



# **Living Cell Technologies Limited**

**Consolidated financial statements**

**For the Year Ended 30 June 2022**

# Living Cell Technologies Limited

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For the year ended 30 June 2022

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# Living Cell Technologies Limited

## Directors' report

30 June 2022

The directors present their report, together with the financial statements of the consolidated entity, being Living Cell Technologies Limited (LCT, the company, or group) and its controlled entities, for the financial year ended 30 June 2022.

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

### 1. General information

#### Information on directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

<b>Bernard Tuch</b>	Executive Director from 16 July 2021, Chairman and Interim CEO (Age: 71)
Qualifications	BSc, MBBS (Hons), FRACP, PhD, GAICD
Experience	Dr Tuch is an Honorary Professor at Monash University. Dr Tuch is also supervising a bioengineering diabetes cell therapy project at the University of Technology Sydney. Previously, he was a senior scientist with CSIRO Australia. He is a director of Sydney Cell Therapy Foundation Pty Limited, the not-for-profit Australian Foundation for Diabetes Research, and is a Specialist Practitioner, Endocrinology, at the Prince of Wales Private Hospital & St Vincent's Private Hospital, Sydney.  His experience includes capital raising to support his research team and a large international scientific publication list. He has had previous scientific collaborations with LCT and knows the company's direction intimately.
Special responsibilities	Dr Tuch was appointed to the LCT board on 19 July 2011 and is a member of the Remuneration and Nomination Committee.
Other directorships in listed entities held in the previous three years	No other directorships in listed entities held in the previous three years.
<b>Andrew Kelly</b>	Independent Non-executive director, (Age:66)
Qualifications	BVSc (Hons), MSc, PhD
Experience	Dr Kelly has an extensive background in research, commercialisation and investment. In 2005 he co-founded BioPacificVentures, the first specialist venture fund in New Zealand and Australia to focus across the life sciences. In 2014 he broadened the business model to create BioPacific Partners, partnering with some of the largest global companies to invest and engage with local innovation. He has held a dozen board roles over the last 22 years all in businesses involved in life science innovation. Dr Kelly has strong networks across New Zealand, Australia and globally.
Special responsibilities	Dr Kelly was appointed to the LCT board on 7 November 2019 and is Chairman of the Remuneration and Nomination Committee and a member of the Audit, Risk and Compliance Committee.
Other Directorships in listed entities held in the previous three years	Chairman of ASX listed Fiji Kava Limited since 20 December 2018.

## Directors' report

30 June 2022

<b>Carolyn Sue</b>	Independent director (Age: 59)
Qualifications	PhD, MB, BS, FRACP
Experience	Professor Sue has a background in neurological science and medicine in relation to chronic illnesses. She is the Head of Neuroscience Research at the Kolling Institute at Sydney's Royal North Shore Hospital, and Director of Neurogenetics, Director of the National Centre for Adult Stem Cell Research and a Senior Staff Specialist in the Department of Neurology at Royal North Shore Hospital. Professor Sue is also the current Chair of the Education committee for the International Movement Disorder Society.
Special responsibilities	Professor Sue was appointed to the LCT board on 16 May 2019. Professor Sue is a member of the Audit, Risk and Compliance Committee.
Other directorships in listed entities held in the previous three years	No other directorships in listed entities held in the previous three years.
<b>Robert Willcocks</b>	Independent Non-executive director (Age: 73)
Qualifications	BA, LL.M
Experience	<p>Mr Willcocks is a corporate adviser with more than thirty years' experience as a professional listed public company director and Chairman.</p> <p>Through this experience and as a lawyer he has extensive knowledge in the areas of corporate governance, corporate structuring, start-ups and fundraising. He has also undertaken assignments in a range of industry sectors for international clients.</p> <p>A former partner of the law firm Mallesons Stephen Jaques (now King &amp; Wood Mallesons), he holds Bachelor of Arts and Bachelor of Laws degrees from the Australian National University and a Master of Laws degree from the University of Sydney.</p> <p>He is currently independent non-executive Chairman of Trilogy Funds Management Limited, a Responsible Entity under Australian law.</p>
Special responsibilities	Mr Willcocks was appointed to the LCT board on 29 March 2011 and is Chairman of the Audit, Risk and Compliance Committee and a member of the Remuneration and Nomination Committee.

## Directors' report

30 June 2022

**Ken Taylor**

Executive director (Age: 79), Retired on 16 July 2021

Qualifications

MPharm, PhD

Experience

Dr Taylor has had a prestigious international career in both academia and business. He completed a postdoctoral fellowship in Pharmacology and Experimental Therapeutics at the Johns Hopkins University School of Medicine in Maryland, USA, and subsequently held a joint appointment in neurosciences at Princeton University and the Squibb Institute of Medical Research in Princeton, New Jersey. He joined Roche Australia and was soon promoted to the role of Medical Director, Australia, before becoming Managing Director of Roche New Zealand. In 1990, Dr Taylor was appointed Managing Director of the Roche UK affiliate and then transferred to Syntex in Palo Alto, California to convert the corporate pharmaceutical company to the Roche Bioscience Research Centre.

Prior to joining LCT, Dr Taylor was CEO of Antipodean Pharmaceuticals where he managed the Phase I and II studies of its lead compound in Parkinson's disease.

New Zealand-born, Dr Taylor holds Honours and Doctorate degrees in pharmaceutical chemistry and pharmacology from the University of Otago School of Medicine and completed a business management program at IMD in Lausanne, Switzerland.

Special responsibilities

Dr Taylor joined the company in February 2014 as NTCCELL Program Director and then appointed as CEO of LCT on 1 July 2014 and appointed to the board on the 30 August 2019. Dr Taylor subsequently retired on 16 July 2021.

Other Directorships in listed entities held in the previous three years

No other directorships in listed entities held in the previous three years.

## **Directors' report**

**30 June 2022**

### **2021-2022 Significant events**

#### **16 July 2021**

##### **Interim CEO appointed**

LCT Chair, Professor Bernie Tuch is appointed as Interim CEO, following the retirement of Dr Ken Taylor. Dr Taylor also departs the LCT Board, having first joined the Company as CEO in February 2014.

#### **19 October 2021**

##### **Funding secured for 3<sup>rd</sup> trial of NTCELL in Parkinson's disease**

LCT secures funding for the third clinical trial of NTCELL in Parkinson's disease, following a \$3.5 million placement to sophisticated investors, supported by 180 Markets Pty Ltd. LCT also conducted a Rights Issue to all shareholders which raised an additional \$361,264 before offer costs.

#### **26 October 2021**

##### **LCT signs MOU with NZeno**

LCT signs a non-binding MOU with New Zealand biotech NZeno for it to breed and maintain pigs to provide tissue for the third clinical trial of NTCELL in Parkinson's disease.

#### **13 December 2021**

##### **LCT appoints COO to drive NTCELL trial**

Experienced health and medical researcher, Dr Belinda Di Bartolo is appointed Chief Operating Officer to lead planning and preparations for the third clinical trial of NTCELL in Parkinson's disease.

#### **24 January 2022**

##### **Services Agreement with NZeno**

LCT signs a Services Agreement with NZeno to obtain choroid plexus tissue from pathogen-free pigs for the third clinical trial of NTCELL in Parkinson's disease.

#### **28 February 2022**

##### **Interim CEO's term extended**

LCT Chair, Professor Bernie Tuch's appointment as Interim CEO is extended by agreement of the Board.

#### **30 March 2022**

##### **Research Agreement with UTS**

LCT signs a Research Agreement with the University of Technology Sydney (UTS) and the Australian Foundation for Diabetes Research (AFDR). The agreement allows UTS facilities in Sydney to be used to optimise the production of NTCELL in Australia for the first time.

#### **23 May 2022**

##### **AI to advance NTCELL production**

LCT signs an agreement with Sydney-based start-up OptiCellAI Pty Ltd, under which AI will be applied to advance the production of NTCELL.

#### **31 May 2022**

##### **Strategic placement**

LCT undertakes a strategic placement to professional and sophisticated investors of Alignment Capital, raising \$1.285 million to support the Company's NTCELL project.

## **Directors' report**

**30 June 2022**

### **Principal activities and significant changes in nature of activities**

The principal activities of the consolidated entity during the financial year were:

Improving the wellbeing of people with serious diseases by discovering, developing, and commercialising novel treatments for debilitating conditions such as Parkinson's disease.

There were no significant changes to the nature of the principal activities during the financial year.

## **2. Operating and financial review**

### **Operations**

Progress continued towards a third clinical trial of NTCELL in Parkinson's disease, with the Company marking a number of key milestones. In January 2022, LCT signed a Services Agreement with New Zealand biotech NZeno for it to breed and maintain designated pathogen-free pigs to provide choroid plexus tissue.

NZeno maintains the only herd derived from designated pathogen-free (DPF) pigs found on New Zealand's sub-Antarctic Auckland Islands. The choroid plexus tissue for the previous two clinical trials of NTCELL, in 2012 and 2015, were obtained from pigs in this herd.

