

BCAL DIAGNOSTICS LIMITED

ABN 51 142 051 223

The Companies Announcements Office
 The Australian Stock Exchange Limited
 SYDNEY

Date: 30 August 2023

APPENDIX 4E

The results for announcement to the market are as follows:-

- The reporting period is twelve months to 30 June 2023. The previous reporting period was twelve months to 30 June 2022.
- Key information relating to the above reporting periods is as follows:-

	30 June 2023 \$	30 June 2022 \$	% change
Revenue from ordinary activities	2,852,694	718,669	297%
Loss from ordinary activities after tax attributable to members	(5,061,755)	(3,385,493)	(50%)
Net loss attributable to members	(5,061,755)	(3,385,493)	(50%)
Proposed dividend	-	-	
Net tangible assets per issued security	\$0.0246	\$0.0465	(53%)

- See attached financials.
- No dividends have been paid or are proposed.
- There is no dividend reinvestment plan.
- Net tangible assets per security \$0.0246 (2022; \$0.0465).
- Acquisition or disposal of any entities occurring during the financial year.*
Nil
- Any other significant information needed by an investor to make an informed assessment of the Group's financial performance and financial position.*
Included in this document.
- The Company is not a foreign entity.
- Commentary on the results*
See commentary and the attached financials.
- The financial statements are subject to completion of the audit.

For personal use only



COMMENTARY ON RESULTS FOR THE YEAR

Breast cancer screening and diagnostic company BCAL Diagnostics Limited (ASX:BDX, 'BCAL' or the 'Company') continued to progress research and development of a blood test for detection of breast cancer in its early stages.

The test is based on disease-associated changes in the profile of lipids (fats) found in blood. These changes seen in the blood of breast cancer patients make up the breast cancer signature which is the basis of BCAL's breast cancer test (BREASTEST™). BREASTEST™ has consistently shown high sensitivity and specificity in identifying patients and will supplement mammography, the current primary method for breast cancer screening. Currently only about 50% of women eligible for mammography under the guidelines get a mammogram and the limitations of mammography mean that many women have indeterminate results requiring more intensive follow up. The BCAL BREASTEST™ will provide the doctor and patient with additional supportive clinical information to decide the next steps in treatment.

To accelerate BCAL bringing its test to market it is simultaneously working on completing validation studies and finalising performance parameters for BREASTEST™ in the laboratory ready for transferring the test to a commercial laboratory. This work is being done by a Product Development team at BCAL directed by Dr Ameline Lim who has previously worked on the commercial product development of tests using the same type of equipment and similar processes in a clinical laboratory at NSW Health Pathology. This team is also optimizing the steps required to analyse a patient sample to improve efficiency and cost effectiveness in preparation for the test being commercially available.

BCAL is widening the source of patient samples to increase the diversity of the population it is testing. The present primary focus is the collection and testing of Australian patient samples as the commercialization strategy is to first offer the test to Australian clinicians and their patients. BCAL is fortunate to have a number of well-known breast surgery, oncology and radiology experts who are working with us to provide clinical guidance and facilitation of sample collection.

In May BCAL opened a development and clinical services laboratory in North Ryde, Sydney attended by the Federal Minister for Health, The Hon. Mark Butler, and the local Federal member for Bennelong Jerome Laxale. This laboratory is equipped with two liquid chromatography-Mass Spectrometers, one for research/development purposes and one for commissioning as a clinical services instrument. The clinical service laboratory is in the process of being accredited by the Australian National Pathology Accreditation Advisory Council (NPAAC) and the National Association of Testing Laboratories (NATA). Accreditation by these authorities will allow the Company to provide the BREASTEST™ to the clinical community from its own commercial laboratory. To oversee the development and accreditation of the BCAL laboratory, we have hired a Director of Laboratory Services, Kathy Koskiris, who has over 20 years' experience in managing clinical laboratories and gained accreditation for a number of laboratories under both Australian and US guidelines.

While the primary collection is focused on Australia, the company plans to take the test into the US clinical market following successful launch in Australia. To that end the Company is sourcing patient samples in the US in order to have the ethnic diversity required by the US regulatory authorities for certification and approval to offer the test in the US.

