licence levies will be expensed as incurred.

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 company is able to use or sell the asset; the company 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 10 years.

Patents and trademarks
Costs associated with patents are expensed as they are incurred.

Estimated useful life of intangible assets
The company determines the estimated useful life of its intangible assets, and the related amortisation charge. The useful life could change significantly as a result of technical innovations or other events. Amortisation charges will increase where the useful life is less than the previous estimate of useful life or where there is technical obsolescence.

The company’s acquired licence will be amortised over its useful life from the commencement of the licence agreement with Hudson, in accordance with the terms of the licence agreement. The useful life is estimated based on the sales life cycle and patent period of the licenced technology. No sales have yet been made, or patents secured. The current estimated useful life of the licenced technology is 10 years and will be reassessed as the licenced technology is developed.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 8. Non-current assets – intangible assets (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are consolidated together to form a cash-generating unit.

Critical accounting judgements, estimates and assumptions

Other intangible assets comprise licenced technologies and are stated at cost less accumulated amortisation. The company assesses impairment of non-financial indefinite life intangible assets and intangible assets not yet ready for use at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Estimated Useful Lives of Other Intangible Assets

The company determines the estimated useful lives and related amortisation charges for its finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The 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 9. Non-current assets - property, plant and equipment

	30 June 2023 $	**30 June 2022 $**
Plant and equipment - at cost	35,559	-
Less: Accumulated depreciation	(1,185)	-
	34,374	-
Computer equipment - at cost	4,679	-
Less: Accumulated depreciation	(969)	-
	3,710	-
	38,084	-

Reconciliations

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

	Plant and equipment $	Computer equipment $	Total $'000
Balance at 30 June 2022	-	-	-
Additions	35,559	4,679	40,238
Depreciation expense	(1,185)	(969)	(2,154)
Balance at 30 June 2023	34,374	3,710	38,084

Accounting policy

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-5 years
Computer equipment	3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Note 10. Current liabilities - trade and other payables

	30 June 2023 $	30 June 2022 $
Trade and other payables	417,368	45,206

Accounting policy
These amounts represent liabilities for goods and services provided to the company 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.

Note 11. Current liabilities - borrowings

	30 June 2023 $	30 June 2022 $
Loans	-	200,000

Loans provided were interest free and short term in nature, and payable on demand.

Accounting policy
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 12. Current liabilities – convertible notes

	30 June 2023 $	30 June 2022 $
Convertible loan notes	1,600,000	40,680

The initial convertible note funding in place at 30 June 2022 formed the Founder convertible notes, which were converted to issued shares during the year to 30 June 2023. The Founder convertible notes included an equity component and a debt component separately recognised.

During the current year the company issued 1.6 million convertible loan notes at an issue price of $1 per note. The notes are convertible into ordinary shares at the earlier of a change in control of the company or completion of an Initial Public Offer ("IPO") or Reverse Takeover ("RTO"). On issue, the loan notes will mature 12 months from issue with the company being able to extend for 12 months whereby conversion terms change. The 1.6 million convertible notes are a non-derivative financial instrument accounted for at amortised cost.

The interest expensed for the year is calculated by applying an effective interest rate of 15 per cent to the liability component since the loan notes were issued. The liability component is measured at amortised cost. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the reporting at 30 June 2023 represents the effective interest rate less interest paid to that date.

The net proceeds received from the issue of the convertible loan notes have been accounted for as follows:

	30 June 2023 $	30 June 2022 $
Liability component brought forward	40,680	-
Proceeds from issue of convertible notes (Foundation notes)	3,500	41,500
Proceeds from issue of convertible notes (Seed capital notes)	1,600,000	-
Equity component – founder notes	(76)	(1,654)
Discount received on convertible notes	(110,080)	-
Interest charged (using effective interest rate)	110,776	834
Converted to equity	(44,800)	-
Liability component of convertible loan notes	1,600,000	40,680

Accounting policy

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Note 12. Current liabilities – convertible notes (continued)

Compound instruments
The component parts of convertible loan notes issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case the balance recognised in equity will be transferred to issued capital. Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognised in equity will be transferred to retained earnings/accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible loan notes using the effective interest method.

