vitrafy
LIFE SCIENCES

ANNUAL REPORT
2023

Vitrafy Life Sciences Limited
ABN: 48 622 720 254

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LETTER FROM THE CHAIR

Dear Investor,

On behalf of the Board of Vitrafy Life Sciences Ltd (“**Vitrafy**” or “**the Company**”), I am pleased to introduce the Company’s 2023 Annual Report, which includes financial results and operating review to 30 June 2023and am delighted to do so as the new Chair of the Company. Capably led by founders, Brent Owens and Sean Cameron, the Vitrafy team has continued to grow and strengthen international and domestic relationships, building value through scientific validation studies with collaborators, as well as successfully generating first commercial revenues utilising its cryopreservation solution.

Highlights

A key focus for the financial year was to build further validation through third-party scientific testing of the technology in the nominated application areas. Leveraging the expertise and resources of our research collaboration partners, BioBridge Global (BBG) and Red Cross LifeBlood (RCL), Vitrafy successfully completed third party validation studies that supported our historical internal validation testing results.

Of specific highlight was the work completed with BioBridge Global in one of the highest priority areas, Cell & Gene Therapy. BBG has been using Vitrafy’s cryopreservation technology in their Centre for Innovations and Biodesign out of San Antonio, Texas, specifically for cryopreserving and thawing of T-cells. Vitrafy and BBG have completed phase 1 of what is a multi-phase T-cell and engineered cell (CAR T) testing project with outstanding results (see Summary on page 05). These preliminary results highlight the outcomes achievable through the use of Vitrafy’s cryopreservation technology and the value of collaborative relationships, such as with BBG.

In May 2023, we generated our first commercial revenue in the less regulated Animal Health industry, by utilising our vertically integrated cryopreservation solution to cryopreserve the neo-male salmon milt for Huon Aquaculture’s (“**Huon**”)2023 breeding program. Having collaborated with Huon over the previous salmon breeding seasons, Vitrafy were able to successfully transition from collaboration into commercialisation in the Animal Health application area.

As a result of our superior, quality outcomes and improvement of fertilization outcomes as part of their annual breeding program, Huon engaged Vitrafy to complete the 2023 cryopreservation work on commercial terms, dislodging an existing cryopreservation competitor. This is an important step for the Company and we look forward to continuing this engagement with Huon and scaling the Animal Health application area during the next financial year.

Leadership Transition

We’ve had significant leadership transitions during 2023. Inaugural Chair, Rob Woolley retired from his role in March 2023. The Board and I wish to recognise Rob’s role in helping establish the Company from the ground up and would like to acknowledge his mentoring and guidance in the establishment of the Company. We thank Rob and wish him all the best.

Although subsequent to the end of the financial year, Co-founder, Sean Cameron transitioned from the role of CEO to Executive Director from 11 September 2023, with Co-Founder, Brent Owens, taking over the role of CEO. We wish to express gratitude and appreciation to Sean for his leadership and vision over the past five years as it has been instrumental and pivotal to the success of Vitrafy to date.

Congratulations to Brent on his appointment as CEO. Brent’s detailed work over the past five years has also been instrumental to the success of Vitrafy.

I wish to express appreciation to all those involved with the Vitrafy journey for their ongoing dedication. I acknowledge the strong, innovative and tireless leadership of our Executive Team. I extend my appreciation to Directors Brian Taylor, James Groom, Vaughan Webber and Dr John McBain for their unwavering support. Thank you also to our hard working staff, advisors, customers and collaborators.

Importantly, thank you to all our investors for their ongoing support.

We look forward to our shared journey towards improving health outcomes.

Yours sincerely,

Sonia Petering
LLB, B.Com, FAICD
Chair

LETTER FROM THE CEO

Dear Investor,

It is an honour to provide you with Vitrafy Life Sciences second Annual Report and my first as Chief Executive Officer of Vitrafy.

My sincere thanks to our dedicated team, Board, investors, and advisors who have contributed to another enormously successful year.

Firstly, I must thank our inaugural and outgoing Chair, Rob Woolley. Rob's guidance and mentorship has held us in good stead for our first few years of business. We wish Rob all the best for the future and with his future business endeavours.

After a rigorous candidate search, Sonia Petering joined the Board as the new Chair. In the short period of time as Chair, Sonia has impacted the business profoundly and we are thankful for her leadership and contributions.

I'd also like to extend gratitude and appreciation to Sean Cameron, who as CEO, led the Company with great vision, dedication, and commitment since 2018. It's been a pleasure working with Sean as Co-Founder and I look forward to his ongoing contribution moving forward.

The last twelve months have seen Vitrafy achieve some significant milestones during the 2023 financial year, including:

- Along with our collaboration partner BioBridge Global, Vitrafy have completed phase 1 testing of T-cells for the application of CAR T-cell therapy with outstanding results detailed further in this report;
- Generation of first revenues and successful commercialisation of the Animal Health vertical. This was completed with Huon Aquaculture out of Tasmania and as part of its 2023 salmon milt breeding program;
- Commencement of jurisdictional specific regulatory approvals with a key milestone achieved as part of the FDA regulatory pathway. We successfully passed an onsite two stage audit of our Quality Management System, resulting in an ISO 13485 certification;
- Significantly expanded and strengthened our Intellectual Property Portfolio to now comprise 13 patent families; and
- The appointment of 7 additional staff including specialist engineers, medical scientists, Manager Strategy & Commercialisation, and our Chief Operating Officer (COO) along with an Aqua Culture Advisor and Bioengineering Advisor.

During the next 12 months we are planning to:

- Undertake scaling of the Animal Health application area with immediate opportunities to build out the client base and species to generate further revenue;
- Obtain regulatory approval which is one of Vitrafy's highest priorities. We are expecting to file and secure initial FDA approval for the freezing and thawing devices in the second half of FY2024 which will be a major milestone towards commercialisation for the Human Health application areas;
- Continue scaling operations and prepare for a liquidity event to further strengthen the Companies capabilities and capacity to deliver on its opportunities; and
- Continue to generate value in the Human Health through scientific validation studies with our collaboration partners as part of our scalable commercialisation strategy.

I am incredibly proud of the Company's achievements over the 2022-2023 period and thank our investors for their continued commitment and support.

Yours sincerely,

Brent Owens
CEO

2022-2023 HIGHLIGHTS AND UPDATES

The 2023 financial year was focused on the continued development, validation, and commencement of commercialisation for Vitrafy's vertically integrated, cryopreservation solution.

Focusing on the solution to the unresolved issues with existing cryopreservation solutions. With a vision to improve the quality of healthcare treatments, Vitrafy has brought together a unique blend of organizational skillsets, including scientific, engineering and information systems, to develop in cryopreservation solution.

The quality of our operational output was independently confirmed this year by having our internal results replicated with BioBridge Global in the USA, Australia Red Cross LifeBlood and Huon Aquaculture. This confirmation provides significant confidence for Vitrafy moving forward and reinforced the value of our strategies relating to intellectual property, regulatory approvals and commercialisation.

The following highlights have all been underpinned and delivered by our operational teams:

- BioBridge Global collaboration;
- Successful completion of phase 1 testing of T-cells with significant results;
- Generation of first revenues and completion of commercial animal health cryopreservation with Huon Aquaculture for its 2023 salmon milt breeding program;
- Commencement of jurisdictional specific regulatory approvals with a key milestone achieved as part of the FDA regulatory pathway. We successfully passed an onsite two stage audit of our Quality Management System, resulting in an ISO 13485 certification; and
- Growing our internal and advisory team to bolster the capabilities of the organisation as Vitrafy continues on the pathway to commercialisation.

BioBridge Global Collaboration

The working agreement with BioBridge Global (BBG) based in San Antonio began in July 2021, and was established to complete scientific validation studies on our priority application areas of human blood products and advanced cellular therapies. BioBridge Global 501(c)(3) is a nonprofit corporation that offers diverse services through its subsidiaries – the South Texas Blood & Tissue Center, QualTex Laboratories, GenCure and The Blood & Tissue Center Foundation. BBG provides products and services in blood resource management, cellular therapy, donated umbilical cord blood and human tissue as well as testing of blood, plasma and tissue products for clients in the United States and worldwide. BBG is committed to saving and enhancing lives through the healing power of human cells and tissue. It enables advances in regenerative medicine by providing access to human cells and tissue, testing services and biomanufacturing and clinical trials support.

The relationship between Vitrafy and BBG continues to grow from strength to strength, with Anand Srinivasan M.S., Ph.D., lead of BioBridge Global Center for Innovations and Biodesign, being appointed by Vitrafy as the Bioengineering Advisor.

During FY2023, BioBridge Global has completed T-cell testing on three separate donors to measure the cell viability after cryopreservation using Vitrafy's vertically integrated cryopreservation solution. T-cells are the crucial raw material for the novel CAR T-cell therapies, which are rapidly evolving forms of cancer treatment for critically ill patients. This form of therapy falls under the category of Cell and Gene Therapy which is one of Vitrafy's priority application areas.

BioBridge Global's flow cytometry data confirms that T-cells cryopreserved using Vitrafy's cryopreservation solution have viability comparable to fresh T-cell samples.

The results produced are impressive with significantly high post thaw viability of 94%, well above industry standards. These results are a significant milestone for Vitrafy and its ability to positively impact human health outcomes with significant value in areas of healthcare such as the treatment of cancer.

Cancer stands as a leading cause of death in Australia, with 49,000 people dying per year: the equivalent of 135 people a day[1]. In the US it is far greater with 602,350 deaths being attributed to cancer in 2020[2].

However, hope is on the horizon as medical science continues to develop revolutionary treatments such as CAR (Chimeric Antigen Receptor) T-cell therapy. To date, many cancer patients treated with CAR T-cell therapy have gone into complete remission.

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1. Australian Institute of Health and Welfare. Cancer In Australia 2021, Accessed 2nd October 2023. Cancer in Australia 2021, Summary – Australian Institute of Health and Welfare (aihw.gov.au)
2. Center for Disease control and Prevention. An Update on Cancer Deaths in the United States. Accessed 2nd October 2023. Cancer Data and Statistics | CDC

For some, the clinical effects are profound and sustained; for example, two CAR T-cell treated leukaemia patients reached complete remission in 2010 and have remained cancer free for over a decade[1].

These ground-breaking treatments rely on high quality advanced manufacturing processes that require cryopreservation to achieve success. One of the primary obstacles is the cost associated with these therapies, making them inaccessible to many patients, with the average cost per treatment ranging from US$500,000 to US$1 million[2].

The prohibitive cost is a major limitation to these therapies being available at scale. Vitrafy is able to optimise the manufacturing process through the use of the cryopreservation solution, with improved efficiency and outcomes leading to a reduction in cost and improving delivery of treatment to patients.

