

For personal use only



Half Year Report - Dec 2023



1. Company details

Name of entity:	Cryosite Limited
ABN:	86 090 919 476
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022
Reporting Currency:	Australian Dollars

2. Results for announcement to the market

\$'000

Revenues from ordinary activities	up	11.9% to	6,402
Profit from ordinary activities after tax attributable to the owners of Cryosite Limited	up	24.6% to	846
Profit for the half-year attributable to the owners of Cryosite Limited	up	24.6% to	846

Dividends

On 24 August 2023 the Board of Cryosite Limited declared an unfranked dividend of 1.5 cents per share which was paid to shareholders on the 6 of October 2023, for the year ending 30 June 2023. This compares with a 1 cent unfranked final dividend, paid to shareholders, for the year ending 30 June 2022.

Commentary on the results to the market

Results for half-year ending 31 December 2023 reflect a strengthening of trading conditions.

- Revenue of \$6,402,000 from ordinary activities, up 11.9%.
- Net profit of \$846,000, up 24.6%.
- Earnings per share of 1.73 cents, up 24.7%.
- 1.5 cents per share unfranked final dividend paid on 6 October 2023, for the year ending 30 June 2023, up 50%.
- Cash and cash equivalents of \$5,927,000, up \$942,000 from prior period's cash on hand of \$4,985,000.
- No bank borrowings.

A further explanation of the result of the current period is set out in the Directors' Report contained in the attached audit reviewed Interim Report.

3. Net tangible assets backing

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	6.20	4.37

The calculation of net tangible assets excludes right-of-use assets, intangible assets, and lease liabilities.

For personal use only

4. Dividends

Current period

	Amount per security Cents	Franked amount per security Cents
Final unfranked dividend for the year ended 30 June 2023	1.50	

Previous period

	Amount per security Cents	Franked amount per security Cents
Final unfranked dividend for the year ended 30 June 2022	1.00	

5. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

6. Attachments

The Interim Report of Cryosite Limited for the half-year ended 31 December 2023 is attached.

7. Signed

Signed 
Mark Kerr
Non-Executive Chairman

Date: 22 February 2024

Cryosite Limited

ABN 86 090 919 476

Interim Report - 31 December 2023

For personal use only

Directors' report	2
Auditor's independence declaration	6
Consolidated statement of profit or loss and other comprehensive income	7
Consolidated statement of financial position	8
Consolidated statement of changes in equity	9
Consolidated statement of cash flows	10
Notes to the consolidated financial statements	11
Directors' declaration	22
Independent auditor's report to the members of Cryosite Limited	23

For personal use only

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Cryosite Limited (referred to hereafter as 'Cryosite', the 'Company' or 'parent entity') and the entity it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were directors of Cryosite Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

John Hogg (appointed on 8 December 2023)	CEO and Managing Director
Andrew Kroger	Non-Executive Director
Mark Kerr (appointed on 8 December 2023)	Non-Executive Chairman
Steven Waller (resigned on 8 December 2023)	Former Non-Executive Chairman
Nicola Swift (resigned on 8 December 2023)	Former Non-Executive Director
Luis Antonio (resigned on 8 December 2023)	Former Non-Executive Director

Dividends

Dividends paid during the financial half-year were as follows:

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Final unfranked dividend for the year ended 30 June 2023 (31 December 2022: 30 June 2022) of 1.5 cents (31 December 2022: 1.0 cents) per ordinary share	<u>732</u>	<u>488</u>

Review of operations

The profit for the Group after providing for income tax amounted to \$846,000 (31 December 2022: \$679,000).

Earnings per share

	31 Dec 2023	31 Dec 2022
	Cents	
Basic earnings per share	1.73	1.39
Diluted earnings per share	1.73	1.39

Principal activities and segments

Our strategy of diversification is starting to yield positive results, expanding our service portfolio to provide a comprehensive range of solutions across the temperature spectrum. These include:

- (1) **Clinical trials and biological services logistics:** Specialist temperature-controlled storage, sourcing, labelling, status management, secondary packaging, schedule drug distribution, destruction, returns, biological services and cell gene therapies depot services.
- (2) **Cord Blood and tissue storage:** Storage of cord blood and tissue samples.