Critical accounting judgements, estimates and assumptions
The company's convertible notes were issued with no interest charge. In order to determine the capital and interest portion of the convertible notes an interest rate have been estimated using the APRA and RBA estimated Business Finance Lending Rates. The rate applied is 15%. Had the estimate varied the split between capital and interest would vary, and result in a different interest charge and associated liability.

Note 13. Equity - issued capital

	30 June 2023 $	30 June 2022 $
Ordinary shares - fully paid	46,531	1

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Issued on incorporation	30 November 2021	1	$1.00	1
Balance as at 30 June 2022		1		1
Conversion of convertible notes (founder notes)	30 November 2022	45,000,000	$0.001*	46,530
Balance	30 June 2023	45,000,001		46,531

* *The convertible notes had a face value of $0.001. The net proceeds received were $45,000, with the fair value of the financial liability element of the notes accounting for the difference between cash receipts and fair value of the equity converted.*

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.

Accounting policy
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.

Capital risk management
Subsequent to the year end the company has had its shares listed on the Official List of the ASX. The current capital structure is subject to change and development to ensure its goals of securing funding to satisfy licence agreements, and further develop the intangible assets.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Note 14. Equity – reserves

	30 June 2023 $	30 June 2022 $
Convertible note reserve (a)	-	1,654
Share based payments reserve (b)	783,485	-
	783,485	1,654

(a) Convertible note reserve
This reserve represents the equity component of convertible debt instruments (see note 12). During the year the reserve was transferred to issued capital.

(b) Share based payments reserve
The reserve is used to record the value of equity instruments issued to employees, directors and service providers as part of their remuneration, and other parties as part of compensation for their services.

Movement in reserve	30 June 2023 $	30 June 2022 $
Opening balance	-	-
Share based payments – services received	783,485	-
Closing balance	783,485	-

During the year the company employed executives and employees and included long-term incentives in the terms and conditions, with share options provided. The options vest over periods stipulated within the contracts and only have service conditions attached to them.

Option valuation inputs
The options issued during the current year were valued using the following inputs:

Input	*KMP options 1*	*KMP Options 2*	*KMP Options 3*
Number of options	2,500,000	1,500,000	3,000,000
Grant date	30 August 2022	13 September 2022	19 April 2023
Expiry date [1]	22 August 2026	22 August 2026	22 August 2026
Share price at grant date [2]	$0.20	$0.20	$0.20
Exercise price	$0.30	$0.30	$0.30
Risk free rate	3.29%	3.19%	3.18%
Volatility [3]	80%	80%	80%
Fair value at grant date $/option	$0.0872	$0.0870	$0.0870
Expense recorded in year	$217,954	$130,548	$261,054

Input	*Employee options*	*Consultant options*
Number of options	500,000	1,500,000
Grant date	12 September 2022	22 April 2023
Expiry date [1]	22 August 2026	22 August 2026
Share price at grant date [2]	$0.20	$0.20
Exercise price	$0.30	$0.30
Risk free rate	3.18%	3.13%
Volatility [3]	80%	80%
Fair value at grant date $/option	$0.0870	0.0869
Expense recorded in year	$43,509	$130,420

[1] *Expiry date is 3 years from date of quotation on the ASX.*
[2] *IPO share price used as this is the price shares will next be offered at.*
[3] *Volatility is estimated based on volatility of a number of listed companies in the from the same sector of a comparable size*

Note 14. Equity – reserves (continued)