In March 2022, LCT signed a Research Agreement with the University of Technology Sydney (UTS) and the Australian Foundation for Diabetes Research (AFDR), allowing UTS facilities to be used to optimise the production of NTCELL in Australia for the first time.

A new phase in the NTCELL research began in May 2022, with the signing of an agreement with Sydney-based start-up OptiCellAI Pty Ltd. Under the agreement, artificial intelligence will be applied to optimise the choroid plexus cells selected for encapsulation.

The research is expected to result in the development of two prototype machines, together with trained AI for NTCELL optimisation and selection requirements and a final production machine before May 2023.

The first trial participants, comprising people with early to mid-stage Parkinson's disease, are anticipated to receive treatment in 2024.

The loss after income tax from continuing operations has increased from a loss of \$1,460,591 in the year ended 30 June 2021 to a loss of \$1,957,300.

Revenue and other income decreased from \$268,184 to \$3,405 and research and development expenses have decreased from \$1,609,230 to \$1,463,134. The reduced revenue is mainly due to the Callaghan growth grant finishing at the end of March 2021 and the reduced R&D while we explored opportunities.

An R&D loss tax credit of \$379,010 (2021: \$444,860) was received in exchange for forgoing NZD 1,408,000 (2021: NZD 1,700,000) of tax losses.

The R&D loss tax credits received over the past 6 years will be repayable by the Company to Inland Revenue if certain events occur. These events include a greater than 90% change in the shareholding of the Company measured over a period commencing from the first day of the income year in which a credit arose, and a sale of the relevant intellectual property by the Company. The maximum amount to be repaid to Inland Revenue will be the balance of the R&D loss tax credits provided by Inland Revenue to the Company, reduced by subsequent income tax payments made by the Company. The tax losses which gave rise to the repaid tax credit will be reinstated.

In addition, an R&D tax incentive tax credit of \$35,719 (2021: nil) was received in respect of qualifying R&D expenditure incurred in the last quarter, which was not covered by the Callaghan Innovation growth grant. The R&D tax incentive tax credit is separate from, and in addition to, the R&D loss tax credit. The R&D tax incentive tax credit will not have to be repaid.

## **Directors' report**

**30 June 2022**

### **2. Operating and financial review (continued)**

#### **Financial position**

LCT's research activities were boosted by successful fund-raising, including a \$3.5 million placement to sophisticated investors in October 2021, with the support of 180 Markets Pty Ltd. LCT also conducted a subsequent Rights Issue to all shareholders which raised an additional \$361,264 before expenses.

In May 2022, LCT undertook a strategic placement to professional and sophisticated investors of Alignment Capital, raising \$1.285 million.

Net assets of the consolidated entity have increased from \$1,377,116 to \$4,034,824, mainly increased due to fund raising activities undertaken during the year and decreased due to funds used to progress towards a third clinical trial of NTCELL in Parkinson's disease and the Company looking for other opportunities.

Cash and cash equivalents increased from \$1,568,928 to \$4,238,857 to fund raising activities undertaken during the year. The directors also acknowledge that the expenditure in relation to the operating activities are predominantly discretionary. Cash outflow in relation to operating activities is being managed by the directors to the extent of funding available.

These financial statements have been prepared on a Going Concern basis. The consolidated entity incurred a loss after tax attributable to members of \$1,957,300 (2021: \$1,460,591) and incurred negative cash flows from operations of \$2,042,204 (2021: \$1,461,523).

Management continually prepares rolling cash flow projections that supports the ability of the consolidated entity to continue as a going concern subject to the events described above. However, many external and internal factors may impact future cash flows particularly within the current market and the uncertainty of the impact of COVID 19.

The Directors have a history of raising capital as required to support their research projects.

#### **Business strategies and prospects for future years**

LCT's mission is to improve the wellbeing of people with serious diseases worldwide by discovering, developing, and commercialising regenerative treatments, which include naturally occurring cells to restore function.

Strategies to achieve the above mission include:

- Progress towards a third clinical trial of NTCELL in Parkinson's disease.
- Identifying partners with which to pursue research projects.
- Raising additional funding through equity or other means.

Prospects for future years include execution of the above strategies to create value for shareholders by maximising the number and quality of target opportunities for achieving revenues in the near term.

In common with other biotech companies, there is a risk that these prospects for future years will not be achieved, depending on the outcomes of trials and research projects. These risks are mitigated by diversifying targets and reducing dependency on the outcome of any single research project.

### **3. Other items**

#### **Significant changes in state of affairs**

Except as outlined in the Operating and Financial review there have been no significant changes in the state of affairs of the consolidated entity during the year.



## Directors' report

30 June 2022

### 3. Other items (continued)

#### Events after the reporting date

No matters or circumstances have arisen since the end of the financial year, which significantly affected or could significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

#### Environmental issues

The consolidated entity's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia and New Zealand.

#### Company secretary

Mark Licciardo (B Bus (Acc), GradDip CSP, FGIA, GAICD) has been the company secretary since 1 January 2016.

#### Dividends

There was no dividend paid, recommended or declared during the current financial year.

#### Meetings of directors

During the financial year, 14 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit, Risk and Compliance Committee		Remuneration and Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Bernard Tuch	9	9	-	-	2	2
Robert Willcocks	9	9	2	2	3	3
Carolyn Sue	9	9	2	2	-	-
Ken Taylor (retired 16 July 2021)	1	1	-	-	-	-
Andrew Kelly	9	9	2	2	3	3

#### Indemnification and insurance of officers and auditors

During the year, LCT paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all Directors. The liabilities insured are against legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company.

Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

The company has not during or since the end of the financial year indemnified or agreed to indemnify the auditor of the company. Furthermore, the company has not paid any premiums in respect of insurance for the auditor.

## Living Cell Technologies Limited

### Directors' report

30 June 2022

#### 3. Other items (continued)

##### Options

At the date of this report, the unissued and issued ordinary shares of Living Cell Technologies Limited under option are as follows:

Grant date	Date of Expiry	Exercise Price	No. under Option
<b>Unlisted Options</b>			
13-Dec-18	13-Dec-22	\$0.049	2,400,000
06-Dec-19	06-Dec-23	\$0.019	600,000
01-Sep-20	01-Sep-22	\$0.022	600,000
			<b>3,600,000</b>
<b>Listed Options</b>			
29 November 2021 - Placement Options	19-Apr-24	\$0.015	78,223,262
29 November 2021 - Broker Options	19-Apr-24	\$0.015	24,500,000
29 November 2021 - Convertible Note Options	19-Apr-24	\$0.015	341,189,722
29 November 2021 - Right Issue Options	19-Apr-24	\$0.015	15,052,678
28 April 2022 - Placement Options	19-Apr-24	\$0.015	23,678,877
			<b>482,644,539</b>

There were no ordinary shares of Living Cell Technologies Limited issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

##### Non-audit services

The board of directors, in accordance with advice from the Audit, Risk and Compliance Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit Risk and Compliance Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to the external auditors for non-audit services provided during the year ended 30 June 2022: \$nil (2021: \$nil).

##### Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2022 has been received and can be found on page 16 of the financial report.

## **Directors' report**

**30 June 2022**

### **Remuneration report (audited)**

#### **Remuneration policy**

The remuneration policy of Living Cell Technologies Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated entity's financial results. The Board of LCT believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best KMP to run and manage the consolidated entity, as well as create goal congruence between directors, executives, and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated entity is as follows:

- The remuneration policy has been developed by the Remuneration and Nomination Committee and approved by the Board following professional advice from independent external consultants.
- All KMP receive a base salary (which is based on factors such as qualifications, length of service and experience), statutory contributions to Superannuation Funds and options.
- Options are based on the extent to which predetermined objectives, which contribute to the company's strategies, are met.
- Incentives paid in the form of options are intended to align the interests of the KMP and Company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The Remuneration and Nomination Committee review KMP packages annually by reference to consolidated entity's performance, executive performance, and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed annually with each executive and is based predominantly on achievement of predetermined agreed objectives which drive shareholder value. All bonuses and incentives must be linked to predetermined performance criteria. The board may, however, exercise its discretion in relation to approving incentives, bonuses, and options, and can recommend changes to the Remuneration and Nomination committee's recommendations. The policy is designed to attract a high calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

KMP receive company contributions to KiwiSaver in New Zealand and Superannuation Fund in Australia by the law, which is currently 3% and 10% respectively, and do not receive any other retirement benefits. One director has sacrificed part of his director's fees to his superannuation fund.

Upon retirement, KMP are paid employee benefit entitlements accrued to the date of retirement. KMP are paid an agreed number of weeks salary in the event of redundancy. Any options not exercised before or on the date of termination will lapse.

All remuneration paid to KMP is valued at the cost to the Company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment, and responsibilities. The Remuneration and Nomination Committee determine payments to the non-executive directors and executive directors and reviews their remuneration annually, based on market practice, duties, and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting, the current maximum is \$450,000 which was approved at the 2007 AGM and have no predetermined performance-based remuneration.

KMP are also entitled and encouraged to participate in the employee share and option arrangements to align their interests with shareholders' interests.

Options granted under these arrangements do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share and is valued using the Black-Scholes methodology.