Overview

The financial results for the half-year ended 31 December 2023 exceeds the previous financial result for the half-year ended 31 December 2022 (prior corresponding period), continuing to build upon our long-term strategy.

There has been a return of year-on-year positive momentum at Cryosite in the second half of 2023 as customers' trading patterns emerge from the aftermath of the pandemic.

- Revenue from ordinary activities increased by 11.9% to \$6,402,000 in the current period from \$5,722,000 in the prior corresponding period.
- Net profit after tax of \$846,000. An increase of 24.6% on prior half-year.
- Earnings per share: 1.73 cents. An increase of 24.7% on a fully diluted basis from prior half year.
- \$5,927,000 of cash and cash equivalents as at 31 December 2023. This is an increase of \$196,000 over the \$4,731,000 in cash plus an additional \$1,000,000 in a longer duration term deposit held at 30 June 2023. The Group has no external borrowings.
- Net cash from operations of \$1,219,000 up by 276% from \$324,000 in the prior half-year.
- Net tangible asset backing per share increased to 6.20 per share as at 31 December 2023 from 5.86 cents as at 30 June 2023.

The Group reporting revenues from ordinary activities of \$6,402,000 (31 December 2022: \$5,722,000) and delivered net profit after tax of \$846,000 (31 December 2022: \$679,000). It is particularly pleasing to report a 11.9% growth in revenue from ordinary activities in the first half of 2024.

The Group tightly controls costs but purposefully invests in facilities, systems and staff, to optimally position the Group for continued growth. A positive expansion in gross margins was offset with an increase in operational expenses, primarily driven by inflation.

The Board declared a 50% increase in the final unfranked dividend to 1.5 cents per share, for 2023, following the resumption of a dividend payments in 2022 with a final unfranked dividend of 1.0 cent per share declared for that year. The net tangible assets per ordinary share have been increased by 0.3 cents, from 5.9 cents on 30 June 2023 to 6.2 cents on 31 December 2023.

Cashflow

The Group has no debt facilities and continues to hold \$5,927,000 cash on hand as at 31 December 2023. Compared to \$4,731,000 of cash plus the \$1,000,000 long-term deposit of the Group as at 30 June 2023, is an increase of \$196,000 over the six months.

The reported net cash from operations of the Group during first half financial year 2024 was \$1,219,000 (1HY23: \$324,000). The significant increase was driven by the increased collections in the first half year of 2024, as well as the receivable timing differences which negatively impacted the same period last year.

Cashflow from investing activities was \$859,000 (1HY23: -\$37,000). This is the result of the \$1,000,000 long-term deposit as at 30 June 2023 which was now classified as cash as at 31 December 2023 (1HY23: \$nil), plus payments for Capex -\$196,000 (1HY23: -\$70,000) and interest income received \$55,000 (1HY23: \$33,000).

Cashflow from financing activities was -\$882,000 (1HY23: -\$644,000), which include the lease payment of our facility -\$150,000 (1HY23: -\$156,000) and the dividend payment of -\$732,000 (1HY23: -\$488,000).

Environmental, social and governance (ESG)

Our facility improvements reflect decisions to improve the design, construction, and operations of the facility to reduce our environmental impact. Past and current investments in new capital equipment contributes to our GHG reduction strategy. Our unwavering commitment to sustainability has resulted in our recent achievement of a silver medal from EcoVadis in February 2024. Our updated Governance Policies reflect our commitment to ethical, transparent, and responsible business practices.

Stability in the State of Affairs

Our stability in a changing industry landscape reflects effective strategic planning and execution. It highlights our ability to maintain a steady course while adapting to the evolving needs of our clients and the market.

Governance and Management

In Governance and Management, our Board steadfastly upholds the highest standards of corporate governance and ethical behaviour. We significantly enhanced our ESG policies in the last quarter, integrating environmental guidelines, a robust supplier code of conduct, and stringent modern slavery policies. These updates are designed to align with and reinforce our Group's strategic objectives while enhancing transparency and accountability at all levels.

Further demonstrating our commitment to continuous improvement, we actively engage in external assessments through the EcoVadis platform. These assessments not only provide valuable insights but also serve as a crucial benchmark against industry standards, guiding our ongoing efforts to elevate our operational practices and ethical standards.