Movements in share-based payment options during the year

2023	**KMP Share options**	**Employee Share options**	**Consultant options**	**Total**
At 1 July 2022	-	-	-	-
Granted	7,000,000	500,000	1,500,000	9,000,000
Expired	-	-	-	-
Outstanding at 30 June 2023	7,000,000	500,000	1,500,000	9,000,000
Not exercisable at 30 June 2023	7,000,000	-	1,500,000	9,000,000

Options summary

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
30/08/2022	22/08/2026	$0.30	-	2,500,000	-	-	2,500,000
13/09/2022	22/08/2026	$0.30	-	1,500,000	-	-	1,500,000
19/04/2023	22/08/2026	$0.30	-	3,000,000	-	-	3,000,000
12/09/2023	22/08/2026	$0.30	-	500,000	-	-	500,000
22/04/2023	22/08/2026	$0.30	-	1,500,000	-	-	1,500,000
			-	9,000,000	-	-	9,000,000

The weighted average exercise price of the options on issue is $0.30.

Significant accounting policy – share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

Conditions

Share options do not entitle the holder to participate in dividends and the proceeds on winding up of the Company. The holder is not entitled to vote at General Meetings. During the year no share options were converted to ordinary shares. The expense relates to options granted in employment agreements, and updated in a Board resolution on 19 April 2023 to vest immediately.

Critical accounting judgements, estimates and assumptions

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

Note 15. Equity – dividends
No dividends were paid during the financial year.

Accounting policy
Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Note 16. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the company.

	30 June 2023	30 June 2022 $
Audit services – BDO Audit Pty Ltd		
Audit or review of the financial statements	86,000	10,000
Other services - BDO		
Tax compliance services	20,400	-
Independent Accountant Report for IPO prospectus	52,000	-
	158,400	10,000

Note 17. Contingent assets
The company had no contingent assets at 30 June 2023 (30 June 2022: Nil).

Note 18. Contingent liabilities
Under the licence agreement the company is required to pay to Hudson:
- $1.5 million through the issue of ordinary shares upon the issue of a prospectus for an Initial Public Offer to list the company shares on the ASX.
- the sum of $1.5 million upon the achievement of the first regulatory milestone, being the first regulatory approval achieved by the company.

The company expensed these payments upon successful listing on the ASX subsequent to the year end.

Note 19. Commitments
At 30 June 2023 the Company has no commitments (2022: Nil).

Note 20. Financial instruments

Financial risk management objectives
The company's activities have exposed it to limited financial risks to date, the main risks being credit risk and liquidity risk, relating to loans and payables and available cash.

Risk management is carried out by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the company's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign exchange risk
The company has no significant exposure to foreign exchange risk.

Price risk
The company is not exposed to any significant price risk.

Interest rate risk
The company's borrowings is limited to convertible notes and is not significant as these amounts are fixed. interest rate risk arises from bank deposits. Borrowings (including Convertible Notes) were interest free.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company’s risk is limited to bank deposits, which are deposited with high street banks with sound credit ratings, and the ATO. Therefore the Board is satisfied credit risk is minimal.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The company’s borrowings is limited to convertible notes, allowing the conversion of the debt to equity, reducing the liquidity risk.

Remaining contractual maturities
All liabilities are due within one year, as the company has been funded by short term debt as it prepared for the IPO.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 21. Related party transactions

Key management personnel disclosures
The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	30 June 2023 $	30 June 2022 $
Short-term employee benefits	298,449	-
Post-employment benefits	22,735	-
Share-based payments	609,556	-
	930,740	-

Transactions with related parties
The following transactions occurred with related parties:

Research and development - Hudson		
Acquisition of intangible asset	500,000	-
Research and development expenditure	209,730	-

Hudson Institute of Medical Research is an independent organisation. The company acquired the licence to commercialise technology developed by the Institute. Andrew Stephens, a director of the company, established and leads the research team that developed the licenced technology. At 30 June 2023 $104,363 was payable to Hudson in trade payables.