## Living Cell Technologies Limited

### Directors' report

30 June 2022

#### Performance conditions linked to remuneration

The key performance indicators (KPIs) are set annually, in consultation with KMP to ensure support. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs contribute to the strategies approved by the board. Performance in relation to the KPIs is assessed annually, with options being awarded depending on the extent to which the measures are achieved.

The earnings of the LCT Group for the five years to 30 June 2022 are summarised below:

	2022	2021	2020	2019	2018
Revenue and other income (\$)	3,405	268,184	553,692	769,677	767,220
Loss after income tax (\$)	(1,957,300)	(1,460,591)	(968,469)	(3,181,363)	(374,492)

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

Share price at financial year end (\$)	0.008	0.012	0.012	0.024	0.025
Total dividend declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	(0.22)	(0.26)	(0.17)	(0.56)	(0.07)

#### Employment details of members of key management personnel

The following table provides the employment details of persons who were, during the financial year, members of KMP of consolidated entity. The table also illustrates the proportion of remuneration that was performance based and the proportion of remuneration received in the form of options.

		Performance based remuneration		
		Bonus %	Shares %	Options %
<b>KMP</b>				
Ken Taylor (retired 16 July 2021)	CEO	-	-	-
Bernie Tuch	Chief Executive Officer (interim)	-	-	-
Belinda Di Bartolo (appointed 17 January 2022)	Chief Operation Officer	-	-	-
Daya Uka	Chief Financial Officer	-	-	-

#### Performance-based remuneration

Is linked to clearly specified performance targets. These targets are aligned to the entity's short and long-term performance objectives and are appropriate to its circumstances, goals, and risk appetite. The allotment of any performance-based performance is at the discretion of the board for any KMP.

#### Service agreements

On appointment to the board, all non-executive directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director. The remuneration and other terms of employment for the chief executive and senior executives are set out in formal employment agreements as summarised below.

All employment agreements are for an unlimited duration. The agreements for executives may be terminated by giving 20 working days' notice (except in cases of termination for cause where termination is immediate). Redundancy entitlements are 2-4 weeks for the first year of service and one week's payment for each six-month's subsequent service. Employment agreements do not include the specific performance criteria which are linked to bonuses or incentives, so amounts paid in accordance with the above remuneration policy are effectively at the discretion of the board.

In cases of resignation, no separation payment is made to the executive, except for amounts due and payable up to the date of ceasing employment, including accrued leave entitlements.

## Directors' report

30 June 2022

### Remuneration details for the year ended 30 June 2022

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the KMP of the consolidated entity.

	Short term			Post-employment	Long term benefits	Share based payments	Total benefits and payments
	Cash salary fees	Bonus	Total short-term benefits	Pension and superannuation		Options and rights	
	\$	\$	\$	\$	\$	\$	\$
<b>2022</b>							
<b>Directors</b>							
Bernard Tuch	129,925	-	129,925	12,992	-	-	142,917
Robert Willcocks	50,000	-	50,000	-	-	-	50,000
Carolyn Sue	45,455	-	45,455	4,545	-	-	50,000
Andrew Kelly	50,000	-	50,000	-	-	-	50,000
<b>KMP</b>							
Ken Taylor (retired 16 July 2021)	83,029	-	83,029	-	-	-	83,029
Daya Uka	151,559	13,513	165,072	9,904	-	-	174,976
Belinda Di Bartolo	75,952	-	75,952	7,595	-	-	83,547
	<b>585,920</b>	<b>13,513</b>	<b>599,433</b>	<b>35,036</b>	-	-	<b>634,469</b>
<b>2021</b>							
<b>Directors</b>							
Bernard Tuch	62,595	-	62,595	5,947	-	-	68,542
Robert Elliott (estate)	7,292	-	7,292	-	-	-	7,292
Robert Willcocks	48,958	-	48,958	-	-	-	48,958
Carolyn Sue	44,711	-	44,711	4,247	-	-	48,958
Andrew Kelly	48,958	-	48,958	-	-	-	48,958
<b>KMP</b>							
Ken Taylor	364,846	-	364,846	-	-	(46,985)	317,861
Daya Uka	153,710	-	153,710	-	-	(450)	153,260
	<b>731,070</b>	-	<b>731,070</b>	<b>10,194</b>	-	<b>(47,435)</b>	<b>693,829</b>

### Securities received that are not performance related

Options are issued to the directors and executives as part of their remuneration. Each share option converts to one ordinary share of LCT on exercise. The options that are not issued based on performance criteria, are issued to the directors and executives of LCT and its subsidiaries to align the interest of executives, directors, and shareholders.

## Directors' report

30 June 2022

### Options granted, vested, and lapsed during the year

Details of KMP options granted as remuneration, vested, and lapsed during the year:

	Number of options	Exercise price per option	Value per option at grant date	Grant date	Vesting date	Expiry date	Vested during period	Forfeited / lapsed during period
		\$	\$				%	%
<b>Directors</b>								
Bernie Tuch	600,000	0.0487	0.0487	13-Dec-18	13-Dec-18	13-Dec-22	100	-
Andrew Kelly	-	-	-	-	-	-	-	-
Robert Willcocks	600,000	0.0487	0.0487	13-Dec-18	13-Dec-18	13-Dec-22	100	-
Carolyn Sue	600,000	0.0188	0.0188	09-Dec-19	09-Dec-19	06-Dec-23	100	-
Laurie Hunter <sup>1</sup>	600,000	0.0487	0.0487	13-Dec-18	13-Dec-18	13-Dec-22	100	-
Robert Elliott <sup>2</sup>	600,000	0.0487	0.0487	13-Dec-18	13-Dec-18	13-Dec-22	100	-
<b>KMP</b>								
Ken Taylor	250,000	0.1000	0.0343	01-Jul-15	01-Jul-16	01-Jul-21	-	100
Ken Taylor	100,000	0.1900	0.0296	01-Jul-15	01-Jul-16	01-Jul-21	-	100
Ken Taylor	250,000	0.0487	0.0441	13-Dec-18	13-Dec-19	13-Dec-21	-	100
Daya Uka	300,000	0.0220	0.0220	01-Sep-20	01-Sep-21	01-Sep-22	100	-
Daya Uka	300,000	0.0246	0.0246	01-Sep-19	01-Sep-20	01-Sep-21	-	100
Former Staff	300,000	0.0220	0.0220	01-Sep-20	01-Sep-21	01-Sep-22	100	-

1 Laurie Hunter retired on 7 November 2019.

2 Robert Elliott passed away on 21 August 2020, the options will then be granted to the ultimate beneficiaries of his estate.

Options do not have any voting rights, dividend, or other distribution entitlements.

The weighted average fair value of options granted during the year was \$Nil (2021: \$0.022).

### Options granted, vested, and lapsed during the year (continued)

The fair value of each option at grant date was calculated by using the Black-Scholes model that takes into account the expected volatility, risk free interest rate, expected life of the option, exercise price, and the share price at grant date. For each option granted historical volatility has been calculated based on the length of the options life.

During the year ended 30 June 2022, no ordinary shares of LCT were issued on the exercise of options grants. No further shares have been issued since that date. No amounts are unpaid on any of these shares. There are no cash-settlement alternatives. All options were issued by LCT and entitle the holder to ordinary shares in LCT for each option exercised.

There have not been any alterations to the terms or conditions of any share-based payment arrangements since grant date.

## Directors' report

30 June 2022

### Key management personnel options and rights holdings

	Balance at beginning of year	Granted as remuneration	Exercised	Expired	Balance at the end of year	Vested during the year	Vested and exercisable	Total non-exercisable
<b>2022</b>								
Bernard Tuch	600,000	-	-	-	600,000	-	600,000	-
Robert Willcocks	600,000	-	-	-	600,000	-	600,000	-
Carolyn Sue	600,000	-	-	-	600,000	-	600,000	-
Andrew Kelly	-	-	-	-	-	-	-	-
<b>KMP</b>								
Ken Taylor (retired 16 July 2021)	600,000	-	-	(600,000)	-	-	-	-
Daya Uka	600,000	-	-	(300,000)	300,000	300,000	300,000	-
Belinda Di Bartolo	-	-	-	-	-	-	-	-
	<b>3,000,000</b>	<b>-</b>	<b>-</b>	<b>(900,000)</b>	<b>2,100,000</b>	<b>300,000</b>	<b>2,100,000</b>	<b>-</b>
<b>2021</b>								
Robert Elliott (estate) <sup>2</sup>	600,000	-	-	-	600,000	-	600,000	-
Bernard Tuch	600,000	-	-	-	600,000	-	600,000	-
Robert Willcocks	600,000	-	-	-	600,000	-	600,000	-
Carolyn Sue	600,000	-	-	-	600,000	-	600,000	-
Andrew Kelly	-	-	-	-	-	-	-	-
<b>KMP</b>								
Ken Taylor	950,000	-	-	(350,000)	600,000	-	600,000	-
Daya Uka	600,000	300,000	-	(300,000)	600,000	300,000	300,000	300,000
	<b>3,950,000</b>	<b>300,000</b>	<b>-</b>	<b>(650,000)</b>	<b>3,600,000</b>	<b>300,000</b>	<b>3,300,000</b>	<b>300,000</b>

1. Held by Hunter 2005 Living Trust
2. Held by Robert Elliott's estate for the benefit of the beneficiaries. Robert Elliott passed away on 21 August 2020, the options will then be granted to the ultimate beneficiaries of his estate.