Material business risks

We remain vigilant in the face of macroeconomic risks, climate change and regulatory compliance challenges. We continue to update and invest in the latest HVAC technology and equipment to manage and monitor the impact of the climate on our operations. Our diverse customer base and strategic partnerships are key in helping us manage these risks.

Macroeconomic

Despite our strong position in the specialist clinical trials storage and logistics sector, we recognise that we are not immune to external economic factors such as inflation, supply chain disruptions and new competitors. Our strategy involves monitoring economic indicators, maintaining strict internal controls, and diversifying our customer base into the new growth sectors such as biological storage and cell & gene therapies storage and depot services leveraging our 22 years of cryogenic cord blood expertise.

Regulatory compliance

The Group's purpose-built, modern facility is licensed by the Therapeutic Goods Administration (TGA) of Australia and is Good Manufacturing Practice (GMP) certified to support the specialised needs of highly regulated, temperature-sensitive products. We take our quality obligations and responsibilities seriously. Cryosite maintains accreditations, has thorough knowledge of regulatory systems and utilises best-in-class management systems to ensure our quality processes.

Cryosite employs regular and extensive audits to mitigate our risk and ensure our storage facilities meet TGA and our customers' standards. Additionally, the Group maintains sufficient internal controls to ensure continued compliance with its regulatory obligations as well as all Australian laws and regulations.

Privacy and cybersecurity

In an era where data security is paramount, we have invested in staff training and infrastructure to protect sensitive information and maintain cybersecurity. Cryosite has initiated its journey to align with the Australian Signals Directorate (ASD) Essential Eight Maturity Model.

Work, health and safety ('WHS')

The Group has a zero-risk tolerance for serious safety incidents. The Group deploys a continuous improvement process to its WHS practices, emphasising its established safety culture throughout the organisation, and providing scheduled training for the workforce.

Operating risks

- **Supply Chain disruption.** The Group is part of a global supply chain facilitating the conduct of clinical trials in Australia. Disruption to this supply chain, as we saw during Covid, brings both challenges and opportunities requiring the Group to remain agile in its response.
- **Commercial Partners:** The Group is aware of the importance of global pharmaceutical and bio-tech companies within its Clinical Trials division and mitigates risk through consistently high levels of customer service, the attraction of new clients, and expansion of its licenses and services.
- **Competition:** The Group is vigilant regarding the possibility of a new market entrant or a change in the delivery model for Clinical Trials in Australia. It mitigates this risk by holding a number of licenses and certifications, investing in its facilities, services and people and by remaining closely connected to its customers. The Group continually invests in its brand and enjoys a high reputation in Australia and internationally.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Rounding of amounts

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

Acknowledgments and gratitude

In conclusion, I wish to express my profound appreciation for your continued support and trust. The stability and success we have realised stand as a testament to the collective effort and dedication of our entire team, the enduring relationships with our clients and suppliers, and, most importantly, the steadfast support of our shareholders. This collaborative achievement underscores the strength of our partnerships and the shared commitment to our enduring success.

Auditor's independence declaration

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Mark Kerr
Non-Executive Chairman

22 February 2024

AUDITORS' INDEPENDENCE DECLARATION

In relation to our review of the financial report of Cryosite Limited and its controlled entity for the half-year ended 31 December 2023, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Cryosite Limited and its controlled entity during the half-year ended 31 December 2023.

Mazars

MAZARS RISK & ASSURANCE PTY LIMITED

R. Megale

Rosemary Megale

Director

Sydney, 22 February 2024

For personal use only

Cryosite Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023



	Note	Consolidated 31 Dec 2023 \$'000	Consolidated 31 Dec 2022 \$'000
Revenue	4	6,402	5,722
Expenses			
Administration expenses	5	(2,283)	(2,114)
Cost of providing services		(2,447)	(2,270)
Depreciation and amortisation expense	5	(391)	(345)
Marketing expenses		(16)	(9)
Occupancy expenses		(331)	(292)
Total expenses		<u>(5,468)</u>	<u>(5,030)</u>
Operating profit		934	692
Interest revenue calculated using the effective interest method		110	46
Finance costs	5	<u>(83)</u>	<u>(35)</u>
Profit before income tax expense		961	703
Income tax expense	6	<u>(115)</u>	<u>(24)</u>
Profit after income tax expense for the half-year attributable to the owners of Cryosite Limited		846	679
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year attributable to the owners of Cryosite Limited		<u>846</u>	<u>679</u>
		Cents	Cents
Basic earnings per share	7	1.73	1.39
Diluted earnings per share	7	1.73	1.39

