

Opal Biosciences Limited

ABN 97 605 631 963

Half-year Financial Report - 31 December 2021

Opal Biosciences Limited
Corporate directory
31 December 2021

Directors	Mr Henry Kenneth Windle Ms Julie Phillips Mr Damien Hannes
Company secretary	Melanie Leydin
Registered office	Level 4 100 Albert Road South Melbourne VIC 3205 PH: + 61 3 9692 7240
Principal place of business	Level 4 100 Albert Road South Melbourne VIC 3205 PH: + 61 3 9692 7240
Auditor	Grant Thornton Audit Pty Ltd Tower 5, Collins Square 727 Collins Street Melbourne VIC 3008
Website	www.opalbiosciences.com

Opal Biosciences Limited

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Opal Biosciences Limited
Directors' report
31 December 2021

The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2021.

Directors

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

Mr H. Kenneth Windle

Ms Julie Phillips

Mr Damien Hannes (Non-Executive Director) (Appointed on 30 May 2022)

Mr Hugh M Morgan AC (Retired on 3 May 2022)

Mr Peter Snowball (Retired on 3 May 2022)

Principal activities

During the financial period the principal activity of the company consisted of the development and commercialisation of pharmaceutical and biomedical research.

Review of operations

The loss for the company after providing for income tax amounted to \$219,396 (31 December 2020: \$158,135).

Opal Biosciences is an Australian biotechnology company and is currently seeking to diversify its focus by considering commercial opportunities within the Australian biotechnology and pharmaceutical industry.

Risks and uncertainties

The Company is subject to risks that are specific to the Company and the Company's business activities, as well as general risks. The following list gives examples of risk areas:

Future funding risks

While the Company had a cash and cash equivalents balance of \$113,626, and net deficiency of \$20,549 as at 31 December 2021 and is able to continue on a going concern basis, there is risk that the Company may require substantial additional financing in the future to sufficiently fund its activities and longer-term objectives.

The Company has the ability to control the level of its operations and hence the level of its expenditure over the next 12 months. The Company can reduce its level of expenditure to retain appropriate cash balances. Management remains diligent in monitoring its cash balances and expenditure. The Company's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and its Directors, including cyclical factors affecting the economy and share markets generally. If for any reason the Company was unable to raise future funds, its ability to achieve its milestones or future activities would be significantly affected.

The Directors regularly review the Company's finances to ensure its ability to meet its financial obligations.

Dependence on service providers and third-party collaborators

There is no guarantee that the Company will be able to find suitable service providers and/or collaborators to complete the research, development and commercialisation activities. The Company therefore may therefore be exposed to the risk that any of these parties could experience problems related to operations, financial strength or other issues. Non-performance, suspension or termination of relevant agreements could negatively impact the progress or success of the Company's research, development and commercialisation efforts, financial condition and results of operations.

Reliance on key personnel

The Company's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of such personnel or the reduced ability to recruit additional personnel could have an adverse effect on the performance of the Company.

The Company maintains a mixture of permanent staff and consultants to support the operations of the Company.

Inability to protect intellectual property

The Company's ability to leverage its innovation and expertise is dependent on its ability to protect its intellectual property. A failure or inability to protect the Company's intellectual property rights could have an adverse impact on operating and financial performance.

IT system failure and cyber security risks

Any information technology system is potentially vulnerable to interruption and/or damage from a number of sources, including but not limited to computer viruses, cyber security attacks and other security breaches, power, systems, internet and data network failures, and natural disasters.

The Company is committed to preventing and reducing cyber security risks through outsourced IT management to a reputable services provider.

Impact of COVID-19

The global impact of the COVID-19 pandemic, and the advice and responses from health and regulatory authorities, evolves continuously. The global economic outlook is facing uncertainty due to the COVID-19 pandemic which has had and may continue to have a significant impact on capital markets and share prices.

To date, COVID-19 has affected equity markets, governmental action, regulatory policy, quarantining, self-isolations and travel restrictions. These impacts are creating risks for the Company's business and operations in the short to medium term. Shipping and supply (domestic and international) delays may impact the Company. Among other factors, staff reduction in some international supplier businesses may also extend typical processing and shipping times.

The Company has in place business continuity plans and procedures to help manage the key risks that may cause a disruption to the Company's business and operations, but their adequacy cannot be predicted. The Company's Directors are closely monitoring the situation and considering the impact on the Company's business from both a financial and operational perspective.

Significant changes in the state of affairs

On 14 July 2021, the Company announced that in light of progress in the process to lead the development of a Life Sciences and Biotechnology Development and Manufacturing Precinct to be based in Boronia, Victoria, Opal reviewed its funding requirements and withdrew its capital raising. All applicant monies were returned in full to applicants.

On 20 September 2021, the Company made a Placement of 3,333,332 ordinary shares at an issue price of \$0.075 (7.5 cents) per share, raising a total of \$250,000. One free attaching option was issued for every one new share. The free attaching options were exercisable at \$0.075 (7.5 cents) each, expiring 20 September 2022. The proceeds from the Placement were used to pursue potential pharmaceutical manufacturing opportunities, including due diligence, feasibility studies and exploring potential grant opportunities, and for general working capital purposes.