### Shareholding

The number of ordinary shares in Living Cell Technologies Limited held by each key management person of the consolidated entity during the financial year is as follows:

	Balance at beginning of year	On exercise of options	Other changes during the year	Balance at the end of the year
<b>2022</b>				
Bernard Tuch <sup>1</sup>	36,800	-	24,535	61,335
Robert Willcocks	-	-	1,000,000	1,000,000
Carolyn Sue	-	-	1,000,000	1,000,000
Andrew Kelly	52,763	-	10,711	63,474
<b>KMP</b>				
Ken Taylor (retired 16 July 2021)	-	-	-	-
Daya Uka	-	-	-	-
Belinda Di Bartolo	-	-	-	-
	<b>89,563</b>	<b>-</b>	<b>2,035,246</b>	<b>2,124,809</b>
<b>2021</b>				
Bernard Tuch <sup>1</sup>	36,800	-	-	36,800
Robert Willcocks	-	-	-	-
Carolyn Sue	-	-	-	-
Andrew Kelly	-	-	52,763	52,763
<b>KMP</b>				
Ken Taylor	-	-	-	-
Daya Uka	-	-	-	-
	<b>36,800</b>	<b>-</b>	<b>52,763</b>	<b>89,563</b>

1. The shares are held by a related entity: DTU Pty Limited < The Beryl Super Fund >

This concludes the remuneration report which has been audited.

## Living Cell Technologies Limited

### Directors' report

30 June 2022

#### Corporate governance statement

The board is committed to achieving and demonstrating the highest standards of corporate governance. The board continues to refine and improve the governance framework and practices in place to ensure they serve the interests of shareholders. The company complies with the Australian Securities Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations.

LCT's corporate governance statement and board and board committee charters and key corporate governance policies are available in the Governance policies section of the website at [www.lctglobal.com](http://www.lctglobal.com).

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.



Bernie Tuch

Director

Dated: 31 August 2022

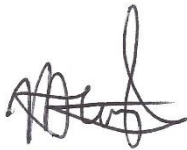


**DECLARATION OF INDEPENDENCE BY MARTIN COYLE TO THE DIRECTORS OF LIVING CELL TECHNOLOGIES LIMITED**

As lead auditor of Living Cell Technologies Limited for the year ended 30 June 2022, 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.

This declaration is in respect of Living Cell Technologies Limited and the entities it controlled during the period.



**Martin Coyle**  
**Director**

**BDO Audit Pty Ltd**

Sydney, 31 August 2022

Living Cell Technologies Limited

**Consolidated statement of profit or loss and other comprehensive income**  
For the Year Ended 30 June 2022

	Note	2022 \$	2021 \$
<b>Revenue and other income</b>	2	3,405	268,184
<b>Expenses</b>			
Research and development		(1,463,134)	(1,609,230)
Governance		(618,408)	(510,703)
Shareholder		(294,511)	(158,911)
Loss on disposal of equipment		(12,307)	-
<b>Total expenses</b>	3	<b>(2,388,360)</b>	<b>(2,278,844)</b>
<b>Operating loss</b>		<b>(2,384,955)</b>	<b>(2,010,660)</b>
Foreign exchange (loss)/gain		12,926	(650)
Sale of shares		-	105,859
<b>Loss before income tax</b>		<b>(2,372,029)</b>	<b>(1,905,451)</b>
R&D tax credits	4	414,729	444,860
Income tax expense	4	-	-
<b>Loss after income tax attributable to members of the parent entity</b>		<b>(1,957,300)</b>	<b>(1,460,591)</b>
<b>Other comprehensive income, net of income tax</b>			
Exchange difference on translation of foreign operations		(26,352)	5,673
<b>Total other comprehensive income/(loss)</b>		<b>(26,352)</b>	<b>5,673</b>
<b>Total comprehensive loss attributable to members of the parent entity</b>		<b>(1,983,652)</b>	<b>(1,454,918)</b>
<b>Earnings per share</b>			
Basic loss per share (cents)	5	(0.22)	(0.26)
Diluted loss per share (cents)	5	(0.22)	(0.26)

## Consolidated statement of financial position

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	4,238,857	1,568,928
Trade and other receivables	7	29,724	13,646
Short term investments		-	43,302
<b>Total current assets</b>		<b>4,268,581</b>	<b>1,625,876</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	5,499	16,321
<b>Total non-current assets</b>		<b>5,499</b>	<b>16,321</b>
<b>TOTAL ASSETS</b>		<b>4,274,080</b>	<b>1,642,197</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	10	196,804	169,561
Short-term provisions	11	42,452	95,520
<b>Total current liabilities</b>		<b>239,256</b>	<b>265,081</b>
<b>Non-current liabilities</b>			
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>239,256</b>	<b>265,081</b>
<b>NET ASSETS</b>		<b>4,034,824</b>	<b>1,377,116</b>
<b>EQUITY</b>			
Issued capital	12	78,949,518	74,371,070
Reserves	12	3,829,262	3,792,702
Accumulated losses		(78,743,956)	(76,786,656)
<b>Total equity attributable to equity holders of the Company</b>		<b>4,034,824</b>	<b>1,377,116</b>
<b>TOTAL EQUITY</b>		<b>4,034,824</b>	<b>1,377,116</b>

## Consolidated statement of changes in equity

For the year ended 30 June 2022

2022	Ordinary shares	Accumulated losses	Foreign currency translation reserve	Option reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	<b>74,371,070</b>	<b>(76,786,656)</b>	<b>3,611,922</b>	<b>180,780</b>	<b>1,377,116</b>
Net loss after income tax benefits for the year	-	(1,957,300)	-	-	(1,957,300)
Total comprehensive loss	-	(1,957,300)	(26,352)	-	(1,983,652)
<i>Transaction with equity holders in their capacity as owners</i>					
Shares issued during the year	5,146,265	-	-	-	5,146,265
Transaction costs	(567,817)	-	-	107,612	(460,205)
Share based remuneration	-	-	-	-	-
Option exercised	-	-	-	-	-
Expired options	-	-	-	(44,700)	(44,700)
<b>Balance at 30 June 2022</b>	<b>78,949,518</b>	<b>(78,743,956)</b>	<b>3,585,570</b>	<b>243,692</b>	<b>4,034,824</b>

2021	Ordinary shares	Accumulated losses	Foreign currency translation reserve	Option reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	<b>74,371,070</b>	<b>(75,326,065)</b>	<b>3,606,249</b>	<b>227,100</b>	<b>2,878,354</b>
Net loss after income tax benefits for the year	-	(1,460,591)	-	-	(1,460,591)
Total comprehensive loss	-	(1,460,591)	5,673	-	(1,454,918)
<i>Transaction with equity holders in their capacity as owners</i>					
Shares issued during the year	-	-	-	-	-
Transaction costs	-	-	-	-	-
Share based remuneration	-	-	-	27,960	27,960
Option exercised	-	-	-	-	-
Expired options	-	-	-	(74,280)	(74,280)
<b>Balance at 30 June 2021</b>	<b>74,371,070</b>	<b>(76,786,656)</b>	<b>3,611,922</b>	<b>180,780</b>	<b>1,377,116</b>

## Living Cell Technologies Limited

### Consolidated statement of cash flows

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers and grants (GST inclusive)		414,729	812,592
Payments to suppliers and employees (GST inclusive)		(2,458,619)	(2,296,964)
Interest received		1,686	22,849
<b>Net cash used in operating activities</b>	19	<b>(2,042,204)</b>	<b>(1,461,523)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment		(3,803)	-
Sale of shares in Semma		-	105,859
Receipt of bond security		43,302	-
<b>Net cash provided by investing activities</b>		<b>39,499</b>	<b>105,859</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from issuing Shares		2,856,752	-
Proceeds from issuing Converting Notes		2,289,513	-
Transaction costs incurred		(460,205)	-
Repayment of lease liability		-	(44,537)
<b>Net cash provided by / (used in) financing activities</b>		<b>4,686,060</b>	<b>(44,537)</b>
Effect of exchange rates on cash holdings in foreign currencies		(13,426)	4,255
Net increase / (decrease) in cash and cash equivalents held		2,669,929	(1,395,946)
Cash and cash equivalents at beginning of year		1,568,928	2,964,874
<b>Cash and cash equivalents at end of financial year</b>		<b>4,238,857</b>	<b>1,568,928</b>

## Notes to the consolidated financial statements

For the year ended 30 June 2022

### 1. About this report

#### (a) Basis of preparation

This general purpose financial report for the year ended 30 June 2022 has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001 as appropriate for profit oriented entities. Compliance with Australian Accounting Standards ensures that the consolidated entity financial report conforms to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial report covers the consolidated entity of Living Cell Technologies Limited and its controlled entities. Living Cell Technologies Limited (hereafter referred to as LCT, the consolidated entity and the Group) is a listed for-profit public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial report has been presented in Australian dollars, which is the consolidated entity's presentation currency. The report has been prepared on an accruals basis and is based on historical cost modified by the revaluation of selected non-current assets and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

#### (b) Critical accounting estimates and judgments

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

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

The separate financial statements and notes of the parent entity, Living Cell Technologies Limited, have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001. Parent entity disclosures are included in note 19.