The global Cell and Gene Therapy market size was valued at US$21.6 billion in 2022 and is expected to expand at a compound annual growth rate (CAGR) of 14.15% from 2023 to 2030. Vitrafy has identified the revolutionary Cell & Gene Therapy as its highest commercial and social value offering, with a significant opportunity to lead the way in setting new quality standards utilising its innovative cryopreservation solution.

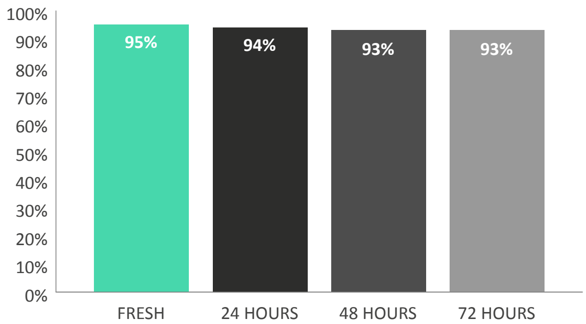
The Company is thrilled to achieve these impressive results in collaboration with BioBridge Global. Vitrafy's cryopreservation technology has the potential to optimise manufacturing processes, for treatments such as CAR T-cell therapy, with the goal of providing better-quality treatment for patients.

Test Results/Data

Phase 1 laboratory testing of T-cells was completed in FY2023, comparing T-Cells cryopreserved using Vitrafy's cryopreservation solution against fresh T-cell samples. The results were outstanding and verified through flow cytometry data:

Samples were compared to fresh samples over 3 time periods: 24, 48, & 72 hours;

- Initial viability of the fresh T-cells was 95%;
- Vitrafy post thaw viability results for 24 hours were 94%;
- Vitrafy post thaw viability results for 48 hours were 93%; and,
- Vitrafy post thaw viability results for 72 hours were 93%.



On the back of the successful results of phase 1 studies, Vitrafy and BioBridge Global will continue their research and development of T-cells testing in FY2024.

Vitrafy and BioBridge will undertake phase 2 studies of T-cells which will focus on the post thaw potency and expansion capability to ensure cell functionality is maintained. The objective of this testing is to continue to generate value through validation in Vitrafy's priority area of Cell and Gene Therapy ahead of commercialisation. It is expected this work will take approximately 6 months to complete from commencement.

The phase 1 T-cell results provide strong foundations and evidence of Vitrafy's value offering in the priority area of Cell and Gene Therapy. The completion of the phase 1 testing has also resulted in a strengthening of relations with BioBridge Global, providing greater long-term value and support as part of our US expansion.

3. Geddes, L. First patients of pioneering CAR T-cell therapy 'cured of cancer', The Guardian. Published online 3 February 2022, accessed 2nd October 2023. First patients of pioneering CAR T-cell therapy 'cured of cancer' | Cancer | The Guardian
4. Goodell, S. Navigating the Financial Aspects of CAR T-Cell Therapy, WebMD, Accessed 2nd October 2023. CAR T-Cell Therapy: How to Manage Costs and Get Financial Assistance (webmd.com)

Animal Health Genetics and First Revenues

Huon Aquaculture Cryopreservation Program

Vitrafy has generated its first commercial revenues through its Animal Health & Genetics program with Huon Aquaculture. We are well positioned for expansion to build a revenue base by taking advantage of lower regulatory barriers to entry.

Huon Aquaculture is a part of the JBS Foods Australia group and represents approximately 1% of the global salmon supply. After collaborating on the optimisation and implementation of the Vitrafy cryopreservation solution for Aquaculture in 2022, Huon Aquaculture contracted Vitrafy to complete the cryopreservation of its neo-male brood stock for the 2023 season.

As part of the program, Vitrafy managed to dislodge a global competitor and leveraged its vertically integrated solution including its cryopreservation and thawing medical devices, novel packaging and LifeChain (supply chain management software). Vitrafy cryopreserved approximately 393, 10mL packs of salmon milt across 3 days. Historically, this process was undertaken by a competitor over several weeks.

The commercial arrangement is ongoing, and the next phase of this breeding program will be the thawing of the milt and subsequent fertilisation of salmon eggs. Vitrafy's cryopreservation has historically achieved the retention of the milt's motility and subsequent fertilization rates of approximately 70% which is comparable to fresh salmon egg fertilization rates. This is a significant improvement on existing cryopreserved fertilisation rates.

The commencement of a commercial arrangement with Huon is a significant step in Vitrafy's development. Not only does it represent the first revenues for the Company, but it is the first full implementation of the vertically integrated cryopreservation solution, validating the business and revenue model.

Paid Trial – SALTAS

Salmon Enterprises of Tasmania Pty Ltd (SALTAS) is Tasmania's second major producer of eggs and smolt for the Tasmanian Atlantic Salmon farming industry. It is also the owner and operator of the selective breeding program (SBP) for the Tasmanian salmon farming industry including for Tassal Group Ltd, Australia's largest vertically integrated seafood producer.

Through its work with Huon Aquaculture, Vitrafy was able to secure a paid trial with SALTAS to cryopreserve 100, 10mL packs of salmon milt in FY2023. The efficiency and quality of outcome achieved with Huon was of significant interest to SALTAS.

Vitrafy will complete the cryopreservation process with SALTAS in quarter 1, FY2024 when thawing of the salmon milt and fertilization occurs. Vitrafy will continue to develop this relationship ahead of future salmon breeding seasons.

Animal Health Business Development

Vitrafy's most immediate opportunity for commercialisation and revenue remains in the Animal Health sector due to the low regulatory barriers to entry, including other animal species such as Aquaculture and Bovine. Whilst a long-term focus of Vitrafy remains on Human Health applications, the team at Vitrafy has been committing energy and resources to developing the Animal Health opportunity to deliver value and revenue as well as validating our process solution in a commercial setting that is a transferable process in Human Health applications.

Regulatory and Quality Progress

Quality Management System

Vitrafy has now successfully completed its Quality Management System (QMS) audit in-line with ISO 13485 to an FDA compliance standard. ISO 13485 specifies requirements for a QMS where an organisation needs to demonstrate its ability to provide medical devices and related services that consistently meet customer and applicable regulatory requirements. The achievement of this certification is an important milestone for Vitrafy to achieve prior to FDA filing.

Throughout FY2023, the Company has prioritised the necessary resources and time to create, prepare and deliver the necessary QMS program within the organisation. The creation of this system has been an important milestone for the Company and has involved cross-function collaboration across the various departments.

The audit of our QMS system in quarter 4, FY2023, included an online submission and a physical two-day review by FDA approved notified body. The level of preparation and commitment from the team enabled Vitrafy to pass the audit comfortably.

Compliance with this standard demonstrates our commitment to producing safe and effective medical devices. ISO 13485 also helps identify and mitigate risks associated with the design, development, and production of our devices. Finally, it helps improve processes and increase efficiency, leading to better products and higher customer satisfaction.

Food & Drug Administration (FDA) – Q-Submission Program

The cryopreservation freezing and thawing devices developed by Vitrafy are classified as class II medical devices with the Food and Drug Administration (FDA) in the USA and Class IIa with the Therapeutic Goods Administration of Australia.

In conjunction with BioBridge Global, Vitrafy has appointed renowned regulatory experts in the USA, Health Policies Associates to support in Vitrafy's regulatory approval process.

Vitrafy has taken a significant step in the regulatory approval process in the United States with its Q-Submission to the FDA. The Q-Submission allows applicants to seek feedback and guidance from the FDA prior to formal submission and is an important step to ensuring a positive outcome upon submission.

Vitrafy remains confident of achieving its FDA filing in the second half of FY2024.

Intellectual Property

Over the 2023 financial year, Vitrafy's intellectual property portfolio, Vitrafy has grown the intellectual property protection claims from 5 patent applications to 13. During the year, a number of existing patents continued to progress through the various phases of registration prior to formal granting.

Intellectual Property continues to be a key asset for Vitrafy given the global addressable market for its solution, the various applications of its solution across multiple biological materials and the improved outcomes that the solution can indicatively deliver when compared against legacy cryopreservation technologies.

Vitrafy's Intellectual Property – Patent families

Official No.	Owner	Priority Date	Countries	Status
Family 1 – Method and apparatus for freezing of biological products				
2019385712	Vitrafy Life Sciences Ltd	22/11/2018	National Phase Entry AUS, CN, EU, HK, JP, NZ, USA	Application filed
Family 2 – Method and apparatus for freezing of consumable products				
2020901100	Vitrafy Life Sciences Ltd	08/04/2020	National Phase Entry AUS, CN, EU, JP, NZ, USA	Application filed
Family 3 – Method and apparatus for preservation of biological material				
PCT/AU2021/051517	Vitrafy Life Sciences Ltd	18/12/2020	International	PCT International Patent Application Filed
Family 4 – Method and apparatus for preservation of biological material				
PCT/AU2021/050024	Vitrafy Life Sciences Ltd	14/01/2021	International	PCT International Patent Application Filed
Family 5 – Packaging for preservation of biological material				
PCT/AU2022/051570	Vitrafy Life Sciences Ltd	23/12/2021	International	PCT International Patent Application Filed
Family 6 – Method for controlling the handling of biological material				
2022903337	Vitrafy Life Sciences Ltd	30/11/2022	Australia	Provisional Filing
Family 7 – Smart Blood Bag				
202217748	Vitrafy Life Sciences Ltd	22/12/2022	Australia	Filing date 22/12/2022
Family 8 – Smart Blood Bag				
202217749	Vitrafy Life Sciences Ltd	22/12/2022	Australia	Filing date 22/12/2022
Family 9 – Smart Aquaculture Bag				
202217750	Vitrafy Life Sciences Ltd	22/12/2022	Australia	Filing date 22/12/2022
Family 10 – Packaging for preservation of biological material				
2023901757	Vitrafy Life Sciences Ltd	02/06/2023	Australia	Registered
Family 11 – Packaging for preservation of biological material				
202313550	Vitrafy Life Sciences Ltd	02/06/2023	Australia	Registered
Family 12 – Housing for preservation of biological material				
202313551	Vitrafy Life Sciences Ltd	02/06/2023	Australia	Registered
Family 13 – Method and system for controlling the processing of biological materials				
2023902850	Vitrafy Life Sciences Ltd	05/09/2023	Australia	Application filed

PEOPLE AND CULTURE

Vitrafy has undergone significant expansion over the 2023 financial year which has required both a proactive and agile approach to recruitment, training, and development of personnel. Such rapid growth and onboarding of team members has been strongly guided by our corporate mission and values, providing the organisational compass for team selection, culture creation, and employee welfare.