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

		Consolidated	
	Note	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Assets			
Current assets			
Cash and cash equivalents	8	5,927	4,731
Term deposit maturing after three months		-	1,000
Trade and other receivables	9	1,965	1,727
Inventories - stock on hand		88	60
Customer acquisition and fulfilment costs	10	1,161	1,195
Other assets		267	468
Total current assets		9,408	9,181
Non-current assets			
Property, plant and equipment	11	1,462	1,516
Right-of-use assets	12	2,390	2,520
Intangibles assets		6	8
Deferred tax assets	6	1,108	1,059
Customer acquisition and fulfilment costs	10	7,593	8,156
Other assets		204	207
Total non-current assets		12,763	13,466
Total assets		22,171	22,647
Liabilities			
Current liabilities			
Trade and other payables		1,333	1,254
Contract liabilities		2,071	2,040
Lease liabilities		170	161
Provision for income tax	6	164	-
Employee benefits		266	262
Other liabilities	13	60	60
Total current liabilities		4,064	3,777
Non-current liabilities			
Trade and other payables		442	442
Contract liabilities		11,718	12,539
Lease liabilities		2,357	2,445
Employee benefits		127	95
Provisions		209	209
Other liabilities	13	358	358
Total non-current liabilities		15,211	16,088
Total liabilities		19,275	19,865
Net assets		2,896	2,782
Equity			
Issued capital	14	5,979	5,979
Accumulated losses		(3,083)	(3,197)
Total equity		2,896	2,782

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

	Consolidated	Issued capital \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2022		5,979	(4,118)	1,861
Profit after income tax expense for the half-year		-	679	679
Other comprehensive income for the half-year, net of tax		-	-	-
Total comprehensive income for the half-year		-	679	679
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid (note 15)		-	(488)	(488)
Balance at 31 December 2022		<u>5,979</u>	<u>(3,927)</u>	<u>2,052</u>
	Consolidated	Issued capital \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2023		5,979	(3,197)	2,782
Profit after income tax expense for the half-year		-	846	846
Other comprehensive income for the half-year, net of tax		-	-	-
Total comprehensive income for the half-year		-	846	846
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid (note 15)		-	(732)	(732)
Balance at 31 December 2023		<u>5,979</u>	<u>(3,083)</u>	<u>2,896</u>

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

		Consolidated	
	Note	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		5,665	4,552
Payments to suppliers and employees (inclusive of GST)		<u>(4,446)</u>	<u>(4,228)</u>
Net cash from operating activities		<u>1,219</u>	<u>324</u>
Cash flows from investing activities			
Payments for property, plant and equipment	11	(196)	(70)
Investment of cash in short-term deposits		1,000	-
Interest received		<u>55</u>	<u>33</u>
Net cash from/(used in) investing activities		<u>859</u>	<u>(37)</u>
Cash flows from financing activities			
Dividends paid	15	(732)	(488)
Repayment of lease liabilities		<u>(150)</u>	<u>(156)</u>
Net cash used in financing activities		<u>(882)</u>	<u>(644)</u>
Net increase/(decrease) in cash and cash equivalents		1,196	(357)
Cash and cash equivalents at the beginning of the financial half-year		4,731	5,341
Effects of exchange rate changes on cash and cash equivalents		<u>-</u>	<u>1</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>5,927</u></u>	<u><u>4,985</u></u>

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

Note 1. General information

The financial statements cover Cryosite Limited as a Group consisting of Cryosite Limited and the entity it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Cryosite Limited's functional and presentation currency.

Cryosite Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

13a Ferndell Street
South Granville
NSW 2142

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 February 2024.

Note 2. Material accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

Comparatives

Comparative information has been reclassified where applicable to align with the current period presentation. There has been no effect on the profit for the comparative half-year or the net assets of the Group.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into two operating segments: Clinical trials and biological services logistics and Cord blood and tissue storage. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Clinical trials and biological services logistics Specialist temperature-controlled storage, sourcing, labelling, status management, secondary packaging, schedule drug distribution, destruction, returns and biological services.