In early FY 2024 BCAL received breakthrough results from a clinical study it sponsored with Precion Inc. in North Carolina, US ("Precion"). The analysis undertaken achieved an impressive sensitivity of



90% and a specificity of 85.5% in internal validation studies. This validation shows strong potential performance with a balance of sensitivity (ability to detect true positive samples) and specificity (ability to detect true negative samples). Precion was charged with developing a commercial fully quantitative method for the detection of the lipids in the BCAL breast cancer signature and adapting the test to be run on laboratory equipment routinely found in large clinical laboratories around the world. Precion used this method to examine 656 samples (390 cancer patient samples and 266 samples from healthy control subjects) provided by BCAL. The results were remarkably consistent with the findings of earlier studies conducted in Australia on 550 samples using a different mass spectrometry platform.

The replication of these results is a major breakthrough in the path to commercialisation of the BCAL test. These results enhance the confidence of the Company that the BCAL blood-based test for detecting breast cancer will be available for commercial sales, as an adjunct to mammograms, in the second half of calendar 2024.

The results mean that the BCAL test will readily be capable of replication not only in BCAL's dedicated laboratory in Australia but, more importantly, will enable blood samples to be analysed (using the BCAL BREASTEST™) in commercial laboratories throughout the world. This will fast-track BCAL's access and penetration into existing and new markets globally.

During this past year the company profile in scientific, clinical and general communities has been raised. Our clinical advisors, Dr Gillian Lamouray and Dr Sanjay Warriar presented the BCAL test and performance at clinical oncology conferences. Dr Lamouray presented papers at the 2022 and 2023 conference of the American Society for Clinical Oncology in Chicago with significant interest being shown by both clinicians and companies in the oncology testing field. Dr Warriar presented a paper to the annual meeting of the Breast Cancer Trials Group in Auckland, NZ. Again, there was wide interest and discussion about the test and the future role it will play in the management of breast cancer. The BCAL CSO, Dr Amani Batarseh, presented a paper at the annual meeting of the American Association of Clinical Chemistry in Anaheim California.

BCAL has continued to build the patent portfolio with progress being made on the prosecution of patents related to the initial intellectual property that was licensed from the University of Louisville. The provisional patent application BCAL filed in early 2022 was updated and moved to the international PCT stage. This patent is wholly owned by BCAL. Additional patent applications are being prepared to be filed as provisional applications.

BCAL has received significant National media coverage during the year. Our Executive Chair, Jayne Shaw, was interviewed on a number of high-profile television shows including 7, 9 and 10 news and A Current Affair. Additionally, she gave multiple interviews to the print press which resulted in coverage appearing in The Australian, The Sydney Morning Herald and Forbes Australia. The interest generated by these interviews and the announcement of the excellent results lead to BCAL being listed as the best performing stock on the ASX in July 2023 by The Australian.

REVENUE

BCAL's revenue is largely comprised of the research and development (R&D) tax offset. In line with the increase in research and development activities the R&D tax offset has increased by 257% over the previous year. The 2023 amount of ~\$2,500,000 is a conservative estimate and the claim will be finalised with the 2023 income tax return.



EXPENDITURE

Expenditure for the year increased to \$7,914,449 (2022: \$4,194,162) and, net of the research and development tax offset, expenditure for the two years ended 30 June 2023 is largely in line with the projections outlined in the prospectus filed with the ASX on 19 July 2021.

Research and development expenditure increased to \$4,474,806 (2022: \$1,913,832) which was in line with the increased programme activity. Expenditure during the year shows a significant increase on the prior year as the Company accelerates its programme to bring the BCAL test to market in 2024.

BALANCE SHEET AND CASH FLOW

The Company had \$3,174,092 in cash and term deposits as at 30 June 2023. Operating cash outflow for the year of \$6,048,091 (2022: \$3,219,321) largely reflected the result for the year and the receipt of the R&D tax offset for the 2022 financial year of \$976,162.