During FY2023, Vitrafy employed 7 additional staff including specialist engineers, medical scientists, Manager Strategy & Commercialisation, and our Chief Operating Officer (COO) along with an Aqua Culture Advisor and Bioengineering Advisor.

The continued build out of the team has bolstered our internal scientific validation capabilities as well as increasing the collaboration with research partners in the areas of blood and blood components, cell and gene therapy, and assisted reproductive technology.

In addition to the internal team build out was the appointment of two key commercialisation advisors:

- Anand Srinivasan M.S., Ph.D., lead of BioBridge Global Center for Innovations and Biodesign, as the Bioengineering Advisor; and
- Simon Pitney; formerly of Huon Aquaculture as Aquaculture Advisor.

The appointments completed in FY2023 are important to broadening the expertise and experience of Vitrafy as it enters into the commercialisation phase of development.

Vitrafy Vision, Mission and Values

Vitrafy's pathway to creating a positive impact on health services as well as generating value for investors is underpinned by a vision, mission and set of values that guide everything the Company undertakes.

The Vitrafy Vision

Our vision is to improve the quality of healthcare treatments by providing effective cryopreservation solutions.

The Vitrafy Mission

Vitrafy leverages its technology and intellectual property to create a vertically integrated cryopreservation solution that improves the efficiency, transparency, and certainty of outcome for health-related services. By leveraging our expertise, we are dedicated to improving patient treatments and revolutionising the field of cryopreservation.

Values Statement

At the heart of Vitrafy's mission are a set of values that permeate throughout the organisation. These values guide the execution of the Company's mission to become a leader in the cryopreservation industry and underpin the delivery of improved health outcomes.

These values are:

- **Innovation**: Embracing a culture of innovation to constantly explore new ideas, technologies, and approaches in order to improve products, services, processes and outcomes.
- **Responsibility:** Committing to high moral and ethical standards and integrity in all business activities, ensuring fairness, honesty, and respect for customers, employees, suppliers, and the wider community.
- **Honesty and Transparency:** Cultivating a culture of open and honest communication, promoting transparency in decision-making, and fostering trust with stakeholders.
- **Value Creation:** Being dedicated to creating value for all stakeholders, including customers, employees, shareholders, and the community, by providing innovative solutions, exceptional experiences, and sustainable growth.
- **Collaborative:** Promoting teamwork, open communication, and cooperation among individuals to achieve common goals and leverage diverse perspectives.
- **Passion:** We are driven by a deep passion for our work, our mission, and the impact we make. Our enthusiasm and energy inspire us to go above and beyond, constantly seeking new ways to innovate and excel.
- **Caring:** We genuinely care about the well-being of our employees, customers, partners, and the communities we serve. We foster an environment of empathy, compassion, and support, valuing the human connection and fostering positive relationships.

Board and Management Team Development

In the first half of FY2023, the Vitrafy Board resolved to undertake a review to assess the composition and effectiveness of the Board to support the vision and performance of the Company. The review identified 3 key opportunities to enhance Board effectiveness:

1. Long-term succession planning;
2. Adding to the Board with additional public company experience; and
3. Deeper industry and capital market experience

Based upon the opportunities identified in the review, the Board has successfully appointed **Sonia Petering** (FAICD) as Chair of the Company effective 1 March, 2023. Outgoing Chairman, Rob Woolley, retired from the Board at the end of April.

As ex-Chair of Virtus Health Ltd (ASX: VRT) and current Chair of Qantm IP Ltd (ASX: QIP), Sonia brings decades worth of leadership and industry experience to the Company. The wealth of knowledge and experience Sonia has will be a great asset to the Company as we progress through our commercialisation roadmap. We are excited to have Sonia as part of the Vitrafy team.

We sincerely thank Rob Woolley for being the inaugural Chair of Vitrafy. Rob has been a great support and mentor to the Company over the past four years. As our first investor, Rob has played a pivotal role in the formation and early success of Vitrafy and we wish Rob all the best.

In addition to the successful completion of the succession plan of the Chair of the Board, the Company also appointed **Vaughan Webber** as a Non-Executive Director. As a Director of Corporate Finance at Bell Potter Securities and former Non-Executive Director at Hub 24 Ltd (ASX: HUB), Vaughan has extensive experience in investments, financing and strategy. We are excited to have Vaughan as part of the Vitrafy team also.

Co-Founder and CEO, **Sean Cameron** transitioned from the position of CEO into an Executive Director role in September and Co-Founder, and current CEO (USA), Brent Owens, was appointed CEO.

As co-founder of the Company, Sean's corporate memory, experience, expertise and passion for enhancing outcomes from the application of the Vitrafy technology will be retained in the Executive Director role and will be an important part of the ongoing success and growth of the Company.

Brent has been integral to the development of the Vitrafy cryopreservation technology and intellectual property. Working closely with partners, Brent has been responsible for leading the scientific validation testing of Vitrafy's cryopreservation technology and identifying the commercial applications of its novel solution. In addition to this, Brent has been deeply involved in the commercialisation of Vitrafy's solution in animal health and pursuing the varied commercial opportunities within this application area.

The Board has identified the opportunity to continue to build out the capacity and capabilities of the management team to assist in harnessing the growth opportunities in front of the Company and is in the process of enhancing the C-suite now ahead of a planned liquidity event in calendar year 2024.

OUTLOOK

Looking forward to financial year 2024, Vitrafy has prioritised 5 areas of operation to deliver value and liquidity to all investors within the calendar year. In prioritising these key areas, Vitrafy is seeking is to bring forward commercial opportunities within the Animal Health application area whilst continuing to progress the necessary regulatory, scientific validation and commercialisation of Vitrafy's cryopreservation solution in the Human Health priority application areas of Cell and Gene therapies, Blood and Blood components and Assisted Reproduction.

Vitrafy will focus operations on the following 5 areas:

1. Scaling animal health:

Immediate opportunities to scale Animal Health operations by securing additional clients and generating further revenue. Vitrafy is seeking to expand existing aquaculture client relationships (Huon & SALTAS) as well as securing additional clients within the aquaculture industry as well as and various other animal species.

2. Human health application development:

Human health applications remain the medium-to-long term focus of the business. Vitrafy will invest in further scientific validation studies to generate value, with a continuation of the previously successful approach to validation testing. Scientific validation will include a continuation of our collaborative research agreements with BioBridge Global and Red Cross LifeBlood, as well as new collaboration projects with for profit organisations who can provide a pathway to commercialisation once regulatory approval is secured. Of specific focus will be broadening the collaboration and commercialisation opportunities in assisted reproductive technologies and cell & gene therapy.

3. Medical device development and optimisation:

Testing of our production equivalent cryopreservation devices through the collaboration agreements has provided important user feedback which has enabled us to identify continuous improvement and device optimisation opportunities.

4. Regulatory approval:

Regulatory approval remains one of Vitrafy's highest priorities. Submission of initial FDA filing for the freezing and thawing medical devices in the second half of FY2024 will be a major milestone towards commercialisation for Human Health applications.

5. Scaling operations and IPO preparation:

Strengthening internal capabilities and capacity to support anticipated growth of operations over the next 12 months as well as ensure the Company is prepared for an IPO within the calendar year of 2024.

BOARD OF DIRECTORS

Name and position	Experience, qualifications, and expertise
 **Sonia Petering** *Independent Non-Executive Chair*	Sonia Petering, LLB, B. Com, FAICD is the Chair of Vitrafy and a Non-Executive Director. Sonia, a lawyer with extensive experience as a non-executive director and Chair in various highly regulated sectors, is currently chair of ASX listed QantmIP Limited (ASX: QIP); a non-executive director of TAL Dai Ichi Life Australia Pty Ltd and a member of the University of Melbourne Law School Foundation. Sonia previously served as Chair of Virtus Health Ltd (ASX: VRT) which was sold in July 2022 to private equity, Rural Finance Corporation of Victoria which was sold to Bendigo Bank, and board member of Cuscal, Transport Accident Commission and Grampians Wimmera Mallee Water. Sonia served as a member of the Hazelwood Mine Fire Inquiry with Justice Bernard Teague and Professor John Catford in August 2014. Sonia has also assisted the Victorian Minister for Water as one of the members of the selection panel for the Water Corporation Board appointments over several years. Sonia holds a Bachelor of Laws and Bachelor of Commerce from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors (AICD) and member of Chief Executive Women.
 **James Groom** *Independent Non-Executive Director*	James Groom BA (Hons), LLB is a Non-Executive Director of Vitrafy. James has worked for leading law firms in Australia, the United States and the United Kingdom, specialising in the areas of corporate and commercial law. He has also worked as senior corporate counsel and company secretary for the Australasian operations of one of the world's largest financial services organisations. James' practice is extensive and covers negotiating and documenting commercial transactions of all types, corporate and financial services law, intellectual property and corporate governance and compliance. James has a particular interest in assisting start-up companies with establishing appropriate systems and processes. James has been a director of several public and private companies and is currently a Deputy Chancellor of the University of Tasmania.
 **Associate Professor John McBain** *Independent Non-Executive Director*	Associate Professor John McBain MB ChB MRCOG FRANZCOG is a Non-Executive Director of Vitrafy. John was part of the team behind Australia's first IVF baby in 1980, which was the third IVF birth in the world. A highly regarded gynaecologist and true IVF pioneer, Professor McBain received an Order of Australia (AO) for distinguished service to reproductive medicine, particularly in infertility. John graduated in medicine from Glasgow University and trained in obstetrics and gynaecology in Scotland. He came to Australia in 1976 to join the group of doctors researching IVF, as part of which he developed programmes that led to safe, successful super-ovulation. John was President of the Fertility Society of Australia in 1991, and Chairman of Melbourne IVF from 1998 to 2005. He became Head of Reproductive Services – ART at The Women's Hospital in 2002. A true pioneer in the treatment of infertility, John's efforts to encourage progress in infertility treatment continue he is a member of The Low-Cost IVF Foundation, which establishes affordable IVF in developing countries; in recognition of his continuing research and academic activities he is also a Principal Fellow in the Department of Obstetrics and Gynaecology, University of Melbourne.