#### (c) Adoption of new and revised accounting standards

The consolidated entity has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. There was no material impact on the group's financial statements upon the adoption of these Standards and Interpretations.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

#### (d) Covid19

The pandemic continued to impact the consolidated entity's operations but with the borders now opening in May 2022, work can continue in Australia.

## Notes to the consolidated financial statements

For the year ended 30 June 2022

### (e) Going concern

These financial statements have been prepared on a Going Concern basis. The consolidated entity incurred a loss after tax attributable to members of \$1,957,300 (2021: \$1,460,591) and incurred negative cash flows from operations of \$2,042,204 (2021: \$1,461,523).

As at 30 June 2022 the consolidated group had \$4,238,857 cash in the bank, compared to \$1,568,928 at 30 June 2021 following the capital raisings undertaken during the period as disclosed in Note 12. The directors acknowledge that the expenditure in relation to operating activities is predominately discretionary. Operating cash outflow is being managed by the directors to the extent of funding available.

The directors have prepared the report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

### 2. Revenue and other income

Revenue from unconditional government grants received is reported as income when the grant becomes receivable. If such a grant is conditional, it is recognised as income only when the conditions have been met. Grant income comprises Callaghan Innovation grants and Government grants. There are no unfulfilled conditions.

All revenue is stated net of goods and services tax (GST).

Interest revenue is recognised as the interest accrued using the effective interest method.

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Other Income</b>		
Grant income	-	244,268
Interest income	3,405	7,600
Services provided	-	-
Other income	-	16,316
	<b>3,405</b>	<b>268,184</b>

### 3. Expenses

#### Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

#### Share-based payments

Share based payments are provided to employees through issue of options.

#### Issue of options

The fair value of options is recognised as a benefit to directors/employees. The fair value is measured at the grant date and recognised over the period during which the options vest to the directors/employees. The fair value at the grant date is independently determined using the Black Scholes binomial convergence model for the employee's options. These models take into account the exercise price, the life of the option, the current price of the underlying share, the expected volatility of the share price and the risk-free rate for the life of the option.

#### Research and development

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

## Notes to the consolidated financial statements

For the year ended 30 June 2022

### 3. Expenses (continued)

#### Governance

Governance expenses include directors' fees, travel and meeting expenses, company secretary costs and legal expenses related to governance.

#### Shareholder

Shareholder expenses include listing fees, registry costs, audit, annual general meeting and annual report costs.

Expenses include the following:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Employee benefits</b>		
Wages and salaries	495,252	838,649
Contributions to employees' savings plans	6,767	12,634
Share-based payments	-	20,106
Staff training	2,413	3,688
<b>Total employee benefits</b>	<b>504,432</b>	<b>875,077</b>
<b>Depreciation</b>		
Plant and equipment depreciation	37	596
Furniture, fixtures and fitting depreciation	706	16,254
<b>Total depreciation</b>	<b>743</b>	<b>16,850</b>
Lease payments	16,197	231,806

### 4. Income tax expense

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the reporting date.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

<b>Reconciliation of income tax to accounting loss:</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Loss before income tax	(2,372,029)	(1,905,451)
Effective tax rate	25%	26%
	<u>(593,007)</u>	<u>(495,417)</u>
Add tax effect of:		
- Non-deductible expenditure	-	7,498
- Difference in overseas tax rates	31,619	26,534
- Deferred tax assets not brought into account	561,388	461,385
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

<b>Tax losses</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Unused tax losses for which no deferred tax asset has been recognised	33,254,882	30,882,853
Potential tax benefit at 25% AU (2021: 26%)	8,318,874	8,029,542
Potential tax benefit at 28% NZ	2,397,543	1,961,626



## Notes to the consolidated financial statements

For the year ended 30 June 2022

### 4. Income tax expense (continued)

The benefit will only be obtained if:

- the group derives future assessable income of a nature and amount sufficient to enable the benefits from the deductions for the losses to be realised;
- the group continues to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the group in realising the benefit from the deductions for the losses.

Effective from the 30 June 2016 year, the group can “cash out” tax losses relating to research and development (‘R&D’) if various requirements are met. The NZ Inland Revenue provides a tax credit at 28% (the current NZ company tax rate) of tax losses cashed out. The R&D tax loss cash out is accounted for as an income tax benefit as opposed to a government grant as the economic substance of the R&D benefit is akin to a tax credit and is dependent on tax losses incurred. The cash out of the R&D tax losses is recognised when the claim has been submitted and its probable of being accepted by the NZ Inland Revenue. A R&D loss tax credit of \$379,010 (2021: \$444,860) was received from the NZ Inland Revenue during the financial year in exchange for forgoing NZD 1,408,000 (2021: NZD 1,700,000) of tax losses. The R&D loss tax credits received over the past 6 years will be repayable by the group to the Inland Revenue if certain events occur. These events include a greater than 90% change in the shareholding of the group measured over a period commencing from the first day of the income year in which a credit arose, and a sale of the relevant intellectual property by the group. The maximum amount to be repaid to Inland Revenue will be the balance of the R&D loss tax credits provided by Inland revenue to the group, reduced by subsequent income tax payments made by the group. The tax losses which gave rise to the repaid tax credit will be reinstated.

In addition, an R&D tax incentive tax credit of \$35,719 (2021: nil) was received in respect of qualifying R&D expenditure incurred in the last quarter of the prior year, which was not covered by the Callaghan Innovation growth grant. The R&D tax incentive tax credit is separate from, and in addition to, the R&D loss tax credit. The R&D tax incentive tax credit will not have to be repaid.

### 5. Loss per share

Basic EPS is calculated as net loss attributable to members of the consolidated entity, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net loss attributable to members of the consolidated entity, adjusted for:

- costs of servicing equity (other than dividends)
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Reconciliation of earnings to profit or loss from continuing operations:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Loss used in calculation of basic and diluted EPS	(1,957,300)	(1,460,591)
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	875,675,135	571,440,981
Weighted average number of ordinary shares and convertible securities outstanding during the year used in calculating diluted EPS	875,675,135	571,440,981
Basic loss per share (cents)	(0.22)	(0.26)
Diluted loss per share (cents)	(0.22)	(0.26)

Share Options are considered to be potential ordinary shares. The options are not included in the calculation of diluted earnings per share because they are anti-dilutive. These options could potentially dilute basic earnings per share in the future.

## Notes to the consolidated financial statements

For the year ended 30 June 2022

### 6. Cash and cash equivalents

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	1,238,093	1,568,928
Cash on deposit	3,000,764	-
<b>Cash and cash equivalents</b>	<b>4,238,857</b>	<b>1,568,928</b>

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments.

### 7. Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	-	-
Prepayments	-	-
Accrued interest	1,719	-
Other receivables	28,005	13,646
<b>Total current trade and other receivables</b>	<b>29,724</b>	<b>13,646</b>

#### Aged analysis

At 30 June 2022, there were no past due trade receivables, bad debts or doubtful debts (2021: Nil). The ageing analysis of trade receivables is as follows:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
0-30 days	-	-
31-60 days	-	-
61-90 days	-	-
	<b>-</b>	<b>-</b>

#### Allowance for impairment

Trade receivables are non-interest bearing and are generally on 30 to 60-day terms. A provision for impairment loss is recognised when there is objective evidence than an individual trade receivable is impaired. There is no impairment loss for the current year (2021: \$Nil) for the consolidated entity.

### 8. Property, plant equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Cost includes purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

The carrying amount is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## Notes to the consolidated financial statements

For the year ended 30 June 2022

### 8. Property, plant equipment (continued)

#### Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate DV
Plant and equipment	8-50%

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

	Plant and equipment \$	Leasehold improvements \$	Total \$
<b>Cost</b>			
Balance at 1 July 2021	52,287	-	52,287
Additions	3,803	-	3,803
Disposals	(46,097)	-	(46,097)
Foreign exchange movement	807	-	807
<b>Balance June 2022</b>	<b>10,800</b>	<b>-</b>	<b>10,800</b>
<b>Accumulated Depreciation</b>			
Balance at 1 July 2021	35,966	-	35,966
Depreciation expense	743	-	743
Disposals	(31,855)	-	(31,855)
Foreign exchange movement	447	-	447
<b>Balance June 2022</b>	<b>5,301</b>	<b>-</b>	<b>5,301</b>
<b>Carrying Amount June 2022</b>	<b>5,499</b>	<b>-</b>	<b>5,499</b>
<b>Carrying Amount June 2021</b>	<b>16,321</b>	<b>-</b>	<b>16,321</b>

### 9. Right of use asset

	2022 \$	2021 \$
Land and buildings: right-of-use		
At cost	-	304,898
Accumulated depreciation	-	(304,898)
	-	-

#### Land and buildings – right-of-use

The land and buildings right of use asset related to a lease for the consolidated entities property lease for its premises at 23 Edwin Street which was exited at the end of September 2021 when the lease expired. The right of use asset was fully amortised during the prior year. There were no additions to the right-of-use asset during the year.