OUTLOOK

The Company is continuing to work apace to further validate its blood test for breast cancer with expanded clinical studies. At the same time a programme is underway to commercialise the test and finalise the go-to-market strategy. Potential avenues for revenue generation may include:

- Development and launch of a proprietary diagnostic test for breast cancer
- Partnership with existing cancer diagnostic and cancer therapeutic companies
- Partnership with healthcare provider networks

BCAL Diagnostics Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2023



	Notes	2023 \$	2022 \$
Revenue from continuing operations			
Other income	3	2,852,694	718,669
Expenses			
Research and development		(4,474,806)	(1,913,832)
Personnel costs	4	(373,223)	(299,593)
Facilities costs		(233,133)	(78,064)
Marketing		(194,821)	(130,362)
Consulting fees		(987,413)	(367,198)
Audit fees		(81,000)	(60,000)
Patent and regulatory costs		(280,482)	(147,738)
Directors fees		(209,241)	(150,688)
Insurance		(104,935)	(93,641)
Travel and accommodation		(278,301)	(100,945)
General and administration		(301,680)	(182,258)
Depreciation	4	(113,615)	(20,607)
ASX costs		(40,080)	(189,652)
Financing costs	4	(16,039)	-
Share based payments	15	(225,680)	(369,584)
Loss before income tax		(5,061,755)	(3,385,493)
Income tax	5	-	-
Loss after income tax		(5,061,755)	(3,385,493)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(5,061,755)	(3,385,493)
Loss is attributable to:			
Members of BCAL Diagnostics Limited		(5,061,755)	(3,385,493)
Earnings per share			
<i>From continuing operations</i>		Cents	Cents
- Basic loss per share	20	(2.40)	(1.66)
- Diluted loss per share	20	(2.40)	(1.66)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

BCAL Diagnostics Limited
Statement of Financial Position
As at 30 June 2023



		2023	2022
	Notes	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	6	3,174,092	5,571,417
Tax receivables	7	2,688,547	780,223
Other receivables and prepayments	8	337,642	103,419
Other financial assets	9	-	4,000,000
Total Current Assets		6,200,281	10,455,059
Non-Current Assets			
Plant and equipment	10	1,127,662	135,204
Right to use assets	11	1,043,222	-
Total Non-Current Assets		2,170,884	135,204
Total Assets		8,371,165	10,590,263
LIABILITIES			
Current Liabilities			
Trade and other payables	12	2,020,256	914,423
Lease liability	11	164,574	-
Provisions	13	75,778	36,000
Total Current Liabilities		2,260,608	950,423
Non-current Liabilities			
Lease liability	11	896,791	-
Total Non-Current Liabilities		896,791	-
Total Liabilities		3,157,399	950,423
Net Assets		5,213,765	9,639,840
EQUITY			
Contributed equity	14	19,281,951	18,871,951
Reserves	15	546,739	321,059
Accumulated losses	15	(14,614,925)	(9,553,170)
Equity		5,213,765	9,639,840

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

BCAL Diagnostics Limited
Statement of Change in Equity
For the year ended 30 June 2023



	Note	Contributed equity \$	Accumulated losses \$	Share based payment reserve \$	Total \$
2023					
At 30 June 2022		18,871,951	(9,553,170)	321,059	9,639,840
Total comprehensive Loss for the year		-	(5,061,755)	-	(5,061,755)
Other comprehensive income		-	-	-	-
		-	(5,061,755)	-	(5,061,755)
Share issue	14	410,000	-	-	410,000
Share based payments	14	-	-	225,680	225,680
At 30 June 2023		19,281,951	(14,614,925)	546,739	5,213,765

	Note	Contributed equity \$	Accumulated losses \$	Share based payment reserve \$	Total \$
2022					
At 30 June 2021		9,456,232	(6,167,677)	318,300	3,606,855
Total comprehensive Loss for the year		-	(3,385,493)	-	(3,385,493)
Other comprehensive income		-	-	-	-
		-	(3,385,493)	-	(3,385,493)
Share issue	14	10,037,513	-	-	10,037,513
Share issue costs	14	(621,794)	-	-	(621,794)
Share based payments	14	-	-	2,759	2,759
At 30 June 2022		18,871,951	(9,553,170)	321,059	9,639,840