All transactions were carried out on commercial terms.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

Loans to/from related parties		
Loan from Wing Investment Holdings	-	100,000

Terms and conditions
The loan was provided at zero interest and is at call. The loan was repaid during the year.

Services received		
QR Lawyers	-	8,591

Patrick Gowans is a partner of QR Lawyers and was a director of the company during the time services were provided by QR Lawyers. At 30 June 2022 the costs recorded above were outstanding. All services were provided and charged at normal commercial rates.

Note 22. Reconciliation of loss after income tax to net cash used in operating activities

	30 June 2023 $	30 June 2022 $
Loss after income tax expense for the year	(1,729,500)	(43,931)
Adjustments for:		
Non-cash interest	696	834
Share based payment	783,485	-
Depreciation and amortisation	43,821	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(31,060)	(859)
Increase in prepayments	(126,996)	-
Increase in trade and other payables	372,413	43,956
Increase in employee benefits	2,676	-
Net cash used in operating activities	(684,465)	-

Note 23. Loss per share

	30 June 2023 $	30 June 2022 $
Basic loss per share	(0.0659)	(43,931)
Diluted loss per share	(0.0659)	(43,931)

	$	$
Net loss after tax attributable to the owners of Cleo Diagnostics Limited used in calculation of basic and diluted earnings per share	(1,729,500)	(43,931)

	Number	Number
Weighted average number of ordinary shares		
Basic		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	26,260,276	1
Diluted		
Weighted average number of ordinary shares used in calculating diluted loss per share	26,260,276	1

The Company made losses during the year. Consequently, any outstanding equity instruments would have an antidilutive effect. At 30 June 2023 the Company had 14,000,000 share options that were potentially dilutive. The share options had been granted but not issued at 30 June 2023.

Note 25. Operating segments

The company has adopted AASB 8 Operating Segments whereby segment information is presented using a “management approach”. Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Makers, in the company’s case being the Board of Directors, that are used to make strategic decisions. At 30 June 2023 the company operates predominately in one geographical location. The company does not have any operating segments with discrete financial information. The company does not have any customers outside Australia, and all the company’s assets and liabilities are located within Australia.

The Board of Directors review internal management reports at regular intervals that are consistent with the information provided in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and Statement of Cash Flows. As a result, no reconciliation is required because the information as presented is what is used by the Board of Directors to make strategic decisions including assessing performance and in determining the allocation of resources.

Note 26. Events after the reporting period

Subsequent to the year-end the company lodged its prospectus with the ASX. On 22 August 2023 the Company was admitted to the Official List of the ASX, its IPO rising $12,000,000 before costs and issuing 60 million ordinary shares. In addition 16 million shares were issued on conversion of the convertible notes outstanding at 30 June 2023 (see note 12). A further 7,500,000 ordinary shares were issued to Hudson pursuant to the licence agreement, providing a total of 128,500,001 ordinary shares on the market. The cost of the 7,500,000 Hudson shares, $1,500,000 was expensed upon satisfaction of the contractual obligation to issue the shares.

A total of 13,500,000 listed options were also issued. These included 7 million KMP options, and 1.5 million consultant options noted in note 12, plus 5 million options issued to the lead broker on completion of the IPO. 500,000 unlisted share options were issued as part of the employee share option scheme.

On 22 August 2023 the company announced that it had been granted a US patent covering proprietary biomarkers and antibody formulations, which comprise the core technology of the company’s ovarian cancer diagnostic blood test, securing the company’s IP protection in the USA.

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

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 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;

- 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

Adrien Wing
Director

27 September 2023
Melbourne

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Cleo Diagnostics Limited

Report on the Audit of the Financial Report

Opinion

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

In our opinion the accompanying financial report of Cleo Diagnostics Limited, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Company'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 Company in accordance with 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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.