Cord blood and tissue storage Storage of cord blood and tissue samples.

The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Major customers

The Group services a highly specialised and often concentrated market segment, of which during the half-year ended 31 December 2023, approximately 68% of the Group's external revenue was derived from sales to three major global clients.

Operating segment information

Consolidated - 31 Dec 2023	Clinical trials and biological services logistics \$'000	Cord blood and tissue storage \$'000	Unallocated \$'000	Total \$'000
Revenue				
Sales to external customers	5,276	1,126	-	6,402
Total revenue	<u>5,276</u>	<u>1,126</u>	<u>-</u>	<u>6,402</u>
EBITDA	2,361	287	(1,323)	1,325
Depreciation and amortisation	(331)	(13)	(47)	(391)
Interest revenue	-	-	110	110
Finance costs	(59)	(6)	(18)	(83)
Profit/(loss) before income tax expense	<u>1,971</u>	<u>268</u>	<u>(1,278)</u>	<u>961</u>
Income tax expense				(115)
Profit after income tax expense				<u>846</u>
Assets				
Segment assets	3,256	9,946	8,969	22,171
Total assets				<u>22,171</u>
Liabilities				
Segment liabilities	1,383	13,893	3,999	19,275
Total liabilities				<u>19,275</u>

Note 3. Operating segments (continued)

	Clinical trials and biological services logistics \$'000	Cord blood and tissue storage \$'000	Unallocated \$'000	Total \$'000
Consolidated - 31 Dec 2022				
Revenue				
Sales to external customers	4,561	1,161	-	5,722
Total revenue	4,561	1,161	-	5,722
EBITDA				
Depreciation and amortisation	1,876	303	(1,142)	1,037
Interest revenue	(288)	(12)	(45)	(345)
Finance costs	-	-	46	46
	(29)	(3)	(3)	(35)
Profit/(loss) before income tax expense	1,559	288	(1,144)	703
Income tax expense				(24)
Profit after income tax expense				679
Consolidated - 30 Jun 2023				
Assets				
Segment assets	3,072	10,627	8,948	22,647
Total assets				22,647
Liabilities				
Segment liabilities	1,237	14,767	3,861	19,865
Total liabilities				19,865

Note 4. Revenue

	Consolidated 31 Dec 2023 \$'000	31 Dec 2022 \$'000
<i>Revenue from contracts with customers</i>		
Revenue from clinical trials, logistics and biological services	5,276	4,561
Revenue from cord blood and tissue storage (i)	1,126	1,161
Revenue	<u>6,402</u>	<u>5,722</u>

	Consolidated 31 Dec 2023 \$'000	31 Dec 2022 \$'000
<i>(i) Cord blood and tissue storage is comprised of:</i>		
Cord blood and tissue storage revenue	208	192
Cord blood historical contract revenue	918	969
Total cord blood and tissue storage revenue	<u>1,126</u>	<u>1,161</u>

	Consolidated 31 Dec 2023 \$'000	31 Dec 2022 \$'000
<i>* Cord blood deferred revenues and costs are comprised of:</i>		
Cord blood historical contract liabilities	918	969
Cord blood historical contract assets	(598)	(626)
Cord blood historical deferred income tax expense	(80)	(86)
Total cord blood historical deferred net income	<u>240</u>	<u>257</u>

* Refer to note 3 'Operating segments'.

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 31 Dec 2023 \$'000	31 Dec 2022 \$'000
<i>Geographical regions</i>		
Australia*	<u>6,402</u>	<u>5,722</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	3,418	2,818
Services transferred over time	2,984	2,904
	<u>6,402</u>	<u>5,722</u>

* The geographical regions are determined based on the place where the services occur.