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

For personal use only

BCAL Diagnostics Limited
Statement of Cash Flows
For the year ended 30 June 2023



	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Payments to suppliers and employees		(7,068,983)	(3,514,136)
Research and development tax offset		976,162	289,142
Interest received		61,039	5,674
Interest paid		(16,309)	
Net cash outflow from operating activities	17	(6,048,091)	(3,219,320)
Cash flow from investing activities			
Purchase of plant and equipment		(362,471)	(25,762)
Term deposits		4,000,000	(4,000,000)
Net cash inflow/(outflow) from investing activities		3,637,529	(4,025,762)
Cash flows from financing activities			
Proceeds from share issue	14	50,000	10,030,687
Costs of share issue		-	(621,794)
Principal element of lease payments	11	(36,762)	-
Net cash (outflow)/inflow from financing activities		13,238	9,408,893
Net (decrease)/increase in cash and cash equivalents		(2,397,324)	2,163,811
Cash and cash equivalents at the beginning of the financial year		5,571,416	3,407,605
Cash and cash equivalents at end of the year	6	3,174,092	5,571,416

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

For personal use only



BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2023

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements and notes represent those of BCAL Diagnostics Limited (the "Company"). The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 September 2023. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

Reporting Entity

BCAL Diagnostics Limited is an ASX listed company limited by shares, incorporated and domiciled in Australia.

This Preliminary Final Report, including the Appendix 4E, does not include all the Notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by the Group during the reporting period in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar, unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, except for selected financial assets for which the fair value basis of accounting has been applied.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

(b) Going concern

The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Company incurred losses of \$5,061,755, had net cash outflows from operating activities of \$6,032,051, net cash outflows from investing activities (other than term deposits) of \$362,471, and net cash inflows from financing activities of \$50,000 for the year ended 30 June 2023.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Going concern (continued)

The Directors believe that it is reasonably foreseeable that the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Company has cash at bank of \$3,174,092 as at 30 June 2023;
- The Company has a Research and Development Tax Offset estimated at \$2.5 million which it expects to receive in Q4 CY2023;
- The Company has, subsequent to year end, raised \$2.4 million, before costs, in new capital and has the ability to raise further capital if required in the future;
- The Company has subsequent to year end launched a Share Purchase Plan which is expected to raise a minimum of \$0.5 million; and
- The Company has the ability to slow activity and reduce costs should this be required.

As a result, the Directors believe that the Company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. The financial report does not include any adjustments relating to the amounts or classifications of recorded assets and liabilities that might be necessary if the Company do not continue as a going concern.

(c) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(d) Foreign currency translation

(i) Functional and presentation currency

The functional and presentation currency of the Company is Australian dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue recognition

Revenue from contracts with customers

The Company currently has no revenue from the sale of goods or services.

Interest income

Interest income is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rates which is the rate that exactly discounts the estimated future cash receipts over the expected future life of the financial asset.

Research and Development Tax Offset

Research and Development Tax Offset claims are recognised as other income in the period to which the incentive claims relate.

(f) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

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

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(h) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable). For the purpose of subsequent measurement, all the financial assets, are classified as amortised cost.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items.

(i) Impairment of non-financial assets

At the end of each reporting period the Company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash generating unit to which the asset belongs.

(j) Cash and cash equivalent

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Other receivables

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

(l) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the year end and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

(m) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the end of the reporting period are recognised in other payables in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

(ii) Retirement benefit obligations

The Company does not maintain a company superannuation plan. The Company makes fixed percentage contributions for all Australian resident employees to complying third party superannuation funds. The Company's legal or constructive obligation is limited to these contributions.

Contributions to complying third party superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Share - based payments

The fair value of options granted under the Employee Share Option Plan ("ESOP") is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the Statement of Profit or Loss and Other Comprehensive Income with a corresponding adjustment to equity.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

The Company also provides incentives to employees including senior executives of the Company in the form of share-based payments, whereby employees receive performance rights over shares which will vest in the event performance hurdles are met (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled due to market conditions, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. If an equity-settled award is cancelled due to non-market conditions, it is treated as if it had vested on the date of cancellation, and no further expense is recognised. Any vested balances recognised in the share-based payment reserve is transferred and offset against retained earnings. However, if a new award is substituted for a cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(n) Contributed equity

Costs directly attributable to the issue of new shares are shown as a deduction from the equity as a deduction proceeds net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net GST, except where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

(p) Plant and equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Plant and equipment are measured on the cost basis.