Capitalisation of intangible assets

Key audit matter	*How the matter was addressed in our audit*
The Company has a material capitalised intangible asset in relation to the Hudson Institute of Medical Research License Agreement. This is a key audit matter as the treatment and classification of this intangible asset is an area of heightened complexity given the various payments and conditions set out in the agreement and the potential application of several accounting standards as well the strict requirements outlined under AASB 138 *Intangible Assets*. *Refer to Note 8 "Non-current assets - intangible assets" of the accompanying financial report*	Our procedures, amongst others, included: • Engaging our BDO IFRS expert who reviewed a technical paper prepared by management's expert supporting the appropriateness of management's judgements and proposed accounting treatment. • Reviewing the accuracy and reasonableness of transactions posted during the year ended 30 June 2023. • Considering whether the additions during the year met the capitalisation criteria of AASB 138 *Intangible Assets*. • Assessing management's judgements and estimates for bias and considering the appropriateness of the accounting policies chosen for financial reporting and their compliance with relevant accounting standards. • Assessing management's judgements around useful life and recalculated the amortisation expense. • Assessing the intangible asset for indicators of impairment. • Evaluating the adequacy of the disclosures relating to intangible assets in the financial report.

Share-based payments

Key audit matter	*How the matter was addressed in our audit*
The Company issues share options to a mixture of Key Management Personnel and employees. This is a key audit matter as a heightened risk exists in relation to the appropriate valuation and disclosure of share options issued in the financial year. Furthermore, given the modifications to terms of previously issued share options additional consideration and judgement is required to ensure the modifications are appropriately accounted for. *Refer to Note 14 "Equity - reserves" of the accompanying financial report*	Our procedures, amongst others, included: • Engaging our valuation experts, BDO Corporate Finance, to assess the fair value of share options granted during the year. • Agreeing that the correct component of share options have been amortised to 30 June 2023. • Considering any modifications of terms to previously issued share options and ensured the modifications were appropriately treated. • Evaluating the adequacy of the disclosures relating to intangible assets in the financial report.

Accounting treatment of convertible notes

Key audit matter	*How the matter was addressed in our audit*
The Company issued material convertible notes during the financial year. This is considered a key audit matter as the treatment and classification of convertible notes is an area of heightened complexity given the strict requirements outlined under *AASB 9 Financial Instruments*. The Accounting Standard outlines key conditions that must be satisfied to determine if the instruments should be classified as debt, equity or a hybrid of both. *Refer to Note 12 "Current liabilities - convertible notes" of the accompanying financial report*	Our procedures, amongst others, included: • Considering accounting treatment of convertible notes to ensure the balances were correctly recorded in line with the requirements of the Accounting Standards. • Engaging our IFRS technical team to ensure the appropriate accounting treatment was applied. • Reviewing the accuracy and reasonableness of transactions posted during the year ended 30 June 2023. • Assessing management's judgements and estimates for bias and considering the appropriateness of the accounting policies chosen for financial reporting and their compliance with relevant accounting standards. • Reviewing the board minutes during the year to the date of signing to agree all convertible note issues had been captured. • Evaluating the adequacy of the disclosures relating to intangible assets in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2023, but does not include the financial report and our 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 Company's ability 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 Company 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 the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 15 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Cleo Diagnostics 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.

BDO Audit Pty Ltd

BDO

David Garvey

David Garvey
Director

Melbourne, 27 September 2023

The shareholder information set out below was applicable as at 31 July 2023.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Ordinary shares Number of holders	Ordinary shares % of total shares issued
1 to 1,000	7	0.00
1,001 to 5,000	110	0.30
5,001 to 10,000	83	0.58
10,001 to 100,000	393	14.56
100,001 and over	194	84.56
	787	100.00
Holding less than a marketable parcel	13	0.00