Note 5. Expenses

	Consolidated 31 Dec 2023 \$'000	31 Dec 2022 \$'000
Profit before income tax includes the following specific expenses:		
<i>Depreciation and amortisation expense</i>		
Depreciation - Property plant and equipment	259	229
Depreciation - Right-of-use assets	130	114
Amortisation - Intangibles assets	2	2
Total depreciation and amortisation	<u>391</u>	<u>345</u>
<i>Finance costs</i>		
Interest portion of monies owed to ACCC	12	14
Interest and finance charges paid/payable on lease liabilities	71	21
Finance costs expensed	<u>83</u>	<u>35</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	151	142
<i>Employee benefits expense excluding superannuation</i>		
Employee benefits expense excluding superannuation	<u>1,309</u>	<u>1,237</u>

Note 6. Income tax

	Consolidated 31 Dec 2023 \$'000	31 Dec 2022 \$'000
<i>Income tax expense</i>		
Current tax	164	190
Deferred tax - origination and reversal of temporary differences	(49)	(166)
Aggregate income tax expense	<u>115</u>	<u>24</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	<u>961</u>	<u>703</u>
Tax at the statutory tax rate of 25%	240	176
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Prior year tax losses not recognised now recouped	<u>(125)</u>	<u>(152)</u>
Income tax expense	<u>115</u>	<u>24</u>

The income tax expense is recognised based on the best estimate of the weighted average annual income tax rate. The estimate takes into account the unutilised tax losses and anticipated tax payable.

Note 7. Earnings per share

	Consolidated	
	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Profit after income tax attributable to the owners of Cryosite Limited	<u>846</u>	<u>679</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>48,809,563</u>	<u>48,809,563</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>48,809,563</u>	<u>48,809,563</u>
	Cents	Cents
Basic earnings per share	1.73	1.39
Diluted earnings per share	1.73	1.39

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before completion of these financial statements.

Note 8. Cash and cash equivalents

	Consolidated	
	31 Dec	30 Jun
	2023	2023
	\$'000	\$'000
<i>Current assets</i>		
Cash at bank and on hand	927	731
Short-term deposits	5,000	4,000
	<u>5,927</u>	<u>4,731</u>

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates. Short-term deposit is made for varying periods of between one day and six months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

Note 9. Trade and other receivables

	Consolidated	
	31 Dec	30 Jun
	2023	2023
	\$'000	\$'000
<i>Current assets</i>		
Trade receivables	1,850	1,679
Less: Allowance for expected credit losses	(86)	(68)
	<u>1,764</u>	<u>1,611</u>
Other receivables	201	116
	<u>1,965</u>	<u>1,727</u>

Note 10. Customer acquisition and fulfilment costs

	Consolidated	
	31 Dec	30 Jun
	2023	2023
	\$'000	\$'000
<i>Current assets</i>		
Deferred costs - cord blood	1,161	1,195
<i>Non-current assets</i>		
Deferred costs - cord blood	7,593	8,156
	<u>8,754</u>	<u>9,351</u>
<i>Reconciliation of historical deferred cost cord blood</i>		
Opening balance	9,351	10,604
Recognised in the current year	(597)	(1,253)
Closing balance	<u>8,754</u>	<u>9,351</u>

Deferred costs represent upfront costs, such as laboratory fees, attributable for the collection and processing of cord blood and tissue samples.

Note 11. Property, plant and equipment

	Consolidated 31 Dec 2023 \$'000	30 Jun 2023 \$'000
<i>Non-current assets</i>		
Leasehold improvements - at cost	149	140
Less: Accumulated depreciation	(83)	(70)
	<u>66</u>	<u>70</u>
Fixtures and fittings - at cost	156	156
Less: Accumulated depreciation	(119)	(115)
	<u>37</u>	<u>41</u>
Information technology - at cost	256	255
Less: Accumulated depreciation	(185)	(159)
	<u>71</u>	<u>96</u>
Office furniture and equipment - at cost	95	95
Less: Accumulated depreciation	(54)	(48)
	<u>41</u>	<u>47</u>
Warehouse equipment - at cost	4,206	4,110
Less: Accumulated depreciation	(3,058)	(2,848)
	<u>1,148</u>	<u>1,262</u>
Tangible assets under construction - at cost	99	-
	<u>1,462</u>	<u>1,516</u>

Reconciliations

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

	Leasehold improvements	Fixtures and fittings	Information technology	Office furniture and equipment	Warehouse equipment	Tangible assets under construction	Total
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2023	70	41	96	47	1,262	-	1,516
Additions	9	-	1	-	96	99	205
Depreciation expense	(13)	(4)	(26)	(6)	(210)	-	(259)
Balance at 31 December 2023	<u>66</u>	<u>37</u>	<u>71</u>	<u>41</u>	<u>1,148</u>	<u>99</u>	<u>1,462</u>