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

Depreciation is calculated on a diminishing-value basis over the estimated useful life of the assets as follows:

- Plant and equipment – ranging from 1 to 5 years
- Office furniture – 1 to 5 years

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.

(q) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

(s) Lease accounting

The Company has one premises lease with a five-year tenure. At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less lease incentives receivable. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(t) Research and development tax offset

The Company is eligible for the Research and Development tax offset on complying research and development expenditure. The Company's policy is to bring to account an estimate of the tax offset in the year the expenditure is incurred, and is included in other income.

(u) Adoption of New and Revised Accounting Standards

There are no new accounting standards or interpretations applicable that would have a material impact on the accounts of the Company.

The Company has not incorporated the impact of accounting standards issued but which are not yet mandatory for the current year. It is not expected that these will have any material impact on the entity.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(i) Research and development expenditure

The entity has expensed research and development expenditure incurred during the year, where applicable, as the costs relate to the initial expenditure for research and development of biopharmaceutical products where generation of future economic benefits are not considered certain. It was considered appropriate to expense these research and development costs as they did not meet the criteria to be capitalised under AASB 138 Intangible assets.

The entity has raised a receivable for an expected Research and Development tax offset, which reflects managements best estimate at balance date.

(ii) Share based payment transactions

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

3 OTHER INCOME

	2023 \$	2022 \$
Research and development tax offset		
- Current year	2,500,270	700,032
- Prior year adjustment	290,272	-
Interest received	62,152	18,637
	2,852,694	718,669

4 EXPENSES

Personnel costs

	2023 \$	2022 \$
Salaries	1,215,360	746,725
Superannuation	121,049	73,868
Bonus accrued	200,000	110,000
Other personnel related costs	77,106	158,485
Less re-allocated to research and development	(1,240,292)	(789,485)
	373,223	299,593

Depreciation

Depreciation on plant & office equipment	58,709	20,607
Depreciation on right to use assets	54,906	-
Total depreciation	113,615	20,607

Other expenses

Interest cost on premises lease	16,309	-
Foreign exchange loss	27,833	2,840

5 INCOME TAX

(a) Income tax

	2023 \$	2022 \$
Deferred tax	-	-
	-	-

(b) Numerical reconciliation of income tax benefit to prima facie tax payable

Loss from continuing operations before income tax expense	(5,061,755)	(3,385,338)
Tax benefit at the Australian tax rate of 25% (2022: 26%)	(1,265,439)	(846,335)
Tax effect of amounts which are deductible/not taxable in calculating taxable income	112,065	85,391
Tax effect of accounting R&D tax incentive not deductible	625,068	227,309
Carried forward tax benefit not recognised	528,306	533,635
Total income tax expense	-	-

(c) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	6,068,036	4,477,700
Potential tax benefit @ 25% (2022:26%)	1,517,009	1,119,425

The benefit of deferred tax assets not brought to account will only be brought to account if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised; and
- The conditions for deductibility imposed by the relevant tax legislation continue to be complied with and no changes in tax legislation adversely affect the Company in realising the benefit.

	2023	2022
	\$	\$
6 CASH AT BANK AND IN HAND	3,174,092	5,571,417
	3,174,092	5,571,417

As at 30 June 2022 the Company had a further \$4,000,000 in term deposits, see Note 9.

7 CURRENT ASSETS – TAX RECEIVABLES

	2023	2022
	\$	\$
Research and development tax offset receivable	2,500,270	685,890
GST receivable	188,277	94,333
	2,688,547	780,223

8 OTHER RECEIVABLES AND PREPAYMENTS

	2023	2022
	\$	\$
Prepayments	336,530	90,302
Interest receivable	1,112	13,117
	337,642	103,419

9 OTHER FINANCIAL ASSETS

	2023	2022
	\$	\$
Term deposit	-	4,000,000

The term deposit matured on 7 October 2022 and had an interest rate of 0.45%.