Name and position	Experience, qualifications, and expertise
 **Vaughan Webber** *Independent Non-Executive Director*	Vaughan Webber[1] is a Non-Executive Director of Vitrafy. Vaughan has extensive industry and public markets experience, having spent over 20 years in corporate finance at leading Australian stockbrokers focusing on developing, funding and executing strategies for mid to small cap ASX listed companies. Vaughan has held other directorships in private and other ASX listed companies and is currently a Non-Executive Director of PRT Limited (appointed April 2022).
 **Sean Cameron** *Executive Director/ Co-founder*	Sean Cameron is co-founder and Executive Director of Vitrafy. Sean led the Company since its inception in 2018 and is responsible for the overall design and delivery of Vitrafy's growth strategy, commercialisation programs and building the company's scientific process. Sean is co-inventor of Vitrafy's transformational cryopreservation medical technologies and has developed a suite of patented cryopreservation medical apparatus' and protocols. With over 15 years' experience in executive leadership roles in manufacturing and industry development, Sean's expertise includes developing and executing business strategies, capital raising, major project funding and incubating new businesses. Holding an MBA from Federation University Australia, Sean is a member of the Golden Key International Honour Society.
 **Brenton Owens** *Executive Director/ Chief Executive Officer*	Brenton Owens is co-founder, Executive Director and CEO of Vitrafy. Brent is a creative entrepreneur with extensive knowledge in intellectual property development which has seen him pioneer Vitrafy's technological innovations and supporting patent protection. Brent leads Vitrafy's diverse team of medical scientists and engineers in the execution of novel and inventive research and development initiatives, skilfully aligning commercial objectives with technology advancements. Brent is responsible for crafting the strategic vision of the Company and the underpinning technology. Brent was the runner-up Biotechnology Pioneer of the Year in the 2023 AmCham Alliance Awards.
 **Brian Taylor** *Executive Director/ Chief Business Development Officer*	Brian Taylor is co-founder, Executive Director and Chief Business Development Officer of Vitrafy. With over 20 years in business development and innovation, Brian is a qualified engineer with a proven track record in global market optimisation and strategic partnership development. Brian began his career in the development and reconstruction of businesses and has significant experience in identifying and analysing market opportunities to deliver creative business solutions. Brian has developed several innovative start-ups and business developments across regional Victoria, Melbourne and Asia. Prior to his role at Vitrafy, Brian established and operated a group of successful export companies sourcing and delivering Australian product into China. A skilled communicator and negotiator, Brian is responsible for initiating and facilitating discussions with high profile multi-nationals and industry leaders to maximise opportunities for the Company's unique cryopreservation technology.

1. Vaughan is a Director of Corporate Finance for Bell Potter Securities. Bell Potter are advisors to the Company and Lead Managers to the October 2023 Convertible Note Offer. Bell Potter have acted as advisors to the Company on capital raising and strategy since 2021.

SCIENTIFIC LEADERSHIP

Scientific Advisory Board

Vitrafy established a Scientific Advisory Board (SAB) to assist with the identification, development, and review of scientific and commercial applications of its technology.

The SAB has met 4 times in FY2023 and have a mandate to provide early evaluation of emerging science, market, and cryopreservation technology developments. It provides external scientific review and strategic recommendations to Vitrafy leadership to support its current and future cryopreservation research and development programs, applications, and products.

In FY2023, the Scientific Advisory Board has

- Reviewed Red Cross phase 1a findings;
- Reviewed and established BioBridge Global statement of work structures and results regarding the T-cell testing and findings;
- Reviewed Huon Aquaculture findings regarding animal health and research; and
- Provided guidance on the technology application of Vitrafy's software solution.

As Vitrafy continues to achieve promising results from its scientific studies in its priority application areas of Cell and Gene therapies, Blood and Blood components and Assisted Reproduction, the Scientific Advisory Board will continue to:

- Provide strategic advice and making recommendations to the Board regarding current and planned research and development programs;
- Advise the Board regarding the scientific merit of technology or products;
- Advise the Board regarding technology applications and being involved in licensing opportunities; and
- Provide strategic advice to the Board regarding emerging science and technology issues and trends.

Scientific Advisory Board Members:

Associate Professor John McBain (Chair)

Associate Professor John McBain is the Chair of the Scientific Advisory Board for Vitrafy and is also a Non-Executive Director of the Company.

Dr. Debra Gook

Dr. Gook has been involved in IVF for the past 30 years and worked alongside one of Australia's IVF pioneers, the late Ian Johnston. Dr. Gook holds a position as a senior research fellow in Reproductive Services/ Melbourne IVF and is a lead scientist in the oocyte and ovarian tissue cryopreservation program at The Royal Women's Hospital and has continued to publish research on the cryopreservation of oocytes and ovarian tissue.

Associate Professor Dr. Denese Marks

Associate Professor Dr. Marks is the National R&D development Leader for the Australian Red Cross Lifeblood, whose research focuses on all aspects of improving blood component quality and safety, from blood collection through to processing, storage and transfusion. This includes the development of novel blood products such as platelet lysate and frozen blood components. Dr. Marks has published over 50 peer-reviewed papers and is an Associate Professor at the School of Medicine at The University of Sydney.

DIRECTORS' REPORT

30 June 2023

The Directors present their report on Vitrafy Life Sciences Ltd (formally known as Cryogenics Holdings Pty Ltd) for the financial year ended 30 June 2023.

1. General information

Information on Directors

The names of each person who has been a Director during the year and to the date of this report are:

Sonia Anne Petering (Appointed 1 March 2023)
James Warner Groom
Robert Geoffrey Woolley (Resigned 1 May 2023)
Sean Cameron
Brenton Michael Owens
Brian Leslie Taylor
Prof John McBain
Vaughan Webber (Appointed 30 November 2022)

Sonia Petering and Vaughan Webber were appointed as Directors during the 2023 financial year. Sonia Petering was appointed as Chair of the Board on 1 March 2023. Vaughan Webber was appointed as a Director 30 November 2022.

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

Company Secretary

Boardroom Pty Ltd provides the Company Secretary as a service. Sally McDow is the nominated individual. Ms. McDow is an experienced Company Secretary, admitted as a solicitor (QLD) and holds an MBA and a corporate governance diploma.

Principal activities

The principal activity of Vitrafy Life Sciences Ltd during the financial year was the research, development and commercialisation of its vertically integrated cryopreservation solution. This includes cryopreservation medical devices (freezer, thawer and packaging solutions), LifeChain integrated software system, and application services for identified application areas in human health and animal health services.

No significant changes in the nature of the Company's activity occurred during the financial year.

2. Operating results and review of operations for the year

Operating results

The loss of the Company after providing for income tax amounted to $7,812,705. 2022: ($7,660,411). During the year, the Company generated its first commercial revenues of $31,650 through its work completed with Huon Aquaculture on the cryopreservation of the neo-male brood stock for Huon's salmon breeding and genetics program.

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Review of operations

Vitrafy was focused on the research, development, validation, and commercialisation of its vertically integrated cryopreservation solution for use within Animal Health and Human Health application areas. As part of the research and development, Vitrafy undertook internal and external scientific validation with research collaboration partners in the areas of blood and blood components, cell and gene therapy, and assisted reproductive technology.

In addition to the validation within the Human Health application areas, Vitrafy initiated the commercialisation of its technology in the Animal Health application area with paid commercial activities with Huon Aquaculture for the cryopreservation of their neo-male brood stock as part of their 2023 breeding program.

The Company continued to build out the protection of the intellectual property underpinning the cryopreservation solution with the lodgement of additional intellectual property patent applications. Intellectual property patent applications grew from 5 to 13 over the period.

The Company continued to invest in the development of the medical device technology and LifeChain software solution. As part of this investment was regulatory preparation process ahead of planned FDA regulatory lodgement in FY24. As part of this process, Vitrafy undertook its ISO13485 certification assessment successfully.

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events after the reporting date

Post reporting date, the Company is aware of the following events relevant to the financial position of the Company:

- As of the 11 September 2023 Mr. Sean Cameron stepped down from the position of Chief Executive Officer. Mr. Brent Owens assumed the role of Chief Executive Officer as of that date.
- As of the 13 September 2023, the Company entered into loan agreements for Director and Shareholder Loans totalling $550,000. Interest will accrue on each Creditor's Loan Amount at a rate of 10% per annum and will not compound. The Loan Amount, plus any accrued interest, will be repayable to the Creditor on the earlier of (i) 7 days after receipt by the Company of its approximately A$2.0m research and development tax refund from the Australian Tax Office; (ii) 31 December 2023; (iii) any date for repayment notified by the Company to the Creditors.
- On 18 October 2023 the Company received the research and development tax incentive payment of $2,013,326.

Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Information on Directors

Sonia Anne Petering

Experience	Sonia is an experienced Board Chair and Non-Executive Director with a demonstrated history of success over 20 years in highly regulated industries. Sonia has experience in multiple industries with listed and unlisted companies and government authorities across various sectors covering B2B and B2C transactional models across disruptors and established businesses in the areas of financial services, professional services, payments, insurance, healthcare, agribusiness and water. With a customer focus and an ESG and diversity and inclusion advocate, Sonia has a particular interest in creating value for shareholders. Currently, Sonia is also Chair of QantmIP Ltd (ASX:QIP) and non-executive director of TAL Dai Ichi Australia Ltd. Previous Board roles include Chair of Virtus Health Ltd and Rural Finance, non-executive Director of Cuscal and TAC. Sonia holds a current Victorian legal practising certificate and runs her own broad-based commercial legal practice. Sonia has a Bachelor of Laws and a Bachelor of Commerce from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors and a member of Chief Executive Women.
As at the date of this report: Interest in Shares, Convertible Notes, and Options	Options 2023: 4,053.
Special responsibilities	Chair of the Board

James Warner Groom

Experience	James has worked for leading law firms in Australia, the United States and the United Kingdom, specialising in the areas of corporate commercial law. James has also worked as senior corporate counsel and company secretary for the Australasian operations of one of the world's largest financial services organisations. James' legal practice is extensive and covers negotiating and documenting commercial transactions of all types, corporate and financial services law, intellectual property, and corporate governance and compliance. James has a particular interest in assisting start-up companies with establishing appropriate systems and processes.
As at the date of this report: Interest in Shares, Convertible Notes, and Options	112,313 Ordinary Shares, Options 2020: 7,175, Options 2019: 22,525, 30,000 December 2022 Convertible Notes.
Special Responsibilities	Chair of the Remuneration and Nomination Committee and Director

Prof John McBain

Experience	Born in Glasgow, John graduated in medicine from Glasgow University, and trained in obstetrics and gynaecology in Scotland. He came to Australia in 1976 to join the group of doctors researching IVF, as part of which he developed programmes that led to safe, successful super-ovulation. John was President of the Fertility Society of Australia in 1991, and Chairman of Melbourne IVF from 1998 to 2005. He became Head of Reproductive Services – ARTR at the Women's Hospital in 2002. A true pioneer in the treatment of infertility, John's efforts to encourage progress in infertility treatment continue. He is a member of The Low-Cost IVF Foundation, which establishes affordable IVF in developing countries; in recognition of his continuing research and academic activities he is also a principal Fellow in the Department of Obstetrics and Gynaecology, University of Melbourne.
As at the date of this report: Interest in Shares, Convertible Notes, and Options	285,714 Ordinary Shares, Options 2023: 5,305, Options 2022: 23,752.
Special Responsibilities	Director and Chair of the Scientific Advisory Committee