## Notes to the consolidated financial statements

For the year ended 30 June 2022

### 10. Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether billed to the consolidated entity.

	<b>2022</b>	<b>2021</b>
	\$	\$
<b>Unsecured liabilities</b>		
Trade payables	46,847	43,344
Accrued expenses	149,957	126,217
<b>Total trade payables and other payables</b>	<b>196,804</b>	<b>169,561</b>

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

### 11. Provisions

	<b>2022</b>	<b>2021</b>
	\$	\$
Opening balance	95,520	60,220
Leave accrued	34,634	56,034
Leave taken	(87,702)	(20,734)
<b>Balance at end of the year</b>	<b>42,452</b>	<b>95,520</b>

#### Recognition and measurement

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

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

### 12. Issued Capital

	<b>No. of shares</b>	<b>Issue price</b>	<b>\$</b>
<b>Balance as at 1 July 2020</b>	571,441,081		74,371,070
Issued shares	-	-	-
Share issue transaction costs net of tax	-	-	-
<b>Balance as at 30 June 2021</b>	<b>571,441,081</b>		<b>74,371,070</b>
Placement shares issued on 20 October 2021	142,410,245	<b>0.0085</b>	1,210,487
Shares issued on conversion of convertible notes on 29 November 2021	269,354,460	<b>0.0085</b>	2,289,513
Rights issue shares issued on 30 December 2021	45,158,037	<b>0.0080</b>	361,265
Placement shares issued on 31 May 2022	257,000,000	<b>0.0050</b>	1,285,000
Share issue transaction costs net of tax	-	-	(567,817)
<b>Balance as at 30 June 2022</b>	<b>1,285,363,823</b>		<b>78,949,518</b>

## **Notes to the consolidated financial statements**

**For the year ended 30 June 2022**

### **12. Issued Capital (continued)**

#### **Fund raising**

On 20 October 2021, the Company secured funding for the commencement of a third clinical trial of NTCELL in Parkinson's disease, advancing the Company's efforts in this important research. The third trial aims to determine if NTCELL provides neuroprotection to halt or delay the natural progression of Parkinson's disease. The funding was secured via a placement to sophisticated investors of 142,410,245 new shares at an issue price of \$0.0085 raising \$1,210,487.

Additionally, upon shareholders' approval the investors were to receive one option over one ordinary share for every three new shares. Upon repricing of the placement on the 8 November any placement shares held on record date attracted a further one option over one ordinary share for every two new shares. These options convert into LCT shares at an exercise price of \$0.015 and expire on 19 April 2024.

On the 20 October the company also issued 269,354,460 mandatorily converting notes that converted to 269,354,460 new shares upon shareholders' approval on the 29 November 2021. The mandatorily converting notes were issued at \$0.0085 for each new mandatorily converting notes and therefore the Company raised \$2,289,513. The mandatorily converting notes earn interest at the rate of 10% per annum, such interest to be paid on the earlier of the date on which the mandatorily converting notes are repaid in full or converted into ordinary shares and if the notes are converted into ordinary shares such interest payment will be satisfied by the issue of one option for each two notes converted. These options convert into LCT shares at an exercise price of \$0.015 and expire on 19 April 2024.

Additionally, investors received one option over one ordinary share for every three new shares. Upon repricing of the placement on the 8 November all convertible notes attracted a further one option over one ordinary share for every two new shares. These options convert into LCT shares at an exercise price of \$0.015 and expire on 19 April 2024.

Both the converting notes and placement shares raised a total of \$3.5 million before costs.

The Company also announced a renounceable rights issue of new shares and options to eligible shareholders, on the same terms as the placement. The renounceable rights issue was subsequently repriced, with the Company issuing new shares at \$0.008 per share and one third of a new option, instead of at \$0.0085. On 9 December, LCT extended the closing date for the renounceable rights issue by one week, to 21 December. On 13 December, the Company announced it would issue options to eligible shareholders in the placement. All options convert into LCT shares at an exercise price of \$0.015 and expire on 19 April 2024.

Upon completion of the rights issue the company issued 45,158,037 new shares and raised a total of \$361,265 before costs and issued options attached to these new shares at the rate of one options over a share for every 3 new share issued. All options convert into LCT shares at an exercise price of \$0.015 and expire on 19 April 2024.

On 31 May 2022, the company completed a successful strategic placement to professional and sophisticated investors of Alignment Capital, a boutique corporate advisory firm with a track record of investing in successful emerging biotechnology companies. The placement comprised the issue of 257,000,000 new fully paid ordinary shares in the Company at an issue price of \$0.005 per new share, raising \$1,285,000 before costs.

## Notes to the consolidated financial statements

For the year ended 30 June 2022

### 12. Issued Capital (continued)

As at 30 June 2022, the company had issued 482,644,539 new options following the above equity issuances, detailed as follows:

#### Listed Options

29 November 2021 - Placement Options	19-Apr-24	\$0.015	78,223,262
29 November 2021 - Broker Options	19-Apr-24	\$0.015	24,500,000
29 November 2021 - Convertible Note Options	19-Apr-24	\$0.015	341,189,722
29 November 2021 - Right Issue Options	19-Apr-24	\$0.015	15,052,678
28 April 2022 - Placement Options	19-Apr-24	\$0.015	23,678,877

#### Options at 30 June 2022

**482,644,539**

#### Ordinary Shares

Ordinary shares are classified as equity. The shareholder options attached to the ordinary shares issued as part of the rights issue, convertible notes and share placement have not been separately valued but recognised together with the proceeds for issuing the shares. 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.

Ordinary shares entitle the holder to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

The company does not have par value in respect of its shares.

#### Capital management

Capital of the consolidated entity is managed to safeguard the ability to continue as a going concern so that it can provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure. The capital risk management policy remains unchanged from the 30 June 2021 Annual Report.

The consolidated entity's capital comprises shares.

There are no externally imposed capital requirements.

The consolidated entity manages the group's capital structure by assessing the group's financial risks and adjusting the capital structure in response to changes in these risks and the market. These responses include the issue of additional shares and/or convertible securities.

#### Share Based Payments

Share options are issued to employees and KMP as part of remuneration in exchange for the rendering of services provided by the relevant employees and KMP. The fair value of these share options is measured at the grant date and recognised over the period during which the options vest to the KMP and employees.

The fair value of each option at grant date was calculated by using the Black-Scholes model that takes into account the expected volatility, risk free interest rate, expected life of the option, exercise price, and the share price at grant date. For each option granted historical volatility has been calculated based on the length of the options life.

During the year ended 30 June 2022, no further share options were issued to employees or KMP of LCT and no ordinary shares were issued on the exercise of previously options granted.

## Notes to the consolidated financial statements

For the year ended 30 June 2022

### 12. Issued Capital (continued)

#### Share Based Payments (continued)

Set out below is a summary of unexpired options previously granted to employees and KMP of LCT:

	Number of options	Exercise price per option \$	Value per option at grant date \$	Grant date	Vesting date	Expiry date	Vested during period %	Forfeited / lapsed during period %
<b>Directors</b>								
Bernie Tuch	600,000	0.0487	0.0487	13-Dec-18	13-Dec-18	13-Dec-22	100	-
Andrew Kelly	-	-	-	-	-	-	-	-
Robert Willcocks	600,000	0.0487	0.0487	13-Dec-18	13-Dec-18	13-Dec-22	100	-
Carolyn Sue	600,000	0.0188	0.0188	09-dec-19	09-Dec-19	06-Dec-23	100	-
Laurie Hunter <sup>1</sup>	600,000	0.0487	0.0487	13-Dec-18	13-Dec-18	13-Dec-22	100	-
Robert Elliott <sup>2</sup>	600,000	0.0487	0.0487	13-Dec-18	13-Dec-18	13-Dec-22	100	-
<b>KMP</b>								
Ken Taylor	250,000	0.1000	0.0343	01-Jul-15	01-Jul-16	01-Jul-21	-	100
Ken Taylor	100,000	0.1900	0.0296	01-Jul-15	01-Jul-16	01-Jul-21	-	100
Ken Taylor	250,000	0.0487	0.0441	13-Dec-18	13-Dec-19	13-Dec-21	-	100
Daya Uka	300,000	0.0220	0.0220	01-Sep-20	01-Sep-21	01-Sep-22	100	-
Daya Uka	300,000	0.0246	0.0246	01-Sep-19	01-Sep-20	01-Sep-21	-	100
Former Staff	300,000	0.0220	0.0220	01-Sep-20	01-Sep-21	01-Sep-22	100	-

1 Laurie Hunter retired on 7 November 2019.

2 Robert Elliott passed away on 21 August 2020, the options will then be granted to the ultimate beneficiaries of his estate.