For personal use only

10 PLANT AND EQUIPMENT

	Plant and equipment \$	Office Equipment	Total \$
Cost			
Opening balance, 1 July 2022	185,587	21,947	207,534
Additions	983,077	68,090	1,051,167
Disposals	(29,776)	(29,604)	(59,380)
Closing balance, 30 June 2023	1,138,888	60,433	1,199,321
Opening balance, 1 July 2021	33,626	21,947	55,573
Additions ¹	151,961	-	151,961
Closing balance, 30 June 2022	185,587	21,947	207,534
Depreciation			
Opening balance, 1 July 2022	50,383	21,947	72,330
Depreciation expense	46,184	12,525	58,709
Disposals	(29,776)	(29,604)	(59,380)
Closing balance, 30 June 2023	66,791	4,868	71,659
Opening balance, 1 July 2021	29,776	21,947	51,723
Depreciation expense	20,607	-	20,607
Closing balance, 30 June 2022	50,383	21,947	72,330
Written down value 30 June 2022	135,204	-	135,204
Written down value 30 June 2023	1,072,097	55,565	1,127,662

For personal use only

11 RIGHT-TO-USE ASSETS

	2023 \$	2022 \$
Lease assets		
Carrying amount of lease assets, by class of underlying asset:		
Buildings under lease arrangements		
At cost	1,098,128	-
Accumulated depreciation	(54,906)	-
	<u>1,043,222</u>	<u>-</u>
Total lease assets	<u>1,043,222</u>	<u>-</u>
Lease liabilities		
Current	164,574	-
Non-current	896,712	-
	<u>1,061,286</u>	<u>-</u>
		Buildings \$
Carrying amount as at 1 July 2022		-
Additions		1,098,128
Depreciation		<u>(54,906)</u>
Carrying amount as at 30 June 2023		<u>1,043,222</u>

Income, expense and cash flows from lease assets and lease liabilities

The following amounts of income, expense and cash flows were recognised from lease assets and lease liabilities during the year:

	2023 \$	2022 \$
Interest expense on lease liabilities	16,039	-
Depreciation expense on lease assets	54,906	-
Total cash outflow relating to leases	<u>52,803</u>	<u>-</u>

12 CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2023 \$	2022 \$
Trade creditors	1,581,349	277,192
PAYG withholding tax	38,507	46,885
Accrued expenses	364,642	563,663
Superannuation payable	35,758	26,683
	<u>2,020,256</u>	<u>914,423</u>

13 CURRENT LIABILITIES - PROVISIONS

	2023 \$	2022 \$
Provision for annual leave, opening balance	36,000	21,445
Provided during the year	39,778	14,555
Provision for annual leave, closing balance	<u>75,778</u>	<u>36,000</u>

14 CONTRIBUTED EQUITY

(a) Share capital

	2023 Shares	2023 \$	2022 Shares	2022 \$
Ordinary Shares Fully Paid	212,314,861	19,281,951	207,443,781	18,871,951

(b) Movements in ordinary share capital

		Number of Shares	Issue price	\$
Opening balance 1 July 2021		160,000,002		9,456,232
Share issue on ASX listing	21/7/2021	40,000,000	\$0.25	10,000,000
Advisor share issue	21/7/2021	6,875,631	\$0.0001	688
Employee share issue ²	29/12/2021	45,500	\$0.15	6,825
Share issue on exercise of options	2/5/2022	522,648	\$0.0574	30,000
Cost of share issue		-		(621,794)
Closing balance 30 June 2022		207,443,781		18,871,951
Opening balance 1 July 2022		207,443,781		18,871,951
Share issue	31/8/2022	4,000,000	\$0.09	360,000
Share issue on exercise of options	3/5/2023	871,080	\$0.0574	50,000
		212,314,861		19,281,951

(c) Ordinary shares

Each ordinary shareholder maintains, when present in person or by proxy or by attorney at any general meeting of the Company, the right to cast one vote for each ordinary share held.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

(d) Options

As at 30 June 2023, the following options over unissued ordinary shares were on issue:

Details	No of options	Issue date	Date of expiry	Conversion price (\$)
Opening balance 1 July 2021	11,557,877			\$0.0574
Options exercised	(522,648)	3/5/2022	30/11/2030	\$0.0574
Total as at 30 June 2022	11,035,229			
Options exercised	(871,080)	3/5/2023	30/11/2030	\$0.0574
Total as at 30 June 2023	10,164,149			

Options	2023 No.	2022 No.
Balance at beginning of year	11,035,229	11,557,877
Granted during the year	-	-
	11,035,229	11,557,877
Options exercised	(871,080)	(522,648)
Balance at end of year	10,164,149	11,035,229

14 CONTRIBUTED EQUITY (CONTINUED)

No options were granted during the current year (2022: Nil). The details relating to the options outstanding at balance date are;

	Series 1	Series 2	Series 3
Grant date	20/11/2019	30/1/2020	23/11/2020
Expiry date	20/11/2029	30/11/2030	23/11/2023
Exercise price	\$0.0574	\$0.0574	\$0.0574
Number on issue	2,889,456	917,832	6,356,861

The weighted average contractual life of the options on issue is 2.7 years (2022: 4.1 years).

The vesting of options is subject to service periods and all options have vested in both this and the prior year.

The Company recognised expenses of \$225,680 (see (e) below) in relation to share based payments for the year (2022: \$369,584). Of the amount expensed in 2022, \$360,000 is an accrual for shares issued on 25 August 2022 to the Chief Executive Officer.

(e) Performance rights

On 30 June 2023 the Company issued 8,294,022 performance rights to employees of the Company as follows:

Performance period to 30 June	2023	2024
Performance rights number	3,418,722	4,875,300
Value	\$225,680	

The performance rights were valued using Black & Scholes methodology using a share price of \$0.09 as at the date of grant, volatility of 100%, and a risk free rate of 2.59%.

The performance rights hurdle is based on progress made towards commercialising a product in line with the timing set out in the business plan, and is set at a probability of 80%.

To be eligible an employee needs to be in service at the end of the performance period. The 2023 performance rights have vested.

(f) Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can over time provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt (if any). Net debt is calculated as total borrowings less cash and cash equivalents. In order to maintain or adjust the capital structure, the Company may over time pay dividends to shareholders, return capital to shareholders, issue new shares, or take out debt facilities.

The capital management policy remains unchanged from the 30 June 2022 Annual Report.

15 RESERVES AND ACCUMULATED LOSSES

(a) Reserves

	2023	2022
	\$	\$
Total reserves	546,739	321,059

Share based payments reserve

Movements in share based payments reserve were as follows:

Balance 1 July	321,059	318,300
Share based payment expense	225,680	2,759
Balance 30 June	546,739	321,059

(b) Nature and purpose of reserves

The share based payment reserve comprises the cumulative value of employee services received through the issue of shares options. When the option is exercised, the related balance previously recognised in the share based payments reserve is transferred to share capital. When the share options expire, the related balance previously recognised in the share option reserve is transferred to accumulated losses.

16 COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2023, the Company has no capital commitments (2022: \$nil). The Company has no contingent liabilities as at 30 June 2023 (2022:\$nil).

17 CASH FLOW INFORMATION

(a) reconciliation of loss after income tax to net cash outflow from operating activities

	2023	2022
	\$	\$
Loss for the year	(5,061,755)	(3,385,493)
Non-cash share-based payments	225,680	369,584
Depreciation	113,615	20,607
Employee benefits provision	39,778	14,555
<i>Change in operating assets and liabilities</i>		
Increase in trade and other receivables	(2,142,547)	(288,837)
Increase in trade and other payables	777,138	50,264
Net cash outflow from operating activities	(6,048,091)	(3,219,320)

(b) Non-cash investing and financing activities

Acquisition of right-of-use assets (note 11)	1,098,128	-
Shares issued to employee for no cash consideration (note 14)	360,000	-

18 SEGMENT INFORMATION

BCAL Diagnostics Limited is an Australian company developing a novel blood screening test to improve the early diagnosis and monitoring of breast cancer that is safe, cost effective, accurate and available to all women regardless of age, race and geographic location. The Company has only one reporting segment in this and the prior year.