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

Matters subsequent to the end of the financial half-year

In May 2022 current and former directors of Opal agreed to forgive directors fees paid of \$54,794 and directors of Opal agreed not to receive any directors fees for the year ended 30 June 2022.

On 3 May 2022, Mr Peter Snowball and Mr Hugh M Morgan AC retired as the directors of the Company.

On 30 May 2022, Mr Damien Hannes was appointed as a director of the Company.

In June 2022 Opal announced it was considering a plan to establish a small scale pharmaceutical manufacturing facility and had looked at potential sites for the facility in Victoria but also in Western Australia Opal is currently pursuing a strategy for the establishment of a WA facility.

On 30 September 2022 Opal announced it had received a total of \$157,431 in proceeds relating to the exercise of 1,964,079 options in Opal, exercisable at \$0.075 (7.5 cents) each, expiring 20 September 2022. A total of \$162,431 (of which \$39,861 was contributed by Biodiem) was raised from the exercise of \$0.075 options issued from the placement of shares in September 2021. \$87,569 was raised from a placement of shares completed to take up the shortfall on 15 November 2022.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Auditor's independence declaration

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

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

On behalf of the directors



Mr Henry Kenneth Windle
Chairman

12 May 2023

Grant Thornton Audit Pty Ltd

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Auditor's Independence Declaration

To the Directors of Opal Biosciences Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Opal Biosciences Limited for the half-year ended 31 December 2021, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



T S Jackman
Partner – Audit & Assurance

Melbourne, 12 May 2023

Opal Biosciences Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021

	Note	31 December 2021 \$	31 December 2020 \$
Revenue			
Other income	3	6,531	49,105
Total revenue		<u>6,531</u>	<u>49,105</u>
Expenses			
Research and development expenses		-	(12,145)
Administration		(225,927)	(195,095)
Total expenses		<u>(225,927)</u>	<u>(207,240)</u>
Loss before income tax expense		(219,396)	(158,135)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Opal Biosciences Limited		(219,396)	(158,135)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Opal Biosciences Limited		<u>(219,396)</u>	<u>(158,135)</u>

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

Opal Biosciences Limited
Statement of financial position
As at 31 December 2021

	31 December	30 June 2021
Note	2021 \$	\$
Assets		
Current assets		
Cash and cash equivalents	113,626	187,529
Trade and other receivables	8,688	9,838
Other assets	-	20,861
Total current assets	<u>122,314</u>	<u>218,228</u>
Total assets	<u>122,314</u>	<u>218,228</u>
Liabilities		
Current liabilities		
Trade and other payables	116,363	121,801
Fund received in advance	26,500	147,580
Total current liabilities	<u>142,863</u>	<u>269,381</u>
Total liabilities	<u>142,863</u>	<u>269,381</u>
Net liabilities	<u>(20,549)</u>	<u>(51,153)</u>
Equity		
Issued capital	2,265,157	2,015,157
Accumulated losses	<u>(2,285,706)</u>	<u>(2,066,310)</u>
Total deficiency in equity	<u>(20,549)</u>	<u>(51,153)</u>

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

Opal Biosciences Limited
Statement of changes in equity
For the half-year ended 31 December 2021

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	2,014,157	(1,587,988)	426,169
Loss after income tax expense for the half-year	-	(158,135)	(158,135)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	(158,135)	(158,135)
<i>Transactions with owners in their capacity as owners:</i>			
Exercise of options	1,000	-	1,000
Balance at 31 December 2020	<u>2,015,157</u>	<u>(1,746,123)</u>	<u>269,034</u>
	Issued capital \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2021	2,015,157	(2,066,310)	(51,153)
Loss after income tax expense for the half-year	-	(219,396)	(219,396)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	(219,396)	(219,396)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 5)	250,000	-	250,000
Balance at 31 December 2021	<u>2,265,157</u>	<u>(2,285,706)</u>	<u>(20,549)</u>

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

Opal Biosciences Limited
Statement of cash flows
For the half-year ended 31 December 2021

	31 December 2021	31 December 2020
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(230,214)	(186,194)
Operating - R&D tax incentive received	27,391	107,126
Operating - Government grants received	-	5,000
	<u>(202,823)</u>	<u>(74,068)</u>
Net cash used in operating activities		
Net cash from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from shares issue from exercise of options	250,000	1,000
Repayment of funds received in advance for shares issue	(121,080)	-
	<u>128,920</u>	<u>1,000</u>
Net cash from financing activities		
Net decrease in cash and cash equivalents	(73,903)	(73,068)
Cash and cash equivalents at the beginning of the financial half-year	<u>187,529</u>	<u>247,761</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>113,626</u></u>	<u><u>174,693</u></u>

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

Opal Biosciences Limited
Notes to the financial statements
31 December 2021

Note 1. General information

The financial statements cover Opal Biosciences Limited ("the Company") as an individual entity. The financial statements are presented in Australian dollars, which is Opal Biosciences Limited's functional and presentation currency.