Options do not have any voting rights, dividend, or other distribution entitlements.

The weighted average exercise price of options granted during the year was \$Nil (2021: \$0.022). The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.8 years (2021: 1.8 years).

There have not been any alterations to the terms or conditions of any share-based payment arrangements since grant date.

During the year ended 30 June 2022, share options were issued to external services providers for brokerage services provided as part of the various capital raises.

Set out below are summaries of the broker options granted under the above capital raise:

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
29 November 2021	19 April 2024	0.015	-	24,500,000	-	-	24,500,000

The weighted average exercise price of options granted during the year was \$0.015 (2021: \$Nil). The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.8 year (2021: \$Nil).

## Notes to the consolidated financial statements

For the year ended 30 June 2022

### 12. Issued Capital (continued)

#### Share Based Payments (continued)

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

Grant date	Expiry date	Share price at grant date \$	Exercise price \$	Expected volatility	Dividend yield	Risk free interest rate	Fair Value at grant date
19 October 2021	19-Apr-24	0.011	0.015	80%	-	1.19	107,612

#### Foreign currency translation reserve

The foreign currency translation reserve comprises all translation exchange differences arising on the retranslation of opening net assets together with differences between the statement of profit or loss and other comprehensive income translated at average and closing rates. It also includes adjustments in relation to investments in foreign operations.

#### Option reserve

The option reserve reflects the accumulated expenses associated with the granting of outstanding options to directors and staff.

### 13. Currency translation rates

	<b>NZD</b>	<b>NZD</b>
	<b>2022</b>	<b>2021</b>
Year-end rates used for the consolidated statement of financial position, to translate the following currencies into Australian dollars (AUD), are:	0.90	0.93
Weighted average rates for the year used for the consolidated statements of profit or loss and other comprehensive income and cash flows, to translate the following currencies into Australian dollars (AUD), are:	0.94	0.93

*NZD = NZ dollar*

### 14. Commitments for expenditure

On 6 March 2022 LCT entered into an agreement with a related party Australian Foundation of Diabetes Research (AFDR), and the University of Technology Sydney (UTS) to use their resources to undertake research and development activities for the cost of \$49,012 to be paid in two equal instalments on 1 April 2022 and 1 October 2022 to AFDR and \$39,000 payable to UTS also payable in two equal instalments on 1 April 2022 and the 1 October 2022. AFDR is deemed a related party as the current acting CEO and chairman of LCT is also the founding director of AFDR.

On 24 January 2022 LCT entered into an agreement with NZeno to supply choroid plexus cells to LCT for the purpose of conducting the third trial in Parkinson's disease, under this agreement LCT is to pay NZeno upon signing the agreement a payment \$250,000 and a further \$500,000 following the establishment of the Dedicated Pig Facility and Surgical Facility of which with \$200,000 has already been paid. This agreement also allows for the maintenance of the Pig herd at a cost \$250,000 per annum.



## Notes to the consolidated financial statements

For the year ended 30 June 2022

### 15. Key management personnel disclosures

Key management personnel remuneration included within employee expenses for the year is shown below

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Short term employee benefits	599,433	731,070
Post-employment benefits	35,036	10,194
Share-based payments	-	(47,435)
<b>Total</b>	<b>634,469</b>	<b>693,829</b>

#### Short-term employee benefits

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

#### Post-employment benefits

These amounts are the current-year's estimated costs of providing for the group's, superannuation contributions made during the year.

#### Share-based payments

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

Note 12 contains details of the remuneration paid or payable to each member of the consolidated entity's key management personnel for the year ended 30 June 2022.

### 16. Interests in subsidiaries / controlled entities

As at year end the assets and liabilities of all controlled entities have been included in the consolidated financial statements as well as their results for the year. The directors have deemed that control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity. The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. All controlled entities have a 30 June financial year end. The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries / controlled entities:

	<b>Country of Incorporation</b>	<b>Percentage Owned (%)</b>	<b>Percentage Owned (%)</b>
		<b>2022</b>	<b>2021</b>
<b>Parent entity and ultimate parent of the group:</b>			
Living Cell Technologies Ltd	Australia		
<b>Subsidiaries:</b>			
Living Cell Products Pty Ltd	Australia	100	100
LCT Australia Pty Ltd**	Australia	-	100
Living Cell Technologies New Zealand Ltd	New Zealand	100	100
NeurotrophinCell Pty Ltd**	Australia	-	100

- Percentage of voting power is in proportion to ownership.

\*\* Companies deregistered in January 2021

## Notes to the consolidated financial statements

For the year ended 30 June 2022

### 17. Related parties

#### Parent entity:

The parent entity and ultimate parent entity of the group is Living Cell Technologies Limited.

#### Loans

All loan balances between companies in the consolidated entity have been fully provided for and eliminated on consolidation. All inter-company loan transactions to and from subsidiaries and with the parent entity are fully provided for.

#### Key management personnel

Disclosures relating to key management personnel have been set out in note 16 and the Directors' Report.

#### Entities subject to significant influence by the consolidated entity

An entity over which the consolidated entity has the power to participate in the financial and operating policy decisions but does not have control over those policies. Significant influence may be gained by share ownership, statute or agreement.

#### Subsidiaries

The consolidated financial statements include the financial statements of Living Cell Technologies Limited and its subsidiaries. For details of subsidiaries, refer to the note 17.

#### Other Transactions with related parties

On 6 March 2022 LCT entered into an agreement with a related party Australian Foundation of Diabetes Research (AFDR), to use their resources to undertake research and development activities for the cost of \$49,012 to be paid in two equal instalments on 1 April 2022 and 1 October 2022 to AFDR. AFDR is deemed a related party as the current acting CEO and chairman of LCT is also the founding director of AFDR.

### 18. Parent entity disclosures

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Statement of financial position</b>		
Current assets	4,041,193	1,124,097
Total assets	4,041,193	1,124,097
Current liabilities	(115,438)	(74,480)
Total liabilities	(115,438)	(74,480)
<b>Net assets</b>	<b>3,925,755</b>	<b>1,049,617</b>
Accumulated losses	(75,267,457)	(73,502,236)
Issued capital	74,371,073	74,371,073
Reserves	243,693	180,780
<b>Total Equity</b>	<b>3,925,755</b>	<b>1,049,617</b>
<b>Statement of profit or loss and other comprehensive income</b>		
Loss after income tax	(1,314,273)	(571,103)
<b>Total comprehensive loss</b>	<b>(1,314,273)</b>	<b>(571,103)</b>

The parent company has no guarantees, contingent liabilities or capital commitments as at 30 June 2022 or 30 June 2021.

## Notes to the consolidated financial statements

For the year ended 30 June 2022

### 19. Cash flow information

	2022 \$	2021 \$
Cash at the end of the financial year as shown in the is reconciled to items in the consolidated statement of financial position as follows:		
Cash and cash equivalents	<u>4,238,857</u>	<u>1,568,928</u>
The company also has two business MasterCard facilities with Westpac New Zealand totalling \$80,000. These are both undrawn at year end.		
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments.		
Reconciliation of result for the year to cash flows used in operating activities.		
Loss for the year	<u>(1,957,300)</u>	<u>(1,460,591)</u>
Cash flows excluded from loss attributable to operating activities		
<b>Non-cash flows in loss for the year</b>		
- Depreciation	743	4,777
- Net loss on disposal of asset	13,882	-
- Amortisation of lease	-	44,537
- Sale of shares in Semma	-	(105,859)
- net foreign currency (gains)/losses	(12,926)	650
- share options	(44,700)	(46,320)
<b>Changes in assets and liabilities:</b>		
- (increase)/decrease in trade and other receivables	(16,078)	94,269
- decrease/(increase) in other assets	-	-
- increase/(decrease) in trade and other payables	27,243	(28,286)
- (decrease)/increase in employee benefits	(53,068)	35,300
<b>Cash flows used in operations</b>	<u>(2,042,204)</u>	<u>(1,461,523)</u>

### 20. Segment reporting

General information

Identification of reportable segments

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

The consolidated entity only operates one business segment being the research and development into living cell technologies, predominantly in New Zealand.

### 21. Financial risk management

The consolidated entity's principal financial instruments comprise receivables, payables, cash and short-term deposits. These activities expose the group to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The group manages the different types of risks to which it is exposed by considering risk and monitoring levels of exposure to interest rate and foreign currency risk and by being aware of market forecasts for interest rates and foreign exchange rates. The group's policy is to invest in a spread of maturities to manage interest rate risk and to invest in currencies in approximate proportions of forecast expenditure to manage foreign exchange risk.

The group holds the following financial instruments

The accompanying notes form an integral part of these financial statements.

## Notes to the consolidated financial statements

For the year ended 30 June 2022

### 22. Financial risk management (continued)

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash and cash equivalents	4,238,857	1,568,928
Trade and other receivables	29,724	13,646
Short term investments	-	43,302
<b>Total financial assets</b>	<b>4,268,581</b>	<b>1,625,876</b>
<b>Financial Liabilities</b>		
Trade and other payables	196,804	169,561
<b>Total financial liabilities</b>	<b>196,804</b>	<b>169,561</b>

#### Liquidity risk

The consolidated entity manages liquidity risk by monitoring forecast cash flows and ensuring that sufficient working capital is available to enable the consolidated entity to maintain adequate reserves to allow the consolidated entity to achieve identified strategic objectives.