19 FINANCIAL RISK MANAGEMENT

(a) Financial risk management

The Company's financial instruments consist mainly of deposits with banks, other receivables and payables, all carried at amortised cost.

The directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The Company does not speculate in financial assets.

Credit risk

The Company is currently not selling product or services and has no customer risk at present.

With respect to credit risk arising from other financial assets of the Company, which comprise cash and cash equivalents, the Company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The maximum exposure to credit risk at balance date is as follows:

	2023	2022
	\$	\$
Cash and cash equivalents (Note 6)	3,174,092	5,571,417
Other receivables (Note 8)	188,277	94,333
Research and development tax incentive receivable (Note 8)	2,500,270	685,890
Term deposit	-	4,000,000
	5,862,639	10,351,640

To deal with credit risk the Company deposits funds with banks with a credit rating of A+. Receivables risk is low as all receivables are due from government.

Liquidity risk

The Company's policy is to maintain a comfortable level of liquidity through the continual monitoring of cash reserves and the raising of additional capital as required.

(b) Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity as well as management's expectations of the settlement period of all other financial instruments. As such, the amounts may not reconcile to the Statement of Financial Position.

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

	Within 1 year		1 to 2 years		3 to 5 years		Total	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
<i>Financial liabilities - due for payment:</i>								
Trade and other payables	(2,020,256)	(914,423)	-	-	-	-	(2,020,256)	(914,423)
Lease liabilities	(236,547)	-	(247,404)	-	(738,332)	-	(1,222,283)	-
Total contractual outflows	(2,256,803)	(914,423)	(247,404)	-	(738,332)	-	(3,242,539)	(914,423)
Cash and cash equivalents	3,174,092	5,571,417	-	-	-	-	3,174,092	5,571,417
Other financial assets	-	4,000,000	-	-	-	-	-	4,000,000
Other receivables	2,688,347	780,223	-	-	-	-	2,688,347	780,223
Total anticipated inflows	5,862,439	10,351,640	-	-	-	-	5,862,439	10,351,640
Net inflow/(outflow) on financial instruments	3,605,636	9,437,217	(247,404)	-	(738,332)	-	2,619,100	9,437,217

(c) Net fair values

The net fair value of current assets and liabilities approximates their carrying value, due to their short term nature.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and notes to the financial statements.

(d) Market risk

Foreign currency risk

The Company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. Foreign exchange risk is currently minimal, with the only the following US dollar accounts payable balances owing at year end:

30 June 2023	US\$47,518
30 June 2022	US\$15,491

(e) Interest rate risk

The Company is exposed to interest rate risk as the Company holds cash balances at variable interest rates. The risk is managed by using term deposits when appropriate to fix interest rates. The variable interest rate for 2023 was between 0.5% and 2.5% (2022: 0% - 1.25%).

20 EARNINGS PER SHARE

	2023	2022
	Cents	Cents
Basic and diluted loss per share (cents per share)	(2.40)	(1.66)
Weighted average number of shares		
Basic and diluted loss per share calculation	210,902,747	204,285,974
Loss for the period used in earnings per share		
From continuing operations	(5,061,755)	(3,385,493)

21 RELATED PARTY TRANSACTIONS

Key management personnel

The total remuneration paid to key management personnel of the Company during the year is as follows:

	2023	2022
	\$	\$
Short-term employee benefits	1,007,119	771,781
Post-employment benefits	45,825	39,244
Share based payments	163,059	362,759
	1,216,003	1,173,784

22 AUDIT FEES

	2023	2022
	\$	\$
Audit Fees – current year	81,000	60,000
	81,000	60,000

23 EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to year end the Company has raised \$2.4 million, before costs from the issue of 24 million shares at \$0.10 per share, and \$50,000 from the exercise of options.

The Company is also undertaking a Share Purchase Plan and expects to raise a minimum of \$500,000.

Other than as outlined above no matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

- a) the Company's operations in future financial years; or
- b) the results of those operations in future financial years; or
- c) the Company's state of affairs in future financial years.

24 COMPANY DETAILS

Corporate Head Office and Principal Place of Business
Suite 506, Level 5, 50 Clarence Street, Sydney NSW 2000.