Vaughan Webber

Experience	Vaughan has extensive industry and public markets experience, having spent over 20-years in corporate finance at leading Australian stockbrokers focusing on developing, funding and executing strategies for mid to small cap ASX listed companies. Vaughan has held other directorships in private and other ASX listed companies and is currently a Non-Executive Director of PRT Limited (appointed April 2022).
As at the date of this report: Interest in Shares, Convertible Notes, and Options	71,000 June 2021 Convertible Notes, 79,000 December 2022 Convertible Notes
Special responsibilities	Chair of Audit & Risk Committee

Sean Cameron

Experience	Co-Founder of Vitrafy Life Sciences, Sean led the Company from its inception in 2018 to 2023 and was instrumental to the overall design and delivery of Vitrafy's growth strategy, commercialisation programs and building the Company's scientific process. Sean has been instrumental as the co-inventor and developer of Vitrafy's cryopreservation technology. Sean has acquired over 15 years' executive leadership experience in manufacturing and industry development roles. His experience includes developing and executing business strategies, capital raising, major project funding and incubating new businesses. Holding an MBA earned with high distinction from Federation University Australia, Sean is a member of the Golden Key International Honour Society.
As at the date of this report: Interest in Shares, Convertible Notes, and Options	309,357 Ordinary Shares, Options 2022: 24,659, Options 2020: 17,938, Options 2019: 56,313.
Special Responsibilities	Co-Founder and Executive Director

Brenton Michael Owens

Experience	Brent is the co-founder and current Chief Executive Officer. Brent is a creative entrepreneur with extensive knowledge in intellectual property development which has seen him pioneer Vitrafy's technology innovations and supporting patent protection. Brent leads Vitrafy's diverse team of medical scientists and engineers in the execution of novel and inventive research and development initiatives, skilfully aligning commercial objectives with technology advancements. Brent has worked in various leadership positions culminating with being a Co-Founder & Director of Vitrafy Life Sciences.
As at the date of this report: Interest in Shares, Convertible Notes, and Options	309,357 Ordinary Shares, Options 2022: 24,659, Options 2020: 17,938, Options 2019: 56,313.
Special Responsibilities	Co-Founder and Chief Executive Officer

Brian Leslie Taylor

Experience	With an impressive 23-year career in business development and innovation, Brian, a qualified engineer draws on a proven track record of success to optimise Vitrafy's global market opportunities and strategic partnerships. Brian began his career redeveloping and transforming businesses. His ability to identify and analyse market opportunities and deliver creative solutions has resulted in innovative start-ups and business developments across Regional Victoria, Melbourne and Asia. Prior to his role at Vitrafy, Brian was instrumental in establishing a group of highly successful export companies sourcing and delivering Australian product into China. A skilled communicator and negotiator, Brian is responsible for initiating and facilitating discussions with high profile multi-nationals and industry leaders to maximise opportunities for Vitrafy's unique cryopreservation technology.
As at the date of this report: Interest in Shares, Convertible Notes, and Options	334,357 Ordinary Shares, Options 2022: 6,579, Options 2020: 17,938, Options 2019: 56,313.
Special Responsibilities	Co-Founder and Chief Business Development Officer

Robert Geoffrey Woolley – (resigned 1 May 2023)	
Experience	Rob identified the opportunity presented in Bellamy's Baby Food business when it was in start-up phase. Rob subsequently played a leading role in the purchase and development of the business as inaugural Chair and one of the founding shareholders of ASX Company Bellamy's Australia Limited. Rob and others identified a number of business opportunities in the food sector in Tasmania. Rob led the development of the small, listed company, TasFoods Limited. Rob became the initial Chair of TasFoods during the acquisition of a number of premium Tasmanian food businesses. Previous corporate roles include: Chairman of Tandou Ltd; Board of Forestry Tasmania; Founding Chair of Freycinet Financial Services Ltd; Managing Director and CEO of Webster Ltd; and a senior partner in Deloitte Australia.
As at the date of this report: Interest in Shares, Convertible Notes, and Options	545,051 Ordinary Shares, Options 2023: 3,979, Options 2022: 2,814, Options 2020: 10,763, Options 2019: 56,313.
Special Responsibilities	Ex Chair and Co-Founder

Meetings of Directors

During the financial year, 9 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

			Committee Meetings			
	Board Meetings		Audit & Risk Committee		Remuneration Committee	
Directors	Meetings Eligible to Attend	Meetings Attended	Meetings Eligible to Attend	Meetings Attended	Meetings Eligible to Attend	Meetings Attended
Sonia Anne Petering	3	3	1	1	1	1
James Warner Groom	9	9	2	2	2	2
Brenton Michael Owens	9	9	–	–	–	–
Sean Cameron	9	9	–	–	–	–
Brian Leslie Taylor	9	9	–	–	–	–
Prof John McBain	9	9	1	1	1	1
Vaughan Webber	4	4	1	1	–	–
Robert Geoffrey Woolley	8	8	1	1	1	1

Indemnification and insurance of officers and auditors

(a) Insurance of officers

During the year, Vitrafy Life Sciences Ltd paid premiums in respect of insuring the Directors and officers.

(b) Insurance of auditors

Vitrafy Life Sciences Ltd has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related party.

(c) Proceedings on behalf of Company

No person has applied for leave of Court, under Section 237 of the *Corporations Act 2001*, to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is party for the purpose of taking responsibility on behalf of the Company for all or part of these proceedings. The Company was not a party to any such proceedings during the year.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2023 has been received and can be found on page 22 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: Sonia Petering

Director: Vaughan Webber

Dated this 23rd Day of October 2023

AUDITOR'S INDEPENDENCE DECLARATION

GrantThornton

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of Vitrafy Life Sciences Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Vitrafy Life Sciences Ltd for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 23 October 2023

www.grantthornton.com.au
ACN-130 913 594

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2023

	Note	2023 $	2022 $
Sales revenue		31,650	–
Government grants	4	2,013,326	1,823,449
Other income	4	11,487	2,374
Distribution costs		(309)	(3,669)
Marketing expenses		(21,668)	(146,323)
Occupancy costs		(28,455)	(5,752)
Administrative expenses		(4,327,646)	(3,633,556)
Research and development expenses		(1,694,839)	(1,284,516)
Other expenses	6	(3,123,968)	(1,365,739)
Finance expenses		(1,299,482)	(682,148)
Fair value gain/(loss) on embedded derivative	12	4,321,074	(316,747)
Convertible note effective interest	12	(3,693,875)	(2,047,784)
Loss before income tax		**(7,812,705)**	**(7,660,411)**
Income tax expense	16	–	–
Loss for the year		**(7,812,705)**	**(7,660,411)**
Total comprehensive loss for the year		**(7,812,705)**	**(7,660,411)**
Loss per share			
Basic loss per share (cents per share)	22	(264.92)	(261.66)
Diluted loss per share (cents per share)	22	(264.92)	(261.66)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As At 30 June 2023

	Note	2023 $	2022 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,720,864	963.325
Other receivables	8	166,021	141,735
R&D tax incentive receivable		2,013,326	1,823,449
Other assets		–	563,140
TOTAL CURRENT ASSETS		**3,900,211**	**3,491,649**
NON-CURRENT ASSETS			
Property, plant and equipment	9	447,022	495,142
Right-of-use assets	10	581,214	383,667
TOTAL NON-CURRENT ASSETS		**1,028,236**	**878,809**
TOTAL ASSETS		**4,928,447**	**4,370,458**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	629,293	317,939
Convertible notes	12	8,553,645	7,499,189
Derivative financial instruments	12	9,358,876	3,145,146
Lease liabilities	10	94,970	71,687
Employee benefits	13	315,440	228,118
TOTAL CURRENT LIABILITIES		**18,952,224**	**11,262,079**
NON-CURRENT LIABILITIES			
Lease liabilities	10	544,200	342,393
Employee benefits	13	65,178	36,287
TOTAL NON-CURRENT LIABILITIES		**609,378**	**378,680**
TOTAL LIABILITIES		**19,561,602**	**11,640,759**
NET ASSETS		**(14,633,155)**	**(7,270,301)**
EQUITY			
Ordinary Shares	14	4,919,584	4,828,834
Share Options Reserve	14	679,231	320,130
Accumulated losses		(20,231,970)	(12,419,265)
TOTAL EQUITY		**(14,633,155)**	**(7,270,301)**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2023

2023

	Note	Ordinary Shares $	Share Options Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2022		**4,828,834**	**320,130**	**(12,419,265)**	**(7,270,301)**
Loss for the period		–	–	(7,812,705)	(7,812,705)
Shares issued during the year		90,750	–	–	90,750
Share options expense		–	359,101	–	359,101
Balance at 30 June 2023	14	**4,919,584**	**679,231**	**(20,231,970)**	**(14,633,155)**

2022

	Note	Ordinary Shares $	Share Options Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2021		**3,572,527**	**1,470,868**	**(4,758,854)**	**284,541**
Loss for the period		–	–	(7,660,411)	(7,660,411)
Shares issued during the year		1,256,307	–	–	1,256,307
B & C class shares		–	(1,256,307)		(1,256,307)
Share options expense		–	105,569	–	105,569
Balance at 30 June 2022	14	**4,828,834**	**320,130**	**(12,419,265)**	**(7,270,301)**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2023

	Note	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and other income (inclusive of GST)		–	–
Payments to suppliers and employees		(6,791,936)	(6,501,424)
Interest Received		11,487	2,374
Government grants received		1,823,449	625,263
Net cash (used in) operating activities	17	**(4,957,000)**	**(5,873,787)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(90,415)	(485,909)
Net cash (used in) investing activities		**(90,415)**	**(485,909)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		90,750	–
Proceeds from the issue of convertible notes		6,312,354	–
Payment of convertible notes redemptions		(398,083)	–
Payment of finance lease liabilities		(97,064)	(57,854)
Payment of transaction costs		(103,003)	–
Net cash provided by financing activities		**5,804,954**	**(57,854)**
Net increase/(decrease) in cash and cash equivalents held		757,539	(6,417,550)
Cash and cash equivalents at beginning of year		963,325	7,380,875
Cash and cash equivalents at end of financial year	7	**1,720,864**	**963,325**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2023

1. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2. Summary of Significant Accounting Policies

(a) Other income

Government Grants

Government grants consists of research and tax incentive and other income consists of interest income. The Company's research and development (R&D) activities are eligible under an Australian government tax incentive for eligible expenditure. Management has assessed these activities and expenditure to determine which are likely to be eligible under the incentive scheme, these are recognised at fair value where there is reasonable assurance that the grant will be received, and all grant conditions are met.