The tables below analyse the consolidated entity's financial assets and liabilities. The amounts disclosed in the table are the contractual cash flows.

	<b>Within 1 Year</b>		<b>1 to 5 Years</b>		<b>Over 5 Years</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets - cash flows realisable</b>						
Trade and other receivables	29,724	13,646	-	-	-	-
Trade and other payables	(196,804)	(169,561)	-	-	-	-
Total anticipated outflows	<b>(167,080)</b>	<b>(155,915)</b>	-	-	-	-

#### Interest rate risk

The group's exposure to market interest rates relates primarily to the group's short-term deposits held. The company manages this risk by investing in term deposits ranging from call to 12 months. This investment policy is adopted to manage risks and enhance returns.

#### Interest rate risk sensitivity analysis

At 30 June 2022, the effect on profit/ (loss) and equity as a result of changes in the interest rate, based on interest income at the average rate for the year, with all other variables remaining constant would be as follows:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
+ 1% (100 basis points)	32,792	21,962
- 0.5% (50 basis points)	(16,396)	(10,981)

The consolidated entity's activities expose it to the risk of changes in foreign currency exchange rates and interest rates. These risks are managed at a company and consolidated level through sensitivity analysis. There has been no change to the consolidated entity's exposure to market risks or the way it manages and measures the risk from the previous period.

## Notes to the consolidated financial statements

For the year ended 30 June 2022

### 22. Financial risk management (continued)

#### Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognise financial assets, is the carrying amount, net of any allowances for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

Receivable balances are monitored on an on-going basis with the result that the consolidated entity's exposure to bad debts is not significant. There are no significant concentrations of credit risk.

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The consolidated entity's exposure to the risk of changes in foreign exchange rates relates primarily to operating activities when revenues or expenses are denominated in a different currency from the consolidated entity's presentation currency and the net investment in foreign subsidiaries. The following table shows the foreign currency risk on the financial assets and liabilities of the consolidated entity's operations denominated in currencies other than the presentation currency of operations.

<b>2022</b>	<b>NZD Total</b>
Consolidated	
Cash and cash equivalents	217,542
Trade and other receivables	1,389
Trade and other payables	(104,191)
<b>2021</b>	
Consolidated	
Cash and cash equivalents	427,364
Trade and other receivables	3,542
Trade and other payables	(175,872)

#### Foreign currency risk sensitivity analysis

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the end of the reporting period.

The consolidated entity is mainly exposed to New Zealand dollars (NZD). The table demonstrates the sensitivity of profit or loss before tax to a reasonably possible change in the AUD/NZD exchange rate.

A fluctuation of the New Zealand dollar would have impacted equity and profit or loss by the amounts shown below. This analysis assumes that other variables are held constant.

	<b>Increase by 5%</b>	<b>Decrease by 5%</b>
<b>2022</b>	3,449	(3,121)
<b>2021</b>	48,342	(53,431)

#### Price risk

Consolidated Entity is not exposed to any material commodity price risk.

## Notes to the consolidated financial statements

For the year ended 30 June 2022

### 23. Remuneration of auditors

	2022	2021
	\$	\$
<b>Auditors of the Group – BDO and related network firms</b>		
Audit and review of financial statements:		
– Group - Australian based subsidiaries	81,000	68,000
– Controlled entities - the New Zealand based subsidiaries	21,000	18,065
<b>Total audit and review of the financial statements</b>	<b>102,000</b>	<b>86,065</b>
– Other assurance services	-	-
<b>Total services provided by BDO</b>	<b>102,000</b>	<b>86,065</b>

### 24. Contingent assets and liabilities

A bank bond of \$43,302 for the lease at 23 Edwin Street, was received back on 22 October 2021 after the right to renew the lease was not taken up by Living Cell Technologies New Zealand Limited and secured by a term deposit which was deposited into the bank current account on the 22 October 2021 (2021: \$43,302).

### 25. Events occurring after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

### 26. Summary of significant accounting policies

#### (a) Foreign currency transactions and balances

##### Functional and presentation currency

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

##### Transaction and balances

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

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

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income. Foreign currency transactions are recorded at the spot rate on the date of the transaction.

## **Notes to the consolidated financial statements**

**For the year ended 30 June 2022**

### **26. Summary of significant accounting policies (continued)**

#### **Group companies**

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

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

Exchange differences arising on translation of foreign operations are transferred directly to the consolidated entity's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which the operation is disposed of.

#### **(b) Comparative amounts**

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening consolidated statement of financial position at the earliest date of the comparative period has been presented.

#### **(c) Goods and services tax (GST)**

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the tax authorities. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### **(f) Accounting standards and interpretations issued but not yet effective**

There are no Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, that will likely have a material impact on the Group in future periods.

### **27. Company Detail**

The registered office of the company is:

Living Cell Technologies Limited

Level 16 Tower 2 Darling Park 201 Sussex Street

Australia, Sydney NSW 2000

## Living Cell Technologies Limited

### Director's declaration

**The directors of Living Cell Technologies Limited declare that:**

1. the financial statements and notes for the year ended 30 June 2022 are in accordance with the *Corporations Act 2001* and:
  - comply with the Corporations Regulations 2001 and the Accounting Standards, which, as stated in accounting policy notes as set on pages 22 to 39 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - give a true and fair view of the financial position and performance of the consolidated entity;
2. the Chief Executive Officer and Chief Finance Officer have given the declarations required by Section 295A that:
  - the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - the financial statements and notes for the financial year comply with the Accounting Standards; and
  - the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



Bernie Tuch

Dated: 31 August 2022

Director



## INDEPENDENT AUDITOR'S REPORT

To the members of Living Cell Technologies Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Living Cell Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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 the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *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**

We have determined that there are no key audit matters to communicate in our report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Directors' Report (excluding the audited Remuneration Report section) for the year ended 30 June 2022 but does not include the financial report and the auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report to Shareholders, which is expected to be made available to us after that date.

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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Annual Report to Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

### **Responsibilities of the directors for the Financial Report**

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

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

### **Auditor's responsibilities for the audit of the Financial Report**

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



A further description of our responsibilities for the audit of 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/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_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 the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Living Cell Technologies Limited, for the year ended 30 June 2022, 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

A handwritten signature in black ink, appearing to read 'Martin Coyle', written over a faint, illegible stamp or background.

Martin Coyle  
Director

Sydney, 31 August 2022

## Living Cell Technologies Limited

### Additional information for listed public companies

30 June 2022

#### ASX Additional Information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 25 August 2022.

#### Substantial shareholders

Name of shareholder	Share held	% of issued shares
Nil	Nil	Nil

#### Voting rights

##### 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.

##### Options

No voting rights.

#### Distribution of equity security holders at 25 August 2022

Holding	Holders	Shares
1 - 1,000	179	40,782
1,001 - 5,000	353	1,096,384
5,001 - 10,000	308	2,521,175
10,001 - 100,000	1,196	50,926,942
100,000 and over	750	1,230,778,440
	<hr/> 2,786	<hr/> 1,285,363,723

There were 1,599 holders of less than a marketable parcel of ordinary shares.

#### Twenty largest shareholders at 25 August 2022

	Number Held	% of issued shares
MS CHUNYAN NIU	60,855,341	4.73
MR BIN LIUO	45,680,195	3.79
ALIGNMENT CAPITAL PTY LTD	40,000,000	3.11
HSBC CUSTODY NOMINEES	38,766,228	3.02
HOBSON WEALTH CUSTODIANS LTD <RESIDENT CASH ACCOUNT>	36,823,804	2.86
CITICORP NOMINEES PTY LIMITED	32,042,926	2.49
CIPATER PTY LTD	27,150,000	2.11
MASFEN SECURITIES LIMITED	25,317,980	1.97
EXP1 ASSET MANAGEMENT PTY LTD <EXP1 A/C>	25,000,000	1.94
OTSUKA PHARMACEUTICAL FACTORY INC	25,000,000	1.94
ASP CAPITAL MANAGEMENT PTY LTD <ABG FAMILY A/C>	22,500,000	1.75
EZR SYSTEMS PTY LTD	21,000,000	1.63
MR BRIAN PETER BYASS	18,979,728	1.48
AAL INVESTMENT HOLDINGS PTY LTD	18,000,000	1.40
ELLAZ PTY LTD <THE RIPPER FAMILY A/C>	17,208,292	1.34
MS SASHA PARISSIS	16,850,000	1.31
WAIUAU BAY FARM LIMITED	16,548,466	1.29
MS ELENA BORISOVNA TITOVA	16,170,599	1.26
JIANGSU AOSAIKANG PHARMACEUTICAL CO LTD	14,334,080	1.12
BROWNNARROWS PTY LTD	13,960,500	1.09

**Living Cell Technologies Limited**

**Additional information for listed public companies**

**30 June 2022**

**Securities exchange**

The company is listed on the Australian Securities Exchange.