Opal Biosciences Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4
100 Albert Road
South Melbourne VIC 3205

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 May 2023.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021. The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

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

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company reported a net loss after tax of \$219,396 (31 December 2020: \$158,135 net loss after tax) for the half-year ended 31 December 2021. The net loss after tax is directly attributable to the expenditures incurred in ongoing employment expenditure and administration expenditure. In addition, the company reported net liabilities of \$20,549 (30 June 2021: net liabilities \$51,153) as at 31 December 2021. Despite the net loss after tax incurred for the period and net liabilities as at 30 December 2021, the Directors have prepared the financial statements on the going concern basis. The going concern basis is considered appropriate based on a combination of including cash and cash equivalent assets of \$113,626 (30 June 2021: \$187,529), and the expectation of Company's ongoing ability to successfully secure additional sources of financing. In this regard, the Directors note the following:

- Directors have the ability to manage discretionary expenditures, which form a significant part of the Company's total expenditure, enabling the company to fund its operating expenditures within its available cash reserves.
- Consulting income received between 1 January 2022 and 30 June 2022 of \$70,000.
- Forgiveness of directors fees paid to current and former directors of Opal of \$54,794 and the agreement of directors of Opal agreed not to receive any directors fees for the year ended 30 June 2022.
- On 30 September 2022 Opal announced it had received a total of \$157,431 in proceeds relating to the exercise of 1,964,079 options in Opal, exercisable at \$0.075 (7.5 cents) each, expiring 20 September 2022. A total of \$162,431 (of which \$39,861 was contributed by Biodiem) was raised from the exercise of \$0.075 options issued from the placement of shares in September 2021. \$87,569 was raised from a placement of shares completed to take up the shortfall on 15 November 2022.

Opal Biosciences Limited
Notes to the financial statements
31 December 2021

Note 2. Significant accounting policies (continued)

For these reasons, the Directors believe the Company has positive future prospects and are satisfied the going concern basis of preparation of these financial statements is appropriate.

The ability of the Company to continue as a going concern will be dependent on the ability of the Company's ability to:

- raise additional capital when required; and/or
- curtail operating expenditure when required.

These conditions indicate a material uncertainty that may cast doubt about the Company's ability to continue as a going concern and, therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business.

The half year report has been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

Should the Company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

Note 3. Other income

	31 December 2021 \$	31 December 2020 \$
Research & Development Tax Concession	-	44,105
Subsidies and grants	-	5,000
Service income	6,530	-
Interest income	1	-
	<u>6,531</u>	<u>49,105</u>
Other income		

Note 4. Current assets - Other assets

	31 December 2021 \$	30 June 2021 \$
Accrued revenue	-	20,861

Note 5. Equity - Issued capital

	31 December 2021 Shares	30 June 2021 Shares	31 December 2021 \$	30 June 2021 \$
Ordinary shares - fully paid	<u>23,083,509</u>	<u>19,750,177</u>	<u>2,265,157</u>	<u>2,015,157</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance as at	1 July 2021	19,750,177		2,015,157
Placement	21 September 2021	<u>3,333,332</u>	\$0.075	<u>250,000</u>
Balance as at	31 December 2021	<u>23,083,509</u>		<u>2,265,157</u>

Opal Biosciences Limited
Notes to the financial statements
31 December 2021

Note 5. Equity - Issued capital (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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

During the half-year ended 31 December 2021, Opal Biosciences Limited issued 3,333,332 shares from a placement at \$0.075 per share.

Note 6. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 7. Events after the reporting period

In May 2022 current and former directors of Opal agreed to forgive directors fees paid of \$54,794 and directors of Opal agreed not to receive any directors fees for the year ended 30 June 2022.

On 3 May 2022, Mr Peter Snowball and Mr Hugh M Morgan AC retired as the directors of the Company.

On 30 May 2022, Mr Damien Hannes was appointed as a director of the Company.

In June 2022 Opal announced it was considering a plan to establish a small scale pharmaceutical manufacturing facility and had looked at potential sites for the facility in Victoria but also in Western Australia. Opal is currently pursuing a strategy for the establishment of a WA facility.

On 30 September 2022 Opal announced it had received a total of \$157,431 in proceeds relating to the exercise of 1,964,079 options in Opal, exercisable at \$0.075 (7.5 cents) each, expiring 20 September 2022. A total of \$162,431 (of which \$39,861 was contributed by Biodiem) was raised from the exercise of \$0.075 options issued from the placement of shares in September 2021. \$87,569 was raised from a placement of shares completed to take up the shortfall on 15 November 2022.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Opal Biosciences Limited
Directors' declaration
31 December 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Mr Henry Kenneth Windle
Chairman

12 May 2023

Independent Auditor's Review Report

To the Members of Opal Biosciences Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Opal Biosciences Limited (the Company), which comprises the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes, and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Opal Biosciences Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Company reported a net loss after tax of \$219,396 during the half-year ended 31 December 2021 and, as of that date, the Company reported net liabilities of \$20,549. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



T S Jackman
Partner – Audit & Assurance

Melbourne, 12 May 2023