(b) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included 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 is classified as operating cash flows.

(d) Property, plant and equipment

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a reducing balance basis over the asset's useful life to the Company, commencing when the asset is ready for use.

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

Plant and Equipment	6.67-66.67%
Furniture, Fixtures and Fittings	4-28.5%

Each asset has been depreciated using the diminishing value method, based on the ATO useful life guidelines. At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(e) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost;
- fair value through profit or loss – FVTPL;
- fair value through other comprehensive income – equity instrument (FVOCI – equity); and
- fair value through other comprehensive income – debt investments (FVOCI – debt).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost; and
- debt investments measured at FVOCI.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Financial liabilities

Financial liabilities – convertible notes

Classification as debt or equity

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

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Financial liabilities measured at amortised cost

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(g) Leases

(i) Right-of-use asset

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

(ii) Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used. The rate used as at 30 June 2023 was 5.37% (2022: 5.37%).

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g., CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(h) Employee benefits

(i) Employee benefit obligations

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(ii) Share-based payments

Share-based compensation benefits are provided to employees via the 'employee share option plan' (ESOP). Information relating to these schemes is set out in note 19.

(iii) Employee Options

The fair value of options granted under the Employee Share Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions (e.g.: the entity's share price);
- Excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- Including the impact of any non-vesting conditions (e.g., the requirement for employees to save or holding shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimated, if any, in profit or loss, with a corresponding adjustment to equity.

(i) Valuation of embedded derivatives on convertible notes

The Company entered into an agreement with sophisticated investors for the issue of convertible notes. The fair value of the embedded derivative was determined in line with AASB 9. The Company has applied the Monte Carlo model, using assumed inputs. The Monte Carlo model stimulates plausible future share price paths assuming that the share price evolves according to the geometric Brownian motion model. The Monte Carlo simulation is a flexible approach that accommodates the conversion conditions and the maturity conditions directly into the valuation approach. The average conversion discount represents the fair value of the embedded derivate.

(j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(k) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss.

(l) Going concern

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

For the period ended 30 June 2023, the Company incurred an operating loss of $7,812,705 (2022: $7,660,411) and reported a deficiency in net assets at 30 June 2023 of $14,633,155 (2022: $7,270,301). The Company recorded negative net cash flow from operating activities of $4,957,000 (2022: $5,873,787).

The deficiency in Net Assets relates predominantly to the convertible notes on issue. The convertible notes will either convert to equity or be paid out upon IPO or further capital raises. This will place the Company back into a Net Asset surplus position when it occurs.

The following matters have been considered by Directors in determining the appropriateness of the going concern basis of preparation:

- All existing convertible notes will mature on 31 December 2023 with an optional extension period to 30 June 2024 (as at balance date) or upon IPO of the Company, whichever date is earlier.
- The Company successfully raised $6,312,354 in convertible notes in December 2022 to mature on 31 December 2023 with an optional extension period to 30 June 2024 or upon IPO of the Company. This was in addition to the original June 2021 convertible notes which are also scheduled to mature on 31 December 2023.
- The Company has three strategies around dealing with the Convertible Notes by 30 June 2024:
  - The primary strategy is to execute an IPO in FY24 under which the Convertible Notes will convert into ordinary equity. The Company has commenced engagement with the ASX on suitability for listing and has a clear understanding on what will likely be considered as a suitable status and nature of operations to be admitted for listing on the ASX. The Company believes that it is well progressed in meeting ASX requirements for a suitable status and nature of operations and are confident with further business execution of strategy that this is a reasonable prospect.
  - Concurrently the Company is actively engaged with a number of potential strategic partners to explore commercial arrangements downstream as the Company continues to progress its Human and Animal operations and associated regulatory processes. At some point in time there is a reasonable scenario whereby the Company will become attractive to these strategic partners for a significant strategic investment, joint venture or takeout. If such a scenario occurs then the Convertible Notes will be incorporated into any final commercial deal (i.e., through redemption, conversion or sale).
  - Finally, the Company has a loyal supportive investor base as evidenced by the high rollover of the existing convertible notes and our expectations of a further rollover to June 2024. If the Company continues to execute on its strategic plan, then there is a scenario that if a liquidity event is able to be demonstrated in FY25 rather than FY24 that a further rollover may be able to be secured.
- Vitrafy Management has commenced a strategic review of operations and capital requirements to determine:
  - The areas of focus for the Company over the coming 24 months;
  - The growth projects required to deliver a sustainable and scalable business platform;
  - The capital requirements of the Company to deliver these growth projects; and
  - The avenues available to the Company for capital raising and liquidity.

- Based upon this review, Vitrafy has engaged with its advisors to refine the capital strategy of the Company to determine the best pathway to support the next phase of growth. As part of this review, Vitrafy is currently engaging with existing and new prospective investors. It is anticipated that Vitrafy will finalise the structure and size of raise in Quarter 1 of FY24 including the consideration and extension of convertible notes with a plan to raise capital in Quarter 2 of FY24.

  In order to continue as a going concern, the Company is reliant on raising further capital and the Company is currently preparing for a further capital raising and developing the business to satisfy the requirements for an Initial Public Offering (IPO) on the Australian Securities Exchange (ASX). The need to raise additional capital gives rise to a material uncertainty which may cast doubt over the Company's ability to continue as a going concern.

  Based on the above, the Directors are satisfied that the Company has access to sufficient sources of funding to meet its commitments and is able to progress its research and development programs over the next 12 months, and for that reason the financial statements have been prepared on the basis that the Company is a going concern.

  The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the Company not continue as a going concern.

(m) New standards and interpretations not yet adopted

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

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

3. Critical Accounting Estimates and Judgments

The Directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

- *Estimation of R&D tax incentive income – note 4*
- *Share-based Payments – note 19*
- *Convertible Notes and Embedded Derivative Valuation – note 12*

Key estimates – fair value of financial instruments

The Company has certain financial assets and liabilities which are measured at fair value. Where fair value has not been able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Key judgments – taxes

Deferred tax assets

Determining income tax provisions involves judgment on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable revenues being generated against which tax losses will be available for offset based on budgets, current and future expected economic conditions.

4. Other Income

(a) Government Grant

The Company's research and development (R&D) activities are eligible under an Australian government tax incentive for eligible expenditure. Management has assessed these activities and expenditure to determine which are likely to be eligible under the incentive scheme. Amounts are recognised when it has been established that the conditions of the tax incentive have been met and that the expected amount can be reliably measured. For the year ended 30 June 2023, the Company has included $2,013,326 (2022: $1,823,449) of government grant receivable, being R&D tax incentive.

(b) Other Income

Included in other income is interest received of $11,487 (2022: $2,374).

5. Operating Segments

Identification of reportable segments:

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors and management team in assessing performance and determining the allocation of resources.

Management has identified one reportable segment being: Research and Development (R&D): income and expenses directly attributable to the Company's R&D projects.

The financial breakdown for the segment information for the reportable segments for the year ended 30 June 2023 – refer Statement of Profit and Loss & Other Comprehensive Income and the Statement of Financial Position.

6. Result for the Year

The result for the year includes the following specific expenses:

	2023 $	2022 $
Other expenses:		
Legal costs	1,308,598	690,290
Professional fees	115,447	123,182
Donations	505	–
Depreciation expenses	138,535	117,285
Meeting expenses	4,091	3,996
Pest control	4,414	4,361
Protective clothing	211	661
Subscriptions	36,768	47,579
Travelling expenses	68,306	53,224
Contract work	59,204	19,000
Patent fees and trademarks	440,762	306,161
Capital raising costs	945,532	–
Unrealised currency gains	1,140	–
Realised currency gains	455	–
Total	**3,123,968**	**1,365,739**

7. Cash and Cash Equivalents

	2023 $	2022 $
Cash at bank and in hand	1,720,864	963,325
	1,720,864	**963,325**

8. Trade and Other Receivables

	2023 $	2022 $
Current:		
Deposits	39,300	21,450
GST receivable	91,906	120,285
Accounts receivable	34,815	–
Total Trade and Other Receivables	**166,021**	**141,735**

9. Property, Plant and Equipment

	2023 $	2022 $
Plant and Equipment		
At cost	572,542	495,187
Accumulated Depreciation	(229,610)	(112,408)
Total Plant and Equipment	**342,932**	**382,779**
Furniture, Fixtures and Fittings		
At cost	157,545	144,484
Accumulated Depreciation	(53,455)	(32,121)
Total Furniture, Fixtures and Fittings	**104,090**	**112,363**
Total Property, Plant and Equipment	**447,022**	**495,142**

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment $	Furniture, Fixtures and Fittings $	Total $
Year ended 30 June 2023			
Balance at the beginning of year	382,779	112,363	495,142
Additions			
Additions	77,355	13,061	90,416
Depreciation expense	(117,202)	(21,334)	(138,536)
Balance at the end of the year	**342,932**	**104,090**	**447,022**
Year ended 30 June 2022			
Balance at the beginning of year	108,293	18,225	126,518
Additions			
Additions	374,311	111,598	485,909
Depreciation expense	(99,825)	(17,460)	(117,285)
Balance at the end of the year	**382,779**	**112,363**	**495,142**

10. Leases

Right-of-use assets:

The Company has an operating lease for its office, laboratory and warehouse facilities for a period of three (3) years from 31 January 2018, with a further option to extend the lease for another three (3) years. The Company took up the option to extend the lease, which was signed on 12 February 2021. A variation of Lease was signed 28 October 2021 to extend the size of the premises leased to include Shed 2 at 45 Selkirk Drive. No further options were granted, and no other terms of the original lease were changed. On 17 June 2022 the Company signed another lease on premises at 45 Selkirk Drive as additional warehousing and again on 1 June 2023 at 1/41 Selkirk Drive to be used as additional offices.