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares Number held	Ordinary shares % of total shares issued
LOUMEA INVESTMENT PTY LTD	7,625,000	5.93
HUDSON INSTITUTE INVESTMENT HOLDINGS PTY LTD	7,500,000	5.84
WING INVESTMENT HOLDINGS PTY LTD <WING FAMILY A/C>	6,500,000	5.06
MICHELLE WING	6,500,000	5.06
NATALIE PATTERSON	3,000,000	2.33
ZEN INNOVATIONS PTY LTD	3,000,000	2.33
CLINTON CAREY	2,125,000	1.65
HARDY ROAD INVESTMENTS PTY LTD	2,012,500	1.57
EDUARDO VOM	2,000,000	1.56
JAWAF ENTERPRISES PTY LTD <HALL FAMILY A/C>	2,000,000	1.56
DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	1,900,000	1.48
VISION TECH NOMINEES PTY LTD	1,615,000	1.26
RICHARD ALLMAN	1,500,000	1.17
RICHARD VOM	1,500,000	1.17
OGG PTY LTD	1,500,000	1.17
JOSEPH PATRICK BURKE	1,250,000	0.97
WING INVESTMENT HOLDINGS PTY LTD <WING FAMILY A/C>	1,250,000	0.97
BRETT WING	1,200,000	0.93
APNEA HOLDINGS PTY LTD <KELLY FAMILY A/C>	1,200,000	0.93
KEVIN FREDERICK WELLISCH	1,125,000	0.88
	56,302,500	43.82

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued		
TAYCOL NOMINEES PTY LTD <211 A/C>	3,233,750	23.10
RICHARD ALLMAN	2,500,000	17.86
THOMAS WILLIAM JOBLING	1,500,000	10.71
FOTOVET PTY LTD <STEPHENS FAMILY A/C>	1,500,000	10.71
IRX ENTERPRISES PTY LTD <IRX A/C>	1,500,000	10.71
LUCINDA JOAN FRAWLEY	1,500,000	10.71
AROSA CAPITAL PARTNERS	800,000	5.71
HUI YU CHAN	500,000	3.57
JOARCH JAGIA INVESTMENTS PTY LTD	375,000	2.68
BAYESIAN HOLDINGS PTY LTD <M & IL A/C>	291,250	2.08
ANDREW JOHN TATE & PAMELA ZERVAS <TATE & ZERVAS NO 2 A/C>	78,750	0.56
DANIEL EDDINGTON & JULIE EDDINGTON <DJ HOLDINGS A/C>	75,000	0.54
MR MICHAEL ZOLLO	62,500	0.45
WOBBLY INVESTMENTS PTY LTD	50,000	0.36
FRENEY NOMINEES PTY LTD	28,750	0.21
MR JAMES GIBNEY	5,000	0.04
	14,000,000	100

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Hudson Institute Investment Holdings Pty Ltd	7,500,000	5.84
Richard Vom	9,475,000	7.37
Michelle Wing	14,250,000	11.09

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
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.

There are no other classes of equity securities.

Restricted securities

Class	Restriction Period	Number of shares
Unquoted ordinary shares	24 months from date of official quotation	55,725,000
Unlisted options	24 months from date of official quotation	13,500,000
		69,225,000

Directors	Adrien Wing Richard Allman Andrew Stephens Tom Jobling Lucinda Nolan
Company secretary	Pauline Moffatt
Registered office	Level 2 480 Collins Street Melbourne VIC 3000
Principal place of business	Level 2 480 Collins Street Melbourne VIC 3000
Share register	Xcend Pty Ltd Level 2, 145 William Street Darlinghurst NSW 2010
Auditor	BDO Audit Pty Ltd Collins Square, Tower Four Level 18,727 Collins Street Melbourne Vic 3000
Solicitors	Hamilton Locke Level 48, 152-158 St Georges Terrace Perth WA 6000
Bankers	National Australia Bank Level 29, 395 Bourke Street Melbourne Vic 3000
Stock exchange listing	Cleo Diagnostics Limited shares are listed on the Australian Securities Exchange (ASX code: COV)
Website	www.cleodx.com
Corporate Governance Statement	https://cleodx.com/about/corporate-governance/