Note 12. Right-of-use assets

	Consolidated	
	31 Dec	30 Jun
	2023	2023
	\$'000	\$'000
<i>Non-current assets</i>		
Land and buildings - right-of-use	3,430	3,430
Less: Accumulated depreciation	<u>(1,040)</u>	<u>(910)</u>
	<u><u>2,390</u></u>	<u><u>2,520</u></u>

The Group leases land and buildings for its offices and warehouses under agreement 5 years, with the option to extend it by 5 years.

Reconciliations

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

Consolidated	Land and buildings \$'000
Balance at 1 July 2023	2,520
Depreciation expense	<u>(130)</u>
Balance at 31 December 2023	<u><u>2,390</u></u>

Note 13. Other liabilities

	Consolidated	
	31 Dec	30 Jun
	2023	2023
	\$'000	\$'000
<i>Current liabilities</i>		
Other liabilities	<u>60</u>	<u>60</u>
<i>Non-current liabilities</i>		
Other liabilities	<u>358</u>	<u>358</u>
	<u><u>418</u></u>	<u><u>418</u></u>

As at 31 December 2023, Cryosite owes \$418,000 to the Australian Competition and Consumer Commission ('ACCC') under deferred settlement arrangement commencing in 2019. An amount of \$85,000 is payable per year, with the final payment due in 2029.

Note 14. Issued capital

	31 Dec 2023 Shares	Consolidated 30 Jun 2023 Shares	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Ordinary shares - fully paid	48,809,563	48,809,563	5,979	5,979

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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

Share buy-back

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

Note 15. Dividends

Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated 31 Dec 2023 \$'000	31 Dec 2022 \$'000
Final unfranked dividend for the year ended 30 June 2023 (31 December 2022: 30 June 2022) of 1.5 cents (31 December 2022: 1.0 cents) per ordinary share	732	488

On 24 August 2023 the Board of Cryosite Limited declared an unfranked dividend of 1.5 cents per share which was paid to shareholders on 6 October 2023, for the year ending 30 June 2023.

Note 16. Contingent liabilities

Bank guarantees of \$198,000 (30 June 2023: \$198,000) exist at year-end in respect of the Group's obligations under the premises lease arrangements.

Note 17. Commitments

	Consolidated 31 Dec 2023 \$'000	30 Jun 2023 \$'000
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	103	200

Note 18. Events after the reporting period

On 15 February 2024, the Company approved a return of capital of 5 cents per share by way of an equal reduction in accordance with sections 256B and 256C of the *Corporations Act 2001 (Cth)*.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

For personal use only

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in blue ink that reads "Mark Kerr". The signature is written over a horizontal line.

Mark Kerr
Non-Executive Chairman

22 February 2024

For personal use only

Review Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Cryosite Limited and its controlled entity (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2023 and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies, explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cryosite Limited and its controlled entity is not in accordance with *the Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for conclusion

We conducted our review in accordance with *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity (ASRE 2410)*. Our responsibilities are further described in the Auditor's responsibilities for the review of the half-year financial report section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 presentation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. *ASRE 2410* requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard *AASB 134 Interim Financial Reporting and the Corporations Regulations 2001*.

mazars

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Mazars

MAZARS RISK & ASSURANCE PTY LIMITED

R. Megale

Rosemary Megale

Director

Sydney, 22 February 2024

Principal Activities

1. Clinical Trials Logistics Services
2. Biological Storage
3. Cell & Gene Therapies Depot Services

Services

- GMP Temperature-Controlled Storage
- Investigational Medicinal Product (IMP) Status Management
- Date Extension Labelling for IMP unregistered goods
- GMP Secondary Packaging
- Scheduled Drug Distribution (Schedule 8 drugs)
- Destruction Services including certificates
- Reverse Logistics/Returns Management from clinical sites and hospitals
- Import and Export Services
- Validated Transport Solutions
- Long-Term Storage Options
- Legacy Cord Blood and Tissue Storage

www.cryosite.com

TGA Licence Number MI-18072008-LI-002488-11