	Buildings $	Total $
Year ended 30 June 2023		
Balance at beginning of year	383,667	383,667
Additions	**298,192**	**298,192**
Amortisation for the year	(100,645)	(100,645)
Balance at end of year	**581,214**	**581,214**
Year ended 30 June 2022		
Balance at beginning of year	80,827	80,827
Additions	366,867	366,867
Amortisation for the year	(64,027)	(64,027)
Balance at end of year	**383,667**	**383,667**

	2023 $	2022 $
Current Lease Liability		
Interest Expense	32,019	20,498
Lease Payment	(126,989)	(92,185)
Current Lease Liability	**(94,970)**	**(71,687)**
Non-Current Lease Liability		
Interest Expense	108,037	40,056
Lease Payment	(652,237)	(382,449)
Non-Current Lease Liability	**(544,200)**	**(342,393)**

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year $	1 – 5 years $	> 5 years $	Total contractual cash flows $
2023				
Lease liabilities	126,989	463,435	188,802	779,226
2022				
Lease liabilities	92,185	352,235	30,214	474,634

11. Trade and Other Payables

	2023 $	2022 $
Current		
Trade payables	441,694	237,152
Sundry payables and accrued expenses	187,599	80,787
	629,293	**317,939**

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

12. Convertible Notes & Derivative Financial Instruments

(a) Convertible Notes & Derivative Financial Instruments

The Company's convertible notes contain an embedded derivative. This is measured at fair value, with an independent valuer providing a valuation of this instrument as at 30 June 2023. At initial recognition an embedded derivative is recognised on the statement of financial position at fair value and that embedded derivative is subsequently recorded at its fair value thereafter, with changes in fair value going through to the statement of profit or loss and other comprehensive income. The difference between the consideration received (net of costs) and the embedded derivative is reflected in the principal value of the convertible note liability. The underlying debt principal is amortised back to its face value at maturity, net of transaction costs, using the effective interest rate method.

	2023 $	2022 $
Current		
Convertible notes – June 2021		
Balance at beginning of the year	7,499,189	4,782,241
Redemptions during the year	(398,083)	–
Convertible note effective interest	1,118,457	2,047,784
Interest capitalised	369,722	669,164
Maturity	(8,589,285)	–
Closing Balance – June 2021	**–**	**7,499,189**
Embedded derivative – June 2021		
Balance at beginning of the year	3,145,146	2,828,399
Issued during the year	–	–
Transaction costs capitalised	–	–
Loss/(gain) in movement of fair value of derivative	(3,145,146)	316,747
Closing Balance – June 2021	**–**	**3,145,146**

The Company extended the June 2021 convertible notes for a further 12 months, with an extended maturity option of a further 6 months. The Company extended 7,550,000 convertible notes with a face of $1.00. The interest rate payable to the noteholders is 10% per annum quarterly in arrears with interest capitalised on notes. The convertible notes are to mature on 31 December 2023 or IPO of the Company, whichever date is earlier. The notes are unsecured but rank ahead of shares in wind up.

Additionally, the Company incurred expenses totalling $1,354,955 in order to issue the convertible notes and renegotiate terms with the noteholders. The portion of transaction costs attributable to the embedded derivative has been expensed in the profit and loss immediately and the portion attributable to the host debt has been subtracted from its carrying amount.

	2023 $	2022 $
Current		
Convertible notes – June 2021 extension		
Balance at beginning of the year	–	–
Issued during the year	3,375,936	–
Transaction costs capitalised	(470,195)	
Convertible note effective interest	1,621,297	–
Interest capitalised	576,838	–
Closing Balance – June 2021 extension	**5,103,876**	**–**
Embedded derivative – June 2021 extension		
Balance at beginning of the year	–	–
Issued during the year	6,428,301	–
Loss/(gain) in movement of fair value of derivative	(720,802)	–
Closing Balance – June 2021 extension	**5,707,499**	**–**

The Company issued a further 6,312,354 convertible notes with a face of $1.00. The interest rate payable to the noteholders is 10% per annum quarterly in arrears with interest capitalised on notes. The convertible notes are to mature on 31 December 2023 or IPO of the Company, whichever date is earlier. The notes are unsecured but rank ahead of shares in wind up. Additionally, the Company incurred expenses totalling $239,940 in order to issue the convertible notes. The portion of transaction costs attributable to the embedded derivative has been expensed in the profit and loss immediately and the portion attributable to the host debt has been subtracted from its carrying amount.

	2023 $	2022 $
Current		
Convertible notes – December 2022		
Balance at beginning of the year	–	–
Issued during the year	2,205,851	–
Transaction costs capitalised	(40,857)	–
Convertible note effective interest	955,827	–
Interest capitalised	328,948	–
Closing Balance – December 2022	**3,449,769**	**–**
Embedded derivative – December 2022		
Balance at beginning of the year	–	–
Issued during the year	4,106,503	–
Loss/(gain) in movement of fair value of derivative	(455,126)	–
Closing Balance – December 2022	**3,651,377**	**–**
Total convertible notes and derivative instruments		
At amortised cost		
Convertible notes – June 2021	–	7,499,189
Convertible notes – June 2021 extension	5,707,499	–
Convertible notes – December 2022	3,449,768	–
At fair value through profit and loss		
Embedded derivative – June 2021	–	3,145,146
Embedded derivative – June 2021 extension	5,103,877	–
Embedded derivative – December 2022	3,651,377	–
Total financial liabilities	**17,912,521**	**10,644,335**

Fair value measurement of financial instruments

All financial liabilities for which fair value is disclosed are level 3 liabilities on the fair value hierarchy.

Fair Value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices): and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the embedded derivate is a level 3 fair value measurement. The fair value of the embedded derivative in the convertible note deed is sensitive to changes in the probability of IPO listing and the timeframe for extension of the convertible notes. These sensitivities are interdependent. A 10% change in the probability of the IPO listing would have a material impact on the fair value of the embedded derivative and in turn the Convertible Notes. These movements in valuation are interdependent.

13. Employee Benefits

	2023 $	2022 $
Current liabilities		
Provision for employee benefits	315,440	228,118
Non-current liabilities		
Provision for employee benefits	65,178	36,287

14. Issued Capital

	2023 $	2022 $
Ordinary Shares – fully paid	4,919,584	4,828,834

(a) Ordinary A Shares

	2023 No.	2022 No.
At the beginning of the reporting period	2,947,847	2,578,421
Shares issued during the year		
Ordinary Shares – Tom Woolley	33,000	369,426
At the end of the reporting period	2,980,847	2,947,847

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

15. Contingencies

Contingent Liabilities

Vitrafy Life Sciences Ltd had the following contingent liabilities at the end of the reporting period:

In late 2018, Vitrafy entered into a memorandum of understanding ("**MOU**") with a third party relating to the human body applications of its technology. The contractual arrangement contemplated the third party taking an exclusive licence of this aspect of Vitrafy's technology and sub-licensing it to an international corporation, with material ongoing licence fees payable to Vitrafy, if such a commercial arrangement could be achieved by the third party.

The MOU had an initial end date of 31 December 2019 and was extended by the third party to 31 December 2020. In late December 2020, the third party purported to extend the MOU for a further 12 months.

Vitrafy engaged MinterEllison to provide legal advice in relation to the parties' respective positions regarding the term of the MOU. In January 2021, Vitrafy formally rejected the third party's purported extension of the MOU, and confirmed in writing that it considered the MOU to have expired on 31 December 2020 such that Vitrafy was no longer bound by its terms.

The third party responded in late January 2021 with a formal threat of legal action (including a threat to seek an immediate interlocutory injunction) if Vitrafy refused to treat the MOU as remaining on foot. Although the undertakings demanded of Vitrafy were never provided, there was no further contact from the third party until mid-August 2021.

After a period of inactivity, the third party re-engaged with the Company in August 2021, but Vitrafy continued to refuse to provide the requested undertakings. On 4 October 2021, the third party commenced a proceeding against Vitrafy in the Supreme Court of Victoria, seeking a declaration that the second purported extension was valid, an order requiring Vitrafy to grant it the licence contemplated under the MOU (or in the alternative, damages), an injunction restraining Vitrafy from acting inconsistently with the MOU, and associated other orders relating to matters arising under the MOU.

As a first step in the proceeding, the Supreme Court granted an application made by Vitrafy (and consented to by the third party) to have the question of whether the MOU could be extended more than once determined separately and before any other issue in the proceeding. The trial of this 'separate question' was heard on 7 December 2021, with Vitrafy represented at the hearing by David Batt QC and Huw Whitwell of counsel, instructed by MinterEllison.

In a judgment handed down on 25 February 2022, Justice Osborne answered the question in the negative; that is, the term of the MOU could not be extended more than once, consistent with the position held by Vitrafy since the dispute first arose. His Honour's reasons for judgment largely adopted and/or endorsed the arguments made by Vitrafy in its submissions to the Court.

As a consequence of Vitrafy's success on the separate question, on 25 March 2022, Justice Osborne made an order requiring the third party to pay Vitrafy's costs.

The third party subsequently filed an application to the Court of Appeal for leave to appeal from Justice Osborne's judgment. That application was heard before three Supreme Court judges (sitting as the Court of Appeal) on 22 August 2022. In a judgement handed down on 13 September 2022, Justices Sifris, Kennedy and Osborn upheld the original judgement in favour of Vitrafy.

Following the Court of Appeal's judgement, the third party filed an application to the High Court of Australia for special leave to appeal the prior judgements. On 9 February 2023, the High Court of Australia dismissed the special leave application with costs awarded to Vitrafy. As a result, no further appeal avenues are available to the third party regarding the separate question. It has therefore been confirmed that the MOU came to an end on 31 December 2020 (as Vitrafy has always maintained).

Vitrafy's position is that the determination of the separate question in its favour disposes of all, or at least substantially all, of the substantive proceeding. That is because Vitrafy considers that the relief sought by the third party is contingent on the MOU remaining in force. Therefore, now that the High Court of Australia has refused the third party's appeal, the litigation should be at an end, or, at best, pursuing the litigation would be of limited (if any) substantive benefit to the third party.

The third party has indicated however it still intends to pursue a breach of contract claim against Vitrafy for the period that the MOU was on foot. Vitrafy considers that to do so would at least require an amendment to the statement of claim (for which the third party would require the leave of the Court, the grant of which would be resisted by Vitrafy).

Vitrafy's position remains that the MOU came to an end on 31 December 2020, that it is able to interact with other parties on that basis without reference to the third party, and that in no way did Vitrafy breach the MOU.

16. Income Tax Expense

(a) Numerical reconciliation of income tax expense to prima facie tax payable:

	2023 $	2022 $
Loss before tax from continuing operations	(7,812,705)	(7,660,411)
Income tax (benefit)/expense calculated at 25%	(1,953,176)	(1,915,102)
Unused tax losses and tax offset not recognised as deferred tax assets:		
– Other non-deductible expenses	2,461,760	1,665,767
– Other non-assessable income	(1,583,600)	(376,676)
– Other deferred tax assets and tax liabilities not recognised	1,075,016	626,011
– Income tax (benefit) / expense reported in the statement of comprehensive income	–	–
– Unused tax affected tax losses for which no deferred tax asset has been recognised	1,985,086	990,045

The tax rate used in the above reconciliation is the corporate tax rate of 25% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

(b) Unrecognised deferred tax balances

The following deferred tax assets and (liabilities) have not been brought to account:

	2023 $	2022 $
Deferred tax assets comprise		
Temporary differences	280,607	150,919
Permanent differences	1,985,086	990,045
Deferred tax liabilities comprise		
Temporary differences	8,704	–
Net deferred tax assets	**2,274,397**	**1,140,964**

A deferred tax asset has not been recognised in the financial statements because it is not demonstrably probable that sufficient future taxable income will be available against which the Company can utilise the benefits thereof.

The future benefits of these tax assets will only be obtained if:

- The Company derives future assessable income of a nature and at an amount sufficient to enable the benefit from the assets to be realised;
- The Company continues to comply with the conditions for deductibility imposed by relevant tax legislation; and
- No changes in tax legislation adversely affect the Company in realising the benefit from the assets.

The amount of franking credits available for subsequent reporting periods are:

	2023	2022
Deferred debit balance of franking account at the beginning of the reporting period	3,220,880	1,397,431
Deferred debit that will arise from receipt of the R&D tax offset for the current year	2,013,326	1,823,449
Balance of franking account adjusted for deferred debits arising from past R&D offsets received and expected R&D tax offset received for the current year	5,234,206	3,220,880

17. Cash Flow Information

(a) Reconciliation of result for the year to cash flows from operating activities

Reconciliation of net loss to net cash provided by operating activities:

	2023 $	2022 $
Loss for the year	(7,812,705)	(7,660,411)
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss:		
– amortisation	122,477	77,011
– depreciation	138,535	117,285
– share options	359,101	105,569
– convertible notes accrued interest	1,277,650	669,164
– fair value movements on derivative and convertible notes effective interest	(627,198)	2,364,531
– capital raise costs (non-cash)	808,594	–
Changes in assets and liabilities:		
– (increase)/decrease in trade and other receivables	(24,286)	(20,150)
– (increase)/decrease in prepayments	563,142	(388,006)
– (increase)/decrease in R&D tax incentive receivable	(189,877)	(1,198,186)
– increase/(decrease) in trade and other payables	311,355	(109,168)
– increase/(decrease) in employee provision	116,212	168,574
Cash flows from operations	(4,957,000)	(5,873,787)

18. Related Parties

(a) The Company's main related parties are as follows:

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Engagement of James Groom's law firm (Groom Kennedy) to act as a corporate legal adviser to the Company on an as required basis.

Engagement of Vaughan Webber's firm (Bell Potter) to act as a corporate capital raising adviser to the Company on an as required basis.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	Salary/ Director Fees	Bonus	Super-annuation	Share-based Payments	Related Parties
Non-executive Directors (FY 2023)					
Robert Woolley	30,000	–	–	45,000	–
James Groom	60,000	–	–	–	–
John McBain	–	–	–	60,000	–
Vaughan Webber	30,000	–	–	–	–
Sonia Petering	33,333	–	3,500	33,333	–
Non-executive Directors (FY 2022)					
Robert Woolley	30,000	–	–	30,000	–
James Groom	40,000	–	–	–	–
John McBain	–	–	–	128,600	
Executive Directors (FY 2023)					
Sean Cameron	313,451	–	32,455	–	–
Brent Owens	318,051	–	32,455	–	–
Brian Taylor	81,818	–	8,591	–	–
Executive Directors (FY 2022)					
Sean Cameron	294,434	123,333	28,939	109,239	–
Brent Owens	309,514	123,333	28,939	109,239	–
Brian Taylor	77,879	123,333	7,788	29,145	–
KMP related parties					
Paid to Groom Kennedy 2023	–	–	–	–	337,988
Paid to Groom Kennedy 2022	–	–	–	–	272,414
Paid to Bell Potter Securities 2023	–	–	–	–	321,005

(c) Key Management personnel compensation

	2023 $	2022 $
Short-term employee benefits	746,653	681,827
Post-employment benefits	77,000	65,666
Total	**823,653**	**747,493**

19. Share-based Payments

At 30 June 2023 Vitrafy Life Sciences Ltd has the following share-based payment schemes:

- Employee and Consultant Share Options
- Non-Executive Directors Options Series 1 & 2

Employee and Consultant Share Options (ESOP)

A summary of the Company options issued is as follows:

2023 Grant Date	Expiry Date	Exercise price	Start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at end of the year
01 February 2019	01 February 2024	1.50	230,252	–	–	–	230,252
01 February 2021	01 February 2025	2.75	76,752	–	–	–	76,752
01 July 2021	30 June 2023	2.75	33,000	–	33,000	–	–
24 June 2022	30 June 2027	20.00	97,261	–	–	–	97,261
30 June 2022	31 October 2026	0.01	6,566	–	–	–	6,566
1 January 2023	31 October 2027	0.01	–	13,337	–	–	13,337

2023 Director Options

During the 2023 financial year, the Company issued Director options with the terms listed below, there were no ESOP's granted for any employees or contractors in 2023.

- Market price of the underlying share: $11.31
- Exercise price of the option: $0.01
- Expected term of the option: 4 years
- Risk free interest rate for the duration of the option term: 3%
- Expected share price volatility over the option term: 80%

20. Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments. The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Company is exposed to are described below:

Specific risks

(a) Liquidity risk

(b) Credit risk

(c) Market risk

(d) Taxation risk

Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Trade and other payables
- Lease liabilities
- Convertible notes

	2023 $	2022 $
Financial assets		
Held at amortised cost		
Cash and cash equivalents	1,720,864	963,325
Trade and other receivables		
Other receivables	166,021	141,735
Total financial assets	1,886,885	1,105,060
Financial liabilities		
At amortised cost		
Convertible notes – June 2021	–	7,499,189
Convertible notes – June 2021 extension	5,103,877	–
Convertible notes – December 2022	3,449,768	–
Trade payables (excluding non-financial liabilities)	441,694	237,152
Lease liabilities – current	94,970	71,687
Lease liabilities – non-current	544,200	342,393
At fair value through profit and loss		
Embedded derivative – June 2021	–	3,145,146
Embedded derivative – June 2021 extension	5,707,499	–
Embedded derivative – December 2022	3,651,377	–
Total financial liabilities	**18,993,385**	**11,295,567**

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of Vitrafy Life Sciences Ltd.'s financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk, liquidity risk, credit risk and the use of financial instruments.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Vitrafy Life Sciences Ltd.'s activities.

The day-to-day risk management is carried out by Vitrafy Life Sciences Ltd.'s finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and assessment of market forecasts for interest rates.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is a risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Company maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to raise issued capital.

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. Credit risk arises from cash and cash equivalents.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Taxation risk

The Company activities are significantly exposed to research and development expenses. Due to the activities the Company is involved in, it submits annually research and development tax incentive claims. The incentive amounts received are the main source of revenue streams for the Company. There is risk of audit from the Australian Tax Office and an adverse finding would affect cashflow reserves of the Company.

21. Auditors' Remuneration

	2023 $	2022 $
Remuneration of the auditor		
GRANT THORNTON AUDIT PTY LTD, for:		
– auditing or reviewing the financial statements	88,900	95,000
– other non-audit services	–	45,324
Total	**88,900**	**140,324**

22. Loss per share

Both the basic and diluted loss per share have been calculated using the loss for the year. The reconciliation of the weighted average number of shares for the purpose of diluted loss per share to the weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:

	2023 $	2022 $
Loss after income tax	7,812,705	7,660,411

	2023 No.	2022 No.
Weighted average number of ordinary shares for the purpose of basic loss per share	2,949,113	2,927,604
Weighted average number of ordinary shares for the purpose of diluted loss per share	2,949,113	2,927,604

23. Events Occurring After the Reporting Date

The financial report was authorised for issue on 23 October 2023 by the board of Directors.

Post reporting date, the Company is aware of the following events relevant to the financial position of the Company:

- On 11 September 2023 Mr. Sean Cameron stepped down from the position of Chief Executive Officer. Mr. Brent Owens assumed the role of Chief Executive Officer as of that date.
- On 13 September 2023 the Company entered into loan agreements for Director and Shareholder Loans totalling $550,000. The loans are short-term loans on a 10% per annum interest rate that will be repaid upon settlement of the planned capital raising in Quarter 2 of FY24.
- On 18 October 2023 the Company received the research and development tax incentive payment of $2,013,326.

24. Statutory Information

The registered office of the Company is:

Vitrafy Life Sciences Ltd
Level 1
47 Sandy Bay Road
Hobart Tasmania 7000

The principal place of business is:
45 Selkirk Drive,
Wendouree VIC 3355

DIRECTORS’ DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes for the year ended 30 June 2023 are in accordance with the *Corporations Act 2001* the Accounting Standards, the Corporations Regulations 2001 and other professional mandatory reporting requirements; and:
   (a) comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 of the financial statements; and
   (b) give a true and fair view of the financial position and performance of the Company;
2. In the Directors’ opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: Sonia Petering

Director: Vaughan Webber

Dated this 23rd Day of October 2023

INDEPENDENT AUDITOR'S REPORT

Grant Thornton Audit Pty Ltd
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Melbourne VIC 3001

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Independent Auditor's Report

To the Members of Vitrafy Life Sciences Ltd

Report on the audit of the financial report

Opinion

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

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

a giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

We draw attention to Note 2(l) in the financial statements, which indicates that the Company incurred an operating loss of $7,812,705 during the year ended 30 June 2023, and as of that date, the Company reported a deficiency in net assets of $14,633,155. The Company recorded negative net cash flow from operating activities of $4,957,000. As stated in Note 2(l), these events or conditions, along with other matters as set forth in Note 2(l), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

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

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 23 October 2023

CORPORATE DIRECTORY

Directors

Ms Sonia Petering – Independent Non-Executive Chair

Mr James Groom – Independent Non-Executive Director

Associate Professor John McBain – Independent Non-Executive

Mr Sean Cameron – Executive Director

Mr Brenton Owens – Executive Director and CEO

Mr Brian Taylor – Executive Director

Mr Vaughan Webber – Non-Executive Director

Chief Financial Officer

Mr Tim Sharpe – CFO

Company Secretary

Ms Sally McDow (Boardroom Pty Ltd) – Company Secretary

Registered Office

Level 1, 47 Sandy Bay Road
Hobart, Tasmania 7000

Legal Advisers

Groom Kennedy

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Hobart, Tasmania 7000

Herbert Smith Freehills

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Melbourne, Victoria 3000

Patent Attorneys

Davies Collinson